AC Energy PHILIPPINES

(a corporation organized and existing under Philippine laws)

Prospectus relating to the Offer
of 2,267,580,434 Common Shares
with a par value of ₱1.00 per Share in the capital stock of
AC Energy Corporation
to be offered at ₱2.37 per Rights Share
at a ratio of one (1) Rights Share for every 1.1100 Common
Share held as of 13 January 2021 (the "Record Date")
to be listed on
The Philippine Stock Exchange, Inc.

Joint Lead Underwriters

BPI Capital Corporation   CHINABANK CAPITAL

The date of this Prospectus is 8 January 2021.

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER THE SECURITIES REGULATION CODE ("SRC"). ANY FUTURE OFFER OR SALE OF THE SECURITIES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

A CONFIRMATION THAT THE OFFER FOR SUBSCRIPTION OF THE RIGHTS SHARES IS A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS UNDER SECTION 10.1 OF THE SRC AND ITS IMPLEMENTING RULES AND REGULATIONS WAS OBTAINED ON 9 DECEMBER 2020.

THE SEC 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 SEC. THE COMMISSION HAS NOT REVIEWED THIS PROSPECTUS IN THE SAME MANNER AS THAT FILED FOR REGISTRATION CONSIDERING THAT THE ACTION SOUGHT IS ONLY CONFIRMATION OF AN EXEMPT TRANSACTION.

AC ENERGY CORPORATION
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City
1226 Philippines
Telephone No. (+632) 7730-6300; Fax No. (+632) 7751-6511

This Prospectus relates to the offering for subscription to existing Eligible Shareholders (as defined below) of record of the Company as of 13 January 2021 (the "Record Date") of 2,267,580,434 primary Common Shares with a par value of ₱1.00 per Share ("Rights Shares") of AC ENERGY CORPORATION ("ACEN" or the "Company" or the "Issuer") by way of a stock rights offering for subscription at the proportion of one (1) Rights Share for every 1.1100 existing Common Share held as of Record Date at an Offer Price of ₱2.37 per Rights Share (the "Rights Offer").

Following the Second Round of the Rights Offer, any unsubscribed Rights Shares (the "Institutional Shares") will be taken up and distributed by the Joint Lead Underwriters to qualified buyers, as defined in the 2015 Implementing Rules and Regulations of the Securities Regulation Code ("Institutional Investors"), at the same Offer Price (the "Institutional Offer"). BPI Capital Corporation ("BPI Capital") and China Bank Capital Corporation ("China Bank Capital") will act as Joint Lead Underwriters of the Rights Offer and the Institutional Offer. No underwriting fees will be collected with respect to the Rights Offer, pursuant to the requirements of the PSE. See "***Plan of Distribution***" on page 71 of this Prospectus. The Rights Shares and the Institutional Shares are collectively referred to as the "Offer Shares" and the Rights Offer and the Institutional Offer are collectively referred to as the "Offer." The Joint Lead Underwriters have agreed to firmly underwrite the Rights Offer in accordance with the underwriting agreement entered into with the Company to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed.

AC Energy and Infrastructure Corporation ("ACEIC") beneficially owns an aggregate of 11,175,442,928 of the Company's Common Shares, representing 81.62% of the outstanding Common Shares of the Issuer as at 30 September 2020. ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors.

The Rights Shares will be issued from the unissued Common Shares from the existing authorized capital stock, and will be listed on The Philippine Stock Exchange, Inc. ("PSE").

On 22 June 2020, the Philippine Securities and Exchange Commission (the "SEC") approved the increase of the Company's authorized capital stock ("First SEC Approval") by ₱16,000,000,000 consisting of 16,000,000,000 Common Shares with a par value of ₱1.00 per Share, thereby increasing its total authorized capital stock from ₱8,400,000,000, consisting of 8,400,000,000 Common Shares with a par value of ₱1.00 per Share ("First Increase in ACS"). As of the date of this Prospectus, the authorized capital stock of the Company is ₱24,400,000,000.00 consisting of 24,400,000,000 Common Shares with a par value of ₱1.00 per Share, of which 13,692,457,210 Common Shares are issued and outstanding. On 18 March 2020, the Board approved the further increase of the Company's authorized capital stock to ₱48,400,000,000, consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Share ("Second Increase in ACS"). However, the application for the Second Increase in ACS will only be filed with the SEC after the Listing Date or as may be determined by the Company, and is expected to be completed in 2021. After the completion of the Offer, the issued and outstanding Common Shares of the Company shall be 15,960,037,644 Common Shares. Thereafter, after the approval of the Company's application for the Second Increase in ACS and having considered the completion of the ACEIC International Transaction discussed in the section on "***Executive Summary—ACEIC International Transaction***," on page 20 of this Prospectus, the issued and outstanding Common Shares of the Company shall be at least 32,645,838,177 Common Shares.

The subscription to the First Increase in ACS was undertaken by ACEIC through a property-for-share swap effective on 9 October 2019 (the "ACEIC Philippine Transaction") and approved on 22 June 2020 by the SEC together with the First Increase in ACS. Under the ACEIC Philippine Transaction, discussed in the section on "***Executive Summary – ACEIC Philippine Transaction***" on page 17 of this Prospectus, ACEIC assigned to the Company its shares in certain Philippine companies ("ACEIC Assigned Associates") in exchange for 6,185,182,288 Common Shares of the Company, valued at ₱2.37 per Share. On 30 October 2020, the Bureau of Internal Revenue ("BIR") issued a ruling confirming that the ACEIC Philippine Transaction qualifies as a tax-free exchange. On 25 November 2020, the Company submitted to the SEC the stock certificates of the ACEIC Assigned Associates in the name of the Company as proof of transfer following the issuance by the BIR on 24 November 2020 of a certificate authorizing registration covering such shares in compliance with SEC's Memorandum Circular No. 14-2013 ("MC 14-2013"), in respect of the First Increase in ACS and the ACEIC Philippine Transaction. To comply with the standard post-transaction submission of proof that the transfer values of the shares of the ACEIC Assigned Associates that were transferred to the Company based on the Valuation Report have been attained, the Company submitted to the SEC a Special Audit Report on 18 December 2020. On 21 December 2020, the SEC issued its confirmation that the Company has complied with the conditions in MC 14-2013. See "***Executive Summary – ACEIC Philippine Transaction***" on page 17 of this Prospectus.

The Offer is conditioned on the listing of the Offer Shares with the PSE. In accordance with the sequential listing rule of the PSE, the shares issued by the Company pursuant to the ACEIC Philippine Transaction must be listed on the PSE prior to the listing of the Offer Shares. On 18 December 2020, the PSE issued a notice of approval ("Notice of Approval") approving the listing application of up to 8,452,762,722 Common Shares comprised of (i) 6,185,182,288 Common Shares issued by the Company pursuant to the ACEIC Philippine Transaction and (ii) up to 2,267,580,434 Common Shares pursuant to the Offer, subject to the fulfilment of the conditions in the Notice of Approval.

The Company expects to raise gross proceeds of approximately ₱5.4 billion from the Offer, assuming an Offer Price of ₱2.37 per Offer Share. The net proceeds from the Offer, determined by deducting from the gross proceeds the issue management and listing fees, taxes, and other related fees and expenses, which are estimated to be at approximately 1.08% of the gross proceeds of the Offer (excluding underwriting fees and commissions payable in connection with the Institutional Offer) will be used by the Company to partially fund the development of power projects in the pipeline and inorganic growth opportunities if and when they arise and other general corporate requirements. See "***Use of Proceeds***" on page 67 of this Prospectus.

All Common Shares issued or to be issued pursuant to the Offer have or will have identical rights and privileges. The Philippine Constitution and laws limit foreign ownership of the Company to a maximum of 40% of its issued and outstanding capital stock entitled to vote because the Company owns land and explores, develops, and utilizes natural resources in the generation of electricity.

Holders of Common Shares as of the Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines and (ii) holders located outside the Philippines where it is legal to participate in the Rights Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws ("Eligible Shareholder").

Each holder of Common Shares will be entitled to such dividends as may be declared by the Company's Board; provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds of the Company's total outstanding capital stock. Republic Act No. 11232 or the Revised Corporation Code of the Philippines ("Revised Corporation Code of the Philippines") has defined "outstanding capital stock" as "the total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Dividends may be declared only from the Company's unrestricted retained earnings. The Company's Common Shares are listed on the PSE under the symbol "ACEN." On 8 January 2021, the closing price of the Company's Common Shares on the PSE was ₱7.8200.

The Company files quarterly financial reports, monthly shareholder and ownership reports, as well as other relevant disclosures as necessary, with the PSE. The information filed by the Company with the PSE does not form part of this Prospectus, is not incorporated by reference herein, and should not be relied on when making an investment decision with respect to the Offer Shares.

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and to reject any commitment to subscribe to the Offer Shares in subsequent rounds of the Rights Offer, in whole or in part, and to allot to any Eligible Shareholder less than the full amount of the Rights Shares sought by such applicant in subsequent rounds of the Rights Offer. If the Offer is withdrawn or discontinued, the Company shall make the necessary disclosures to the SEC and the PSE.

Notwithstanding the acceptance of an Application by the Company, the actual subscription and sale of the Rights Shares to an Eligible Shareholder shall become effective only upon the listing of the Rights Shares on the PSE. If such condition is not fulfilled on or before the Listing Date, all application payments will be returned to the applicants without interest and, in the meantime, the said application payments will be held in a separate bank account with the Receiving Agent.

The Company confirms that, as of the date of this Prospectus, the information contained herein relating to the Company and its operations, which are in the context of the Offer (including all material information required by the applicable laws of the Republic of the Philippines), is true and that there is no material misstatement or omission of facts which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same. The Company confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. The Company, however, has not independently verified any such publicly available information, data or analysis.

Market data and certain industry data used throughout this Prospectus were obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained therein have been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and the Company nor the Joint Lead Underwriters do not make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The Joint Lead Underwriters assume no liability for any information supplied by the Company in relation to this Prospectus.

Unless otherwise indicated, particularly in Recent Developments, all information in this Prospectus is as at 30 September 2020. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, 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 since such date.

No person has been or is authorized to give any information or to make any representation concerning the Company or its Associates or the Offer Shares, which is not contained in this Prospectus and any information or representation not so contained herein must not be relied upon as having been authorized by the Company, the Joint Lead Underwriters or any of their respective Associates.

The contents of this Prospectus are not investment, legal or tax advice. In making any investment decision regarding the Offer Shares, Eligible Shareholders and Institutional Investors must rely on their own examination of the Company and the terms of the Offer, including, without limitation, the merits and risks involved, such prospective purchaser’s own determination of the suitability of any such investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. Neither the Company nor any of the Joint Lead Underwriters makes any representation to any prospective purchaser regarding the legality of participating in the Offer under any law or regulation. Each person should be aware that it may be required to bear the financial risks of any participation in the Offer for an indefinite period of time. Eligible Shareholders and Institutional Investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares, among others.

THE OFFER SHARES ARE BEING OFFERED ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

Any reproduction or distribution of this Prospectus, 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 Shares is prohibited.

In making an investment decision, Eligible Shareholders and Institutional Investors are advised to carefully consider all the information contained in this Prospectus, including risks associated with an investment in the Offer Shares. These risks include:

- risks relating to the Company's existing business and industry;
- risks relating to the Philippines and other markets that the Company intends to operate as part of the ACEIC International Transaction;
- risks relating to the Offer and the Offer Shares; and
- risks relating to the presentation of information in this Prospectus.

For a more detailed discussion on the risks in investing, see section on "***Risk Factors***" on page 46 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained and the representations made in the Prospectus.

No dealer, salesman or other person has been authorized by the Company or by the Joint Lead Underwriters to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or the Joint Lead Underwriters.

The Company and the Joint Lead Underwriters have exercised due diligence in ascertaining that all material representations contained in this Prospectus and any amendments and supplements 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.

CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

In this Prospectus, unless otherwise specified or the context otherwise requires, terms shall have the meanings ascribed thereto in the "***Glossary of Terms***" beginning on page 3 of this Prospectus.

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

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated, all financial information relating to the Company contained herein is stated on a consolidated basis and in accordance with Philippine Financial Reporting Standards ("PFRS").

SyCip Gorres & Velayo ("SGV"), a member firm of Ernst & Young Global Limited, have audited ACEN's consolidated financial statements for fiscal years 2019, 2018, 2017, and 2016 and reviewed its condensed consolidated financial statements for the nine-month periods ended 30 September 2020 and 2019. Unless otherwise indicated, the description of ACEN's business activities in this Prospectus is presented on a consolidated basis. For further information on ACEN's corporate structure, see "***Corporate Structure***" beginning on page 165 of this Prospectus. Due to the incorporation of the effect of common control business combination in the Company's interim condensed consolidated financial statements as of and for the nine-months ended 30 September 2020, the Company restated its audited consolidated statements as of and for the year ended 31 December 2019. See Note 5 of the Company's interim consolidated financial statements included elsewhere in this Prospectus for more details. The relevant accounts in the audited consolidated financial statements as of 31 December 2018 have not been restated and may not be comparable to the information presented in 2019.. See also "***Summary Financial Information***" beginning on page 36 of this Prospectus for a summary of the Company's consolidated statement of financial position as of 31 December 2019 and 2018 and its statements of cash flow for the years ended 31 December 2019, 2018, and 2017.

In this Prospectus, references to "EBITDA" represent net income after adding provisions for income tax, interest expense on loan borrowings and depreciation and amortization, references to "EBITDA Margin" represent EBITDA divided by revenues and references to "EBIT" represent net income after adding provisions for income tax and interest expense on loan borrowings. EBITDA, EBITDA Margin and EBIT are not measures of performance under PFRS, and readers should not consider EBITDA, EBITDA Margin or EBIT 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, EBITDA Margin and EBIT calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. The words "believes," "may," "will," "estimates," "continues," "anticipates," "intends," "plans," "expects" and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements.

REGULATORY APPROVALS

The Company received confirmation from the SEC that the Offer qualifies as a transaction exempt from the registration requirements based on Sections 10.1(e) (in respect of the Rights Offer) and 10.1(l) (in respect of the Institutional Offer) of the SRC on 9 December 2020. Such confirmation does not state or imply the approval of the Offer. The SEC has not approved the Offer Shares 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 SEC. The SEC has not reviewed this Prospectus in the same manner as that of an offer document filed for registration considering that the Company applied for a confirmation of the Offer as an exempt transaction.

The Company received approval from the PSE for the listing and trading of the Offer Shares with the PSE on 18 December 2020. Such approval for listing, however, is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE.

AC ENERGY CORPORATION
By:

JOHN ERIC T. FRANCIA
President and CEO

MARIA CORAZON G. DIZON
Treasurer and CFO, Compliance Officer, Chief Risk Officer

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

Before me, a notary public in and for the city named above, personally appeared the following:

Name	Competent Evidence of Identity	Issued On/At
John Eric T. Francia	Passport No. P3923362B	21 November 2019/ DFA Manila
Maria Corazon G. Dizon	Passport No. P6253635A	2 March 2018/ DFA NCR East

who were identified by me through competent evidence of identity to be the same persons who presented the foregoing instrument and signed the instrument in my presence as their own free and voluntary act and deed and that of the corporation they represent, and who took an oath before me as to such instrument.

Witness my hand and seal this JAN 08 2021 at Makati City.

Doc. No. 429;
Page No. 87;
Book No. 5;
Series of 2021.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2021 PTR No.Mla 9792919, 15/7/2020
IBP No. 119432, 06/17/2020
MCLE Compliance No. VI-0012066

[*Signature page to ACEN Rights Offering Prospectus*]

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute "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 the expectations of the Company regarding:

- future growth;
- general political, economic and business conditions in the Philippines and other markets that the Company intends to operate as part of the ACEIC International Transaction;
- results of operations and performance (both operational and financial);
- capital expenditure program and other liquidity and capital resources requirements;
- increasing competition in the industry in which the Company, its Associates operate;
- industry risk, including price and regulatory risk in the areas in which the Company and its Associates operate;
- business prospects;
- business opportunities;
- known and unknown risks; and
- risk factors discussed in this Prospectus as well as other factors beyond the Company's control.

Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which the Company will operate in the future. This Prospectus includes forward-looking statements, including statements regarding the expectations and projections of the Company or its management for future operating performance and business prospects. The words, including, but not limited to, "anticipate," "believe," "budget," "estimate," "expect," "forecast," "intend," and "plan," or similar expressions or statements that certain actions, events or results "can," "could," "may," "might," "will," or "would," be taken, occur or be achieved, have been used to identify these forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, its revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Prospectus involve known and unknown risks, uncertainties and other factors that may cause the Company's actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Although the forward-looking statements contained in this Prospectus reflect the current beliefs of the Company based upon information currently available to management and what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements.

Significant 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 nature of the energy market;
- competition;
- general political, economic and business conditions in the Philippines and other markets that the Company intends to operate as part of the ACEIC International Transaction;
- the regulatory environment, including, but not limited to, environmental, tax and acquisition-related rules and regulations;
- the availability and cost of electricity;
- weather conditions;
- natural disasters and other unforeseen events; and
- other risks and uncertainties described under "***Risk Factors***" and elsewhere in this Prospectus. See "***Risk Factors***" beginning on page 46 of this Prospectus.

Eligible Shareholders and Institutional Investors to the Offer Shares are advised to consider these factors carefully in evaluating the forward-looking statements. Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected as well as from historical results. Specifically, but without limitation, revenues could decline, costs could increase, capital costs could increase, capital investments could be delayed and anticipated improvements in performance might not be realized fully or at all. Although the Company believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, Eligible Shareholders and Institutional Investors are cautioned not to place undue reliance on the forward-looking statements herein. In any event, the forward-looking statements included herein are made only as of the date of this Prospectus or the respective dates indicated herein, and the Company and the Joint Lead Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to such forward-looking statements contained herein to reflect subsequent events or circumstances. The Joint Lead Underwriters do not take any responsibility for, or give any representation, warranty, or undertaking in relation to any such forward-looking statements.

GLOSSARY OF TERMS

The following is a listing of some of the terms and abbreviations used throughout this Prospectus:

ACEIC Assigned Associates	-	the Philippine companies subject of the ACEIC Philippine Transaction
ACE Endevor	-	ACE Endevor, Inc. (formerly, AC Energy Development Inc.; San Carlos Clean Energy, Inc.)
ACE Enexor	-	ACE Enexor, Inc. (formerly PHINMA Petroleum and Geothermal Inc.; Trans-Asia (Karang Besar) Petroleum Corporation; Trans-Asia Petroleum Corporation (TAPET))
ACEIC	-	AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.)
ACEIC International Transaction	-	the planned issuance of additional 16,685,800,533 Common Shares of ACEN in favor ACEIC in exchange for property consisting of shares owned by ACEIC in its 100% subsidiary AC Energy International, which holds various offshore operating and development companies
ACEIC Philippine Transaction	-	the issuance of 6,185,182,288 Common Shares of ACEN in favor of ACEIC in exchange for property consisting of shares owned by ACEIC in its various onshore operating and development companies
AC Energy International	-	AC Energy International, Inc. (formerly Presage Corporation)
ACEN or the Company or the Issuer or the Parent Company	-	AC Energy Corporation (formerly, AC Energy Philippines, Inc.;PHINMA Energy Corporation; Trans-Asia Oil and Energy Development Corporation; Trans-Asia Oil and Mineral Development Corporation)
ACE Renewables	-	ACE Renewables Philippines, Inc. (formerly Moorland Philippines Holdings, Inc.)
ACTA	-	ACTA Power Corporation
Additional Rights Shares	-	any Rights Shares remaining unsubscribed to from the First Round of the Rights Offer
Application	-	an application to subscribe to and purchase the Rights Shares under the Offer

ASM	-	Annual Stockholders' Meeting
ASPA	-	Ancillary Services Procurement Agreement, a contract with NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs
Associates	-	as defined under PFRS
Axia Power	-	Axia Power Holdings Philippines Inc.
Ayala	-	Ayala Corporation
Ayala Group	-	companies where Ayala Corporation has equity interests, currently engaged in the following sectors: real estate, financial services, telecommunications, water, industrial technologies, power, infrastructure, education, and technology ventures
Banking Day	-	any day, except Saturday, Sunday, and legal holidays, when banks and financial institutions are open for business in Makati City
BCHC	-	Buendia Christiana Holdings Corp
BIR	-	Bureau of Internal Revenue
Block	-	a petroleum contract area categorized under a block reference system established by the DOE to facilitate the establishment of the most effective exploration strategy and to further allow the DOE to evaluate the market value or true value of the area explored for petroleum that is being offered to contractors
Board or Board of Directors	-	the board of directors of the Company
BOI	-	Board of Investments
BPGC	-	Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation; Trans-Asia Power Generation Corporation)
BPI	-	Bank of the Philippine Islands
BPI Capital	-	BPI Capital Corporation
BWPC	-	Bayog Wind Power Corp.

CAGR	-	compound annual growth rate
Captive Market	-	a market of electricity end-users who may not choose their supplier of electricity
Carried Interest	-	in the context of petroleum exploration, an ownership interest in the project that does not share in the costs up to a certain agreed point (*e.g.*, a carry up to the first exploratory well), but shares in the costs attributable to such interest thereafter
China Bank Capital	-	China Bank Capital Corporation
CIPP	-	CIP II Power Corporation
COC	-	certificate of compliance issued by the ERC
COC-FIT	-	certificate of compliance for eligibility for FIT issued by the ERC under the FIT Rules
Common Shares or Shares	-	the shares of common stock of the Company with a par value of ₱1.00 per Share, including the Offer Shares
Consolidated Financial Statements	-	audited financial statements of the Parent Company and its subsidiaries
Contestable Market	-	the electricity end-users that have a choice of a supplier of electricity as may be determined by the ERC
COVID-19	-	novel coronavirus
CPCN	-	certificate of public convenience
Debt	-	total current and non-current liabilities
Diesel Power Plants	-	Power Barges 101 and 102, and plants operated by One Subic, BPGC and CIPP
DENR	-	the Philippine Department of Environment and Natural Resources
Distribution Code	-	the Philippine Distribution Code
DOE	-	the Philippine Department of Energy
ECC	-	an environmental compliance certificate issued by the DENR

Economic Zones or Ecozone	-	special economic zones and selected areas which are highly developed or have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment, and financial centers
EIA	-	Environmental Impact Assessment
EIS System	-	the Philippine Environmental Impact Statement System, a system requiring relevant government agencies to prepare an Environment Impact Assessment for any project or activity that affects the quality of the environment
Eligible Shareholders	-	holders of Common Shares as of the Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines and (ii) holders located outside the Philippines where it is legal to participate in the Rights Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws. The Rights Shares may be subscribed to by the stockholders of record of the Company as of 13 January 2021 on a pre-emptive rights basis. ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors.
Entitlement Shares	-	one (1) Rights Share which each Eligible Shareholder is entitled to subscribe to for every 1.1100 Common Shares held as of the Record Date
EPC	-	Engineering, Procurement and Construction Contract
ERC	-	the Philippine Energy Regulatory Commission
Farm-in	-	in the context of petroleum exploration, an agreement wherein one company drills wells or performs other activities on another company’s petroleum concession in order to earn an interest in or acquire that petroleum concession
Farm-out	-	an agreement between oil operators whereby the owner of a petroleum concession not interested in drilling at the present time agrees to assign the petroleum concession or part of it to another operator that wants to drill the area explored for petroleum
First Increase in ACS	-	the increase of the Company’s total authorized capital stock to ₱24,400,000,000, consisting of 24,400,000,000 Common

		Shares with a par value of ₱1.00 per Share approved by the SEC on 22 June 2020
First Round of the Rights Offer	-	the offer process in relation to the Entitlement Shares
First SEC Approval	-	the approval of the SEC of the First Increase in ACS
FIT	-	Feed-in-Tariff
FIT-All	-	FIT Allowance
FIT Rate	-	guaranteed fixed price of RE-derived electricity sourced by electric power industry participants as mandated by the FIT scheme under the RE Law
FIT Rules	-	ERC Resolution No. 16-2010
FTI Consulting	-	FTI Consulting Philippines, Inc.
GDP	-	Gross Domestic Product
GigaAce8	-	Giga Ace 8, Inc.
Gigasol2	-	Gigasol 2, Inc.
Gigasol3	-	Gigasol 3, Inc.
Government	-	the Government of the Republic of the Philippines
Greencore 3	-	Greencore Power Solutions 3, Inc.
Grid Code	-	the Philippine Grid Code
Group	-	the group of companies comprised of ACEN, its Associates and joint ventures
GWC	-	Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation; Trans-Asia Renewable Energy Corporation; Trans-Asia Petroleum (Maratua) Corporation)
HDP Bulk Water	-	HDP Bulk Water Supply, Inc.
Ilocos Wind	-	Ilocos Wind Energy Holding Co., Inc.
Ingrid	-	Ingrid Power Holdings, Inc.

Institutional Offer	-	offer of Institutional Shares under transactions exempt from registration as provided under Section 10.1 of the SRC and its IRRs, as amended, following the Second Round of the Rights Offer
Institutional Investors	-	qualified buyers, as defined in the 2015 IRR of the Securities and Regulation Code, that will subscribe to the Institutional Shares
Institutional Shares	-	any Rights Shares not taken up or subscribed by the Eligible Shareholders following the Rights Offer
IPP	-	independent power producer or an existing power generating entity which is not owned by NPC
IRRs	-	Implementing Rules and Regulations
Isla Bio	-	Negros Island Biomass Holdings, Inc.
Islasol	-	Negros Island Solar Power, Inc.
kW	-	kilowatt, a unit of electrical power equal to 1,000 watts or 1.341 horsepower
kWh	-	kilowatt hour, a measure of energy equivalent to the expenditure of one kilowatt for one hour
LCC Bulk Water	-	LCC Bulk Water Supply, Inc
Maibarara Project	-	the 32MW geothermal power located in Maibarara, Santo Tomas, Batangas, owned and operated by MGI
MCV Bulk Water	-	MCV Bulk Water Supply, Inc.
MERALCO	-	Manila Electric Company
MGI	-	Maibarara Geothermal, Inc.
Montesol	-	Monte Solar Energy Inc.
Montesol Project	-	the 18MWdc solar power farm located in Bais City, Negros Oriental owned and operated by Montesol
MSPDC	-	Manapla Sun Power Development Corp.
MW	-	megawatt, a unit of electrical power, equal to a thousand kW

MWdc	-	megawatt of direct current
Net Attributable Capacity	-	the Company's effective economic interest in the relevant power project multiplied by the net capacity of the relevant power project. Net Attributable Capacity in solar plants is determined with reference to MWdc.
NGCP	-	the National Grid Corporation of the Philippines or the corporation awarded the concession to operate the transmission facilities of the TransCo pursuant to Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001" and Republic Act No. 9511.
NLREC	-	North Luzon Renewable Energy Corporation
NLR Project	-	the 81MW wind farm in Barangay Caparispisan, Pagudpod, Ilocos Norte owned and operated by NLREC
NNBP	-	North Negros Biopower Inc.
Northwind Project	-	the 52MW wind farm in Bangui, Ilocos Norte owned and operated by NPDC
NPC	-	the National Power Corporation
NPDC	-	Northwind Power Development Corp.
NREB	-	the National Renewable Energy Board
Offer	-	the Rights Offer and the Institutional Offer
Offer Shares	-	the Rights Shares and the Institutional Shares
One Subic or OSPGC	-	One Subic Power Generation Corporation
OSODC	-	One Subic Oil Distribution Corp., formerly Trans-Asia Gold and Minerals Development Corporation
Palawan55	-	Palawan55 Exploration & Production Corporation
PAMA	-	Power Administration and Management Agreement
PCC	-	Philippine Competition Commission
PCD	-	Philippine Central Depository, Inc.

PCD Nominee	-	PCD Nominee Corporation, a corporation wholly owned by the PDTC, which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or in behalf of their clients. PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.
P.D. 87	-	Presidential Decree No. 87, also known as the "The Oil Exploration and Development Act of 1972"
PDTC	-	the Philippine Depository and Trust Corporation, the central securities depositary of, among others, securities listed and traded on the PSE
Peso or ₱	-	the lawful currency of the Philippines
PEZA	-	the Philippine Economic Zone Authority
PFRS	-	the Philippine Financial Reporting Standards
Philippine National	-	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 entitled 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 Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled 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
PHI	-	PHINMA, Inc. (formerly Philippine Investment-Management (PHINMA), Inc.)
PHN	-	PHINMA Corporation
PINAI	-	Philippine Investment Alliance for Infrastructure
PSA	-	power supply agreement

PSALM	-	the Power Sector Assets and Liabilities Management Corporation
PSE or Exchange	-	The Philippine Stock Exchange, Inc., the corporate body duly organized and existing under Philippine law, licensed to operate as a securities exchange by the SEC
PWHC	-	Philippine Wind Holdings Corp. (formerly UPC Philippine Wind Holdings Corp.)
PWPC	-	Pagudpud Wind Power Corp.
R.A. No. 6969	-	Republic Act No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990"
R.A. No. 7611; SEP	-	Republic Act No. 7611 or the "Strategic Environment Plan for Palawan Act"
R.A. No. 7916; PEZA law	-	Republic Act No. 7916 or "The Special Economic Zone Act of 1995"
R.A. No. 7942; Mining Act	-	Republic Act No. 7942 or "The Philippine Mining Act of 1995"
R.A. No. 8371; IPRA	-	Republic Act No. 8371 or "The Indigenous Peoples' Rights Act (IPRA) of 1997"
R.A. No. 8749; Clean Air Act	-	Republic Act No. 8749 or the "Philippine Clean Air Act of 1999"
R.A. No. 9003	-	Republic Act No. 9003 or the "Ecological Solid Waste Management Act of 2000"
R.A. No. 9136; EPIRA	-	Republic Act No. 9136 or the "Electric Power Industry Reform Act (EPIRA) of 2001"
R.A. No. 9275	-	Republic Act No. 9275 or the "Philippine Clean Water Act of 2004"
R.A. No. 9513; RE Law	-	Republic Act No. 9513 or the "Renewable Energy Act of 2008"
R.A. No. 10173; DPA	-	Republic Act No. 10173 or the "Data Privacy Act of 2012"
R.A. No. 10667; PCA	-	Republic Act No. 10667 or the "Philippine Competition Act"
R.A. No. 11232; Revised Corporation Code of the Philippines	-	Republic Act No. 11232, amending Batas Pambansa Blg. 68 or the Corporation Code of the Philippines

Receiving Agent	-	BPI Stock Transfer Agency, in its capacity as receiving agent
RE Law IRR		Implementing Rules and Regulations of the RE Law
Renewable Energy	-	energy derived from resources (*e.g.*, sunlight, wind, water, earth's heat, and plant and animal wastes) that are regenerative or, for all practical purposes, cannot be depleted
RES	-	Retail Electricity Supplier or the non-regulated business segment of the distribution utility catering to the Contestable Market only within its franchise area, or persons authorized by appropriate entities to supply electricity within their respective Economic Zones
Rights Offer	-	Offer for subscription of Rights Shares
Rights Offer Period	-	offer period for the Rights Offer, which shall commence on 18 January 2021, at 9:00 a.m. and end on 22 January 2021 at 12:00 p.m., Manila time.
Rights Shares	-	2,267,580,434 primary Common Shares of the Company being offered for subscription to Eligible Shareholders on a pre-emptive basis
Sacasol	-	San Carlos Solar Energy, Inc.
SC	-	service contract, an agreement entered into by the Government and a company which grants the latter the exclusive right to undertake petroleum exploration, development and production over a certain area, in exchange for a share by the Government on sales proceeds
SCBP	-	San Carlos Biopower Inc.
SCC Bulk Water	-	SCC Bulk Water Supply, Inc.
SEC or Commission	-	the Philippine Securities and Exchange Commission
Second Increase in ACS	-	the further increase of the Company's authorized capital stock to ₱48,400,000,000, consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Share.
Second Round of the Rights Offer	-	the offer process in relation to the Additional Rights Shares
Second SEC Approval	-	the approval of the SEC of the Second Increase in ACS.

SGV	-	SyCip Gorres Velayo & Co.
SJLD	-	San Julio Land Development Corporation
SLTEC	-	South Luzon Thermal Energy Corporation
SNBP		South Negros Biopower Inc.
Solienda	-	Solienda Incorporated
SolarAce1	-	SolarAce1 Energy Corp.
SRC	-	the Securities Regulation Code
Stock Transfer Agent	-	BPI Stock Transfer Agency, in its capacity as stock transfer agent
Subsidiary/ies	-	as defined in PFRS
ThomasLloyd	-	ThomasLloyd CTI Asia Holdings. Pte Ltd.
Trading Day	-	any day on which trading is allowed in the PSE
TransCo	-	the National Transmission Corporation
Underwriters or Joint Lead Underwriters	-	BPI Capital Corporation and China Bank Capital Corporation
Underwriting Agreement	-	agreement dated 7 January 2021 among the Issuer and the Joint Lead Underwriters
USD or U.S.$	-	United States dollar
Valuation Report	-	The valuation report and fairness opinion rendered by FTI Consulting Philippines, Inc., an SEC and PSE accredited independent third party that issued its report on the value at which ACEIC transferred its on-shore renewable platform and projects to the Company in the ACEIC Philippine Transaction attached hereto as Annex A.
VAT	-	Value added tax
VWAP	-	Volume Weighted Average Price for each of the relevant 180 consecutive trading days immediately prior to (and including) the Pricing Date.
Viage	-	Viage Corporation

VRC	-	Visayas Renewables Corp. (formerly Bronzeoak Clean Energy Inc.)
WESM	-	the Wholesale Electricity Spot Market
WESC	-	Wind Energy Service Contract
Working Interest	-	in the context of petroleum exploration, the percentage of ownership in an oil and gas concession or an interest in a petroleum company that fully participates in the costs and derives benefits corresponding to such interest in the event of success
WTG	-	wind turbine generator

EXECUTIVE SUMMARY

*The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the Offer Shares, see the section entitled "**Risk Factors**" on page 46 of this Prospectus. Terms defined elsewhere in this Prospectus shall have the same meanings when used in this summary.*

Eligible Shareholders and Institutional Investors should read this entire Prospectus fully and carefully, including the Company's financial statements and related notes. In case of any inconsistency between this summary and the detailed information in this Prospectus, the more detailed portions, as the case may be, shall prevail.

The Company

ACEN is a corporation duly organized and existing under Philippine law with SEC Registration No. 39274, and listed with the PSE with ticker symbol "ACEN" (formerly "ACEPH" and "PHEN"). It was incorporated on 8 September 1969 and was originally known as "Trans-Asia Oil and Mineral Development Corporation," reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On 11 April 1996, the Company's name was changed to "Trans-Asia Oil and Energy Development Corporation." On 22 August 2016, the Company aligned its name with its then parent company, to become known as "PHINMA Energy Corporation," and extended its corporate life for another 50 years. On 17 September 2019, the stockholders of the Company voted to rename the Company to "AC Energy Philippines, Inc." to recognize its affiliation with its largest stockholder, ACEIC. The Certificate of Filing of Amended Articles of Incorporation of the Company was issued on 11 October 2019 reflecting the approval by the SEC of the new company name.

On 18 March 2020, the Company's board approved resolutions to amend the corporate name of the Company in its Articles of Incorporation and By-Laws to "AC Energy Corporation." The Certificate of Filing of Amended Articles of Incorporation of the Company was issued on 5 January 2021 reflecting the approval by the SEC of the new company name.

Change in Principal Shareholders

On 8 February 2019, PHN, PHI, and ACEIC, signed an Investment Agreement under the terms of which PHN and PHI will sell their aggregate of 2,517,064,700 common shares in the Company (then PHINMA Energy Corporation), constituting 51.476% of the total issued and outstanding shares of the Company, to ACEIC. ACEIC also agreed to subscribe to 2,632,000,000 new common shares of the Company, constituting 34.9% of the total issued and outstanding shares of the Company after the said issuance.

After securing corporate and regulatory approvals, including the conduct of a mandatory tender offer in accordance with Section 19 of the SRC Rules, the transactions closed on 19 June 2019.

Description of Business

The Company's principal product of power generation and supply is the electricity produced and delivered to the end-consumers. Power generation involves the conversion of fuel or other forms of energy to electricity. In power generation, the Company's operating assets as of 30 September 2020 include:

(i) 48MW oil-fired power plant in Norzagaray, Bulacan through Bulacan Power Generation Corporation;
(ii) 20MW oil-fired power plant in Bacnotan, La Union, through CIP II Power Corporation;
(iii) 108MW diesel power plant in Subic Bay through One Subic Power Generation Corporation;
(iv) 24MW Power Barge 101 and 24MW Power Barge 102 Diesel Power Plants, directly owned by the Company, both located in Barrio Obrero, Iloilo City;
(v) 54MW wind power project in San Lorenzo, Guimaras through Guimaras Wind Corporation;
(vi) 244MW power plant in Calaca, Batangas through South Luzon Thermal Energy Corporation;
(vii) the joint venture of the 32MW geothermal plant in Maibarara, Santo Tomas, Batangas, through Maibarara Geothermal, Inc. (17%);
(viii) the joint venture of the 52MW wind farm in Bangui, Ilocos Norte through NorthWind Power Development Corporation (68%);
(ix) the joint venture of the 81MW wind farm in Caparispisan, Ilocos Norte through North Luzon Renewables Energy Corporation (36%);
(x) the joint venture of the 80MWdc solar power farm in Negros Occidental through Negros Island Solar Power, Inc. (60%);
(xi) 45MWdc solar power farm in Negros Occidental through San Carlos Solar Energy, Inc.; and
(xii) 18MWdc solar power farm in Negros Occidental through Monte Solar Energy, Inc.

The Company's power supply business comprises buying electricity from and selling electricity to the Wholesale Electricity Spot Market ("WESM") to produce trading gains. This allows the Company to meet electricity requirements of contracted customers, not only from its diversified power generation portfolio, but also by making purchases from the WESM. Alternatively, the Company can also supply to the spot market any excess capacity that it has generated.

The Company began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on 20 September 2007. The WESM serves as a platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. On 19 November 2012, the Company secured its Retail Electricity Supplier ("RES") license from the Philippine Energy Regulatory Commission ("ERC") under RES License No. SL-2012-11-009 to supply electricity to the Contestable Market. On 20 November 2019, the ERC issued to the Company RES License No. 11-2019-0057RS valid until 19 November 2022. As of the period ended 30 September 2020, the total energy sales to contracted customers of the Company reached ₱15.15 billion and contributed the bulk of total energy sold.

In support of the Company's efforts to provide grid reliability and stability through the reserve market, the Company's Power Barges 101 and 102, One Subic, BPGC, and CIPP (the "Diesel Power Plants") have existing approved non-firm Ancillary Services Procurement Agreements ("ASPAs") with the National Grid Corporation of the Philippines ("NGCP"). Each of the Diesel Power Plants provide dispatchable reserve services to NGCP, as they are fast start generators that are readily available for dispatch when called by NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs.

For the Luzon grid, One Subic and BPGC have been providing dispatchable reserve services since 2013, while CIPP commenced providing dispatchable reserve services in 2017. Power Barges 101 and 102 started providing dispatchable reserve services to the Visayas grid in 2018. Since 2013, revenues from ancillary services provide additional and substantial income to the Company, furthering providing an alternative market for the sale of electricity apart from the usual sale to customers through bilateral contracts, or sale to the WESM.

In oil and gas exploration, the Company continues to create and pursue upstream opportunities covering various risk-reward scenarios, success in which would lead to a significant, sustained contribution to the revenue stream of the Company. This segment currently provides a source of non-recurring income through the selling down of interests at various stages of development. The Company has also forged partnerships and expanded existing alliances with foreign and local companies that share its investment strategy and who can provide capital and technical expertise. By joining exploration consortia as a minority partner, the Company reduces the inherent risks in the businesses while maintaining any potential upside from the projects. Minority investments also increase the number of service contract areas the Company can get involved in.

Throughout the 50 years operations of the Company, it has earned a good reputation as a prudent operator with strong management and technical teams highly regarded in the energy industry. Its diversified investments have given the Company greater financial resources to support its commitment to energy development.

Under the Ayala Group, the Company continues to seek other business opportunities and investments that will help it optimize and utilize these financial resources. After the acquisition by ACEIC of a majority stake in the Company, the Company is in the process of integrating its assets and capabilities with ACEIC to form a strong and agile energy platform.

ACEIC Philippine Transaction

As part of the integration, ACEIC transferred its interests in various on-shore operating and development companies to the Company via the ACEIC Philippine Transaction.

On 14 May 2020, the Company and ACEIC executed the Second Amended and Restated Deed of Assignment effective as at 9 October 2019, whereby ACEIC transferred and conveyed to the Company its rights and interest in 10 corporations as payment for its subscription to the Company's Common Shares ("ACEIC Philippine Transaction") as detailed in the table below:

Company	**Type of Share**	**Number of Shares**	**Par Value per Share (₱)**	**% of Ownership Transferred**	**No. of Exchange Shares**
AC Energy Development, Inc.	Common A	2,000,000	100.00	7.08	504,543,447
	Founders	3,979,868	0.01	14.08	119,397
	Preferred	20,580,905	100.00	72.83	822,001,346
Monte Solar Energy, Inc.	Common A	12,000,000	0.06	2.52	42,240,000
	Preferred A	445,310,895	2.50	93.52	467,576,440
Ingrid Power Holdings, Inc.	Common	100,000	100.00	100.00	1,904,000

South Luzon Thermal Energy Corporation	Common	12,540,588	100.00	17.50	1,075,982,622
	Preferred	12,540,588	100.00	17.50	1,075,982,451
Philippine Wind Holdings, Inc.	Common	230,256	100.00	39.69	243,265,464
	Preferred A-1	15,088	15,866.51	2.60	292,757,293
	Preferred A-2	2,631	228,712.35	0.45	733,563,186
ACTA Power Corporation	Common	364,000	100.00	50.00	15,433,450
ACE Renewables Philippines, Inc.	Common	12,057,240	10.00	10.00	265,259,280
	Redeemable Preferred	108,515,160	10.00	90.00	401,506,092
Manapla Sun Power Development Corp.	Common	490,999	1.00	36.37	107,047,820
Viage Corporation	Common	1,250	100.00	100.00	100,000,000
NorthWind Power Development Corporation	Preferred	1,000,000	100.00	19.52	36,000,000
Total					**6,185,182,288**

In exchange for the above shares, ACEIC subscribed to a total of 6,185,182,288 Common Shares issued out of the First Increase in ACS at Two and 37/100 Pesos (₱2.37) per Share or a total transfer value of ₱14,658,882,022.56. Upon the issuance of the First SEC Approval on 22 June 2020, ACEIC has acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction with effective date as at 9 October 2019. While the SEC issued the First SEC Approval, it required the Company to submit proof of the transfer of the shares in the Philippine companies subject of the ACEIC Philippine Transaction ("ACEIC Assigned Associates") as a condition subsequent, in accordance with MC 14-2013 (Guidelines Covering the Use of Properties that Require Ownership Registration as Paid-Up Capital of Corporations) ("SEC Condition Subsequent"). MC 14-2013 provides that "where the payment made consists of shares of stock, the applicant corporation shall submit to the Commission proof of the transfer of the registration thereon in the name of the transferee corporation, within ninety (90) days from the date of approval of the application and submission of proof/s that the transfer values of the shares that are being assigned, based on the Valuation Report have been attained, extendible for justifiable reasons."

In order to comply with the SEC Condition Subsequent, a certificate authorizing registration from the BIR is required. Pursuant to such requirement, on 25 November 2019, the Company submitted to the BIR a request for confirmation that the exchange of ACEIC's shareholdings in the ACEIC Assigned Associates to the Company pursuant to the ACEIC Philippine Transaction qualifies as a tax-free exchange under Section 40(C)(2) of the 1997 National Internal Revenue Code, as amended. On 30 October 2020, the BIR issued a ruling confirming that the ACEIC Philippine Transaction qualifies as a tax-free exchange. On the basis of such ruling, the Company obtained the relevant certificate authorizing registration of these shareholdings from the BIR and on 25 November 2020, the Company submitted to the SEC the stock certificates of the ACEIC Assigned Associates in the name of the Company in compliance with MC 14-2013, in respect of the First Increase in ACS and the ACEIC Philippine Transaction. Further, to comply with the standard post-transaction submission of proof that the transfer values of the shares of the ACEIC Assigned Associates that were transferred to the Company based on the Valuation Report have been attained, the Company submitted to the SEC a Special Audit Report on 18 December 2020. On 21 December 2020, the SEC issued its confirmation that the Company has complied with the conditions in MC 14-2013.

On 23 May 2020, the Company filed with the PSE an application for listing of the 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction. On 18 December 2020, the PSE issued a Notice of Approval approving the listing of the said Common Shares, together with the listing of up to 2,267,580,434 Common Shares pursuant to the Offer, subject to the fulfilment of the conditions in the Notice of Approval.

Through the ACEIC Philippine Transaction, the Company's power generating capacity expanded with the following operating assets transferred from companies formerly legally and/or beneficially owned by ACEIC:

Entity	Location	Project Type	Net Capacity (MW) [1]	Effective Economic Interest (%)[2]	Net Attributable Capacity (MW)[3]	Commercial Operations Date
Renewable Energy						
Monte Solar Energy, Inc.	Negros Oriental	Solar	18	100	18	Mar-16
NorthWind Power Development Corp.	Pagudpud, Ilocos Norte	Wind	52	68	35	Ph1: Jun-05 Ph2: Aug-08 Ph3: Sep-14
North Luzon Renewable Energy Corp.	Caparispisan, Ilocos Norte	Wind	81	36	29	Nov-14
Negros Island Solar Power, Inc.	Negros Occidental	Solar	80	2	2	Mar-16
San Carlos Solar Energy, Inc.	Negros Occidental	Solar	45	4	2	PhAB: May-14 PhCD: Sep-15
San Carlos Biopower Inc.	San Carlos, Negros Occidental	Biomass	18.7	7	1	2021 target
South Negros Biopower Inc.	La Carlota, Negros Occidental	Biomass	22.4	7	2	2021 target
North Negros Biopower Inc.	Manapla, Negros Occidental	Biomass	22.4	6.12	1	2021 target
Thermal Energy						
South Luzon Thermal Energy Corp.	Batangas	Thermal	244	35	85	Unit1: Apr-15 Unit2: Feb-16

(1) In MWdc for solar plants.
(2) Effective economic interest refers to the Company's economic interest directly and/or indirectly held in the project.
(3) Net Attributable Capacity refers to the product of the Company's effective economic interest in the relevant power project multiplied by net capacity of the relevant power project. In MWdc for solar plants.

The ACEIC Philippine Transaction further includes the assets of the former Bronzeoak group acquired from March 2017 through December 2018, which include:

- Renewable energy development, management and operations platform. The platform developed the solar projects – San Carlos Solar Energy Inc., Negros Island Solar Power Inc., and Monte Solar

Energy Inc. ("Montesol"); as well as biopower projects – San Carlos BioPower Inc., South Negros BioPower Inc., and North Negros BioPower Inc.;

- Land leasehold rights to the renewable projects in San Carlos City, Negros Occidental owned by Solienda Inc. ("Solienda"), development agreements with lessors of renewable projects in La Carlota City, Negros Occidental through San Julio Land Development Corp., and land in Barangay Sta. Teresa Manapla, Negros Occidental owned by Manapla Sun Power Development Corp ("MSPDC"); and
- Bulk water business operated through SCC Bulk Water Supply, Inc. ("SCC Bulk Water"), LCC Bulk Water Supply, Inc. ("LCC Bulk Water"), and MCV Bulk Water Supply, Inc. ("MCV Bulk Water"), and HDP Bulk Water Supply, Inc. ("HDP Bulk Water") supplying untreated water to the biomass plants in San Carlos City, La Carlota City, and Manapla, Negros Occidental, respectively.

The transfer likewise included interests in the development pipeline, including various projects under construction, such as the 120MWdc solar farm in Alaminos, Laguna owned by SolarAce1 Energy Corp. ("SolarAce1"), the 60MWdc solar farm in Palauig, Zambales owned by Gigasol3, Inc. ("Gigasol3"), and the 150MW peaking plant in Pililia, Rizal owned by Ingrid Power Holdings Inc. ("Ingrid").

With the transfer of the assets and the Company's strong team having significant experience in development and operations, the Company is poised to be the leader in renewable energy in the country and sets its goal to reach 5,000MW Net Attributable Capacity in renewables by 2025.

ACEIC International Transaction

On 18 March 2020, the Board of Directors approved the consolidation of ACEIC's international business and assets into the Company via a tax-free exchange, whereby ACEIC will transfer 100% of its shares of stock in AC Energy International (ACEIC's 100%-owned subsidiary holding ACEIC's international business and investments), consisting of 1,650,166,347 common shares and 15,035,347,600 redeemable shares, to the Company in exchange for the issuance to ACEIC of additional Common Shares ("ACEIC International Transaction") by way of subscription to the Second Increase in ACS.

On 31 March 2020, the Executive Committee of the Company confirmed the recommendation of the Company's management that upon their independent valuation of AC Energy International and the Company, in exchange for the shares in AC Energy International, ACEIC shall subscribe to a total of 16,685,800,533 Common Shares of the Company at ₱2.97 per Share or a total transfer value of ₱49,556,827,583.01. These Common Shares shall be issued out of the Second Increase in ACS.

The ACEIC International Transaction and Second Increase in ACS are subject to further Board and regulatory approvals, and are expected to be filed after the Listing Date and completed in 2021.

Competitive Strengths

The Company has a number of competitive strengths that it can use to enhance and leverage its position in the Philippine energy industry. Having positioned itself in various forms of power generation and having a balanced mix of supply and customer contracts, the Company sees expansion of its power generation portfolio via its upcoming projects to increase its flexibility in meeting the varying power generation requirements of its customers and stakeholders at the lowest possible cost. ACEIC, as its majority shareholder with a proven track record as the Ayala Group's platform for its investments in the power sector, also facilitates in strengthening the Company's balance sheet and ultimately, delivering the Company's vision of reaching 5,000MW in 2025.

The Company considers the following to be its principal competitive strengths:

- Portfolio of projects across regions, technologies and energy sources provides stable cash flows, diversification and a strong platform for growth;
- Strong pipeline of projects in partnership with recognized and accomplished power industry developers, operators and investors provides a visible path to growth;
- Well-positioned to capture future demand growth in various forms of power generation;
- Well-positioned to benefit from the country increasingly embracing renewable energy sources to address its long-term energy needs;
- Optimal mix of supply and customer contracts;
- Strengthened balance sheet and good visibility of future cash flows;
- ACEIC as a majority shareholder with proven track record of delivering growth, rapid execution, performance and realizing value;
- Supported by a strong shareholder fully committed to delivering the Company's vision;
- Led by a reputable and experienced board and management team with strong shareholder support;
- ACEIC International Transaction expected to further bolster the Company's existing strengths; and
- A highly motivated organization actively involved in the management of the energy portfolio with capabilities to anticipate and react to developing market thematics and trends rapidly.

*See the section entitled "**Competitive Strengths**" on page* 109 *of this Prospectus*

Listing

The Company has been listed on the PSE since 5 January 1970. As of 30 September 2020, the Company's major stockholders and their respective shareholdings (based on the total outstanding shares) are the following: PCD Nominee Corporation (15.96%, excluding ACEIC's lodged shares) and ACEIC (81.62%). The shares of ACEIC are 45.17% direct shares (including the ACEIC Philippine Transaction Shares) and 36.45% indirect lodged shares.

The Offer

The Company is offering Rights Shares for subscription to its Eligible Shareholders by way of a Rights Offer, at a ratio of one (1) Rights Offer Share for every 1.1100 Common Shares held as of Record Date of 13 January 2021, with par value of ₱1.00 per Share, at a price of ₱2.37 per Rights Share.

In case there are Offer Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Offer Shares shall be sold by the Joint Lead Underwriters to Institutional Investors at the same price of ₱2.37 per Offer Share. Any Offer Share not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters, pursuant to the Underwriting Agreement.

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and to reject any commitment to subscribe to the Offer Shares in subsequent rounds of the Rights Offer, in whole or in part, and to allot to any Eligible Shareholder less than the full amount of the Rights Shares sought by such applicant after the First Round of the Rights Offer. If the Offer is withdrawn or discontinued, the Company shall make the necessary disclosures to the SEC and the PSE.

Notwithstanding the acceptance of an Application by the Company, the actual subscription and sale of the Rights Shares to an Eligible Shareholder, shall become effective only upon the listing of the Rights Shares on the PSE. If such condition is not fulfilled on or before the Listing Date, all application payments will be returned to the applicants without interest and, in the meantime, the said application payments will be held in a separate bank account with the Receiving Agent.

The Offer Shares will be issued out of the Company's unissued authorized Common Shares. After the completion of the Offer and the ACEIC Philippine Transaction, the issued and outstanding shares of the Company will increase to 15,960,037,644 Common Shares from the present issued and outstanding 13,692,457,210 Common Shares.

The Offer will commence on 18 January 2021, at 9:00 a.m., and end on 22 January 2021, at 12:00 p.m. Details about the Offer can be found in the section entitled "***Terms of the Offer***."

Use of Proceeds

The Company expects to raise gross proceeds of up to ₱5.4 billion from the Offer. The net proceeds from the Offer, after deducting the expenses related to the Offer, are estimated to amount to ₱5.3 billion. The net proceeds will be used by the Company to partially fund the development of power projects in the pipeline and inorganic growth opportunities if and when they arise and other general corporate requirements as found under "***Use of Proceeds***" on page 67 of this Prospectus.

Risks of Investing

Before making an investment decision, Eligible Shareholders and Institutional Investors should carefully consider the risks associated with an investment in the Common Shares. These risks include: (i) risks relating to the Company's business; (ii) risks relating to the Company's growth; (iii) risks relating to investing in the Philippines and other markets that the Company intends to operate as part of the ACEIC International Transaction; and (iv) risks relating to the Offer and statements made in this Prospectus.

Please refer to the section of this Prospectus entitled "***Risks Factors***," which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Offer Shares.

Company Information

The registered office of the Company is at 4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines. Its telephone number is +(632) 7730-6300 and its corporate website is http://www.acenergy.ph. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

Recent Developments

Subscription Agreement with Bataan Solar

On 15 October 2020, the Company signed a subscription agreement with Bataan Solar Energy, Inc. ("BSEI") for the subscription by the Company to additional 7,999,190 common shares and 71,992,425 Class A Redeemable Preferred Shares ("RPS") in BSEI, at the subscription price of ₱39,995,950.00 for the common shares and ₱359,962,125,00 for the RPS to be paid in tranches with ₱99,989,520.00 payable on date of subscription and the balance payable upon BSEI's capital call. The infusion will be used by BSEI to further the opportunities presented by emerging clean energy technologies, including battery storage, and for various development activities such as securing land, permitting, undertaking project studies, project planning, and procuring and installing equipment for new technologies, including battery storage, in Mariveles, Bataan. The issuance of the shares is subject to the necessary regulatory approvals for increase of BSEI's authorized capital stock and creation of new shares.

Ingrid Shareholders' Agreement and Subscription

On 21 October 2020, the Company assigned to Ingrid the total amount of ₱570 million (divided into ₱150,000,000.00 outstanding receivables from Ingrid, and ₱420,000,000.00 deposits for future subscription) in exchange for, and as payment for, a subscription to be issued out of the increase in the authorized capital stock of Ingrid. The proceeds are intended to be used for the construction of the 150MW diesel Ingrid power plant project in Pililia, Rizal, including for the substation and transmission line.

BIR Certification Ruling

On 30 October 2020, the BIR issued Certification Ruling SN027-2020 (the "Certification Ruling"), relative to the tax-exempt transfer of shares of stocks made by ACEIC to ACEN pursuant to Section 40 (C) (2) of the National Internal Revenue Code of 1997, as amended. The Certification Ruling for the ACEIC Philippine Transaction states that the property-for-share swap between ACEIC and ACEN covering the issuance of 6,185,182,288 shares of stock in ACEN in favor of ACEIC in exchange for ACEIC's shares of stock in select Philippine operating and development companies, is not subject to income tax/capital gains tax/expanded withholding tax/donor's tax and value-added tax.

Pursuant to the Certification Ruling, ACEN was required within 90 days from the date of receipt of the Certification Ruling, to submit proof of annotation of the substituted basis of the shares of stock involved in the transfer and a statement that the acquisition of the properties described in the certificate is by virtue of a tax-free exchange pursuant to Section 40 (C) (2) of the National Internal Revenue Code of 1997, as amended. Following the submission to the SEC of the proof of transfer on 25 November 2020, the Company submitted its compliance to the BIR on 4 December 2020.

Subscription Agreement with ACE Endevor, Inc.

On 3 November 2020, the Company signed a subscription agreement with ACE Endevor, Inc. ("ACE Endevor") for the subscription by ACEN to 4,419,095 Redeemable Preferred Shares to be issued out of the unissued authorized capital stock of ACE Endevor. The subscription will be used by ACE Endevor to fund the requirements of its various development projects.

Subscription Agreement with ACE Shares Services, Inc.

On 4 November 2020, the Company signed a subscription agreement with ACE Shares Services, Inc. ("ACESS") for the subscription by the Company to additional 99,000,000 common shares in ACESS at the subscription price of ₱99,000,000.00 to be issued out of the increase in authorized capital stock of ACESS. The infusion will be used by ACESS to fund its administrative and operating costs.

Approvals of the Board of Directors on 11 November 2020

On 11 November 2020, the Board of Directors in its regular meeting approved, among other matters, the following: (1) the amendment of the Company's dividend policy such that, as amended, it would be the Company's policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, to be effective on 1 January 2021 (the "Regular Dividends"), to include the Board's discretion, exercised reasonably, to approve the declaration and payment of special dividends over and above the Regular Dividends; (2) the engagement of FTI Consulting as fairness opinion provider and other consultants for purposes of issuing an independent valuation to the Company for the ACEIC International Transaction; (3) the Company's capital expenditure budget for its future Ayala Triangle Tower 2 office, and the execution of the corresponding lease contract with Ayala Land, Inc.; (4) the terms of the Offer (as discussed below); and (5) investment of Arran Investment Pte Ltd ("Arran") (as discussed below).

Terms of the Rights Offer

On 11 November 2020, the Board of Directors approved the issuance of 2,267,580,434 Shares at an Offer Price of ₱2.37 per Rights Share, at the proportion of one (1) Rights Share for every 1.1100 Common Share.

Arran Investment Pte Ltd Investment

On 11 November 2020, the Board of Directors approved the proposal of Arran, an affiliate of GIC Private Limited ("GIC"), to acquire an effective 17.5% ownership stake in the Company (the "Arran Investment"). The 17.5% ownership stake is on a fully diluted basis assuming that the Company's Rights Offer, the proposed follow-on-offering of Common Shares, and the ACEIC International Transaction have been completed.

The Arran Investment will be implemented through a combination of subscription to four billion primary Shares (via a private placement) and purchase of secondary Shares from ACEIC at a price of ₱2.97 per Share on a post-Rights Offer basis, subject to agreed price adjustments. The price for the Arran Investment represents a 25% premium to the Board-approved Offer Price for the Offer and is at par with the theoretical ex-rights price using the 30-day VWAP of ₱3.51 per Share as of 10 November 2020.

The completion of the Arran Investment is subject to the satisfaction of agreed conditions precedent, which include among others, the completion by the Company of this Rights Offer, and applicable regulatory approvals. On the other hand, the completion of the purchase by Arran of secondary Shares from ACEIC is subject to the completion of the ACEIC International Transaction, which is expected to occur in the third quarter of 2021, and applicable regulatory approvals.

To implement the Arran Investment, ACEN, Arran and ACEIC have signed an investment agreement on 30 December 2020 and intend, upon the completion of the subscription by Arran to primary shares, to sign a shareholders' agreement that will document the rights and obligations of Arran as an investor in ACEN.

GIC is a leading global investment firm established in 1981 to manage Singapore's foreign reserves. As a disciplined long-term value investor, GIC is uniquely positioned for investments across a wide range of asset classes, including equities, fixed income, private equity, real estate and infrastructure. Headquartered in Singapore, GIC has investments in over 40 countries and employs over 1,700 people across 10 offices in key financial cities worldwide.

Approvals of the Board of Directors on 17 December 2020

On 17 December 2020, the Board of Directors in its special meeting approved the following: (1) financing for a solar plant project to be built in Arayat and Mexico, Pampanga through a secured loan for 100% of the total project cost of up to ₱3.33 billion; (2) financing for a wind farm project to be built in Pagudpud, Ilocos Norte for up to 70% of the total project cost amounting to up to ₱7.48 billion; (3) conduct of preparatory works for the planned follow-on offering of the Company, including engagement of consultants and pre-filings with the relevant government agencies; and (4) the engagement of SyCip Gorres Velayo & Co. to conduct a special audit of the Company's First Increase in ACS.

Subscription Agreement with Buendia Christiana Holdings Corp.

On 22 Dcember 2020, the Company signed a subscription agreement with BCHC for the subscription by Company of 3,500,000 Redeemable Preferred B Shares ("RPS B") at a subscription price ₱350,000,000.00 to be issued out of the increase in authorized capital stock of BCHC. The subscription will be used by BCHC to fund acquisition of potential project sites.

Share Buy-back Program

As of the date of this Prospectus, the Company has cumulatively purchased a total of 14,500,000 Common Shares pursuant to its share buy-back program. These Common Shares remain issued but are not outstanding and are held as treasury shares. These Common Shares remain listed on the PSE and can be re-sold by the Company at such price and on such terms (without being subject to pre-emptive rights) as the Company considers appropriate. Considering treasury shares, a total of 13,692,457,210 Common Shares are issued and outstanding as of the date of this Prospectus.

Amendment of Articles of Incorporation

Change of Corporate Name

During the regular board meeting held on 18 March 2020, the Board of Directors approved the change in the corporate name of the Company from "AC Energy Philippines, Inc." to "AC Energy Corporation." During the ASM held on 20 April 2020, the stockholders approved and adopted the same. The change in stock symbol of the Company from "ACEPH" to "ACEN" was reflected on the PSE systems on 14 August 2020. The Certificate of Filing of Amended Articles of Incorporation of the Company was issued on 5 January 2021 reflecting the approval by the SEC of the new company name.

Pre-emptive Rights

On 22 June 2020, the SEC approved the Company's application for amendment of its Articles of Incorporation to include a provision that exempts from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or as payment for previously contracted debt. The amendment included a proviso that shares issued do not exceed 16,000,000,000 shares; this is meant, among other reasons, to make expedient, and streamline the process for, the transfer of ACEIC assets to the Company. The amendment was submitted for Board approval on 5 September 2019 under Resolution No. B-2019-0905-02 and during the ASM on 17 September 2019 under Resolution No. S-2019-008, and filed with the SEC on 22 November 2019. The SEC approved the amendment on 22 June 2020.

TERMS OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Offer Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective investor must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

Issuer……………………………………	AC Energy Corporation
The Rights Offer………………..............	The Rights Offer shall comprise the offer for subscription of 2,267,580,434 Rights Shares offered to Eligible Shareholders on a pre-emptive basis. The Rights Shares have a par value of ₱1.00 per Share, and will be issued from the unissued authorized Common Shares. The Rights Shares shall rank equally in all respects with the existing Common Shares, including the right to receive all dividends or distributions made, paid or declared after a valid subscription agreement is perfected between the Company and a buyer as evidenced by the written acceptance by the Company of the application to subscribe and purchase (the "Application") of the buyer and other conditions, including listing of the Rights Shares on the PSE. The Issuer shall cause the Stock Transfer Agent to make available to the Joint Lead Underwriters, on the date of the commencement of the Rights Offer Period, a complete list of the Eligible Shareholders with the number of Rights Shares to which each of them shall be entitled to subscribe, subject to the Issuer's satisfaction that relevant requirements of data privacy laws and regulations are satisfied.
The Institutional Offer…………………..	Following the Second Round of the Rights Offer, any Rights Shares not sold after the mandatory Second Round of the Rights Offer will be offered by the Joint Lead Underwriters to Institutional Investors (the "Institutional Offer" and, for clarity, Rights Shares offered to Institutional Investors shall be referred to as the "Institutional Shares"). The Rights Shares and the Institutional Shares are collectively referred to as the "Offer Shares."
The Offer………………………………..	The Offer is comprised of the Rights Offer and the Institutional Offer.
Offer Price………………………………	₱2.37 per Offer Share. The Offer Price has been determined based on the Valuation Report in respect of ACEN's shares in the ACEIC Philippine Transaction. As of Pricing Date,

	the Offer Price is a 73.5% discount from the closing price and a 48.2% discount from the 180-day VWAP for each of the 180 consecutive trading days immediately prior to (and including) the Pricing Date of the Company's Common Shares on the PSE. As of Pricing Date, the closing price and 180-day VWAP for this period are ₱8.9500 and ₱4.5763, respectively.
Rights Offer Period ……………………..	The Rights Offer Period shall commence on 18 January 2021, at 9:00 a.m. and end on 22 January 2021 at 12:00 p.m., Manila time. The Company and the Joint Lead Underwriters reserve the right to extend or terminate the Rights Offer Period with the approval of the PSE.
Eligible Shareholders……………………	The Rights Shares may be subscribed to by the stockholders of record of the Company as of the Record Date on 13 January 2021 on a pre-emptive rights basis. The latest date that anyone can purchase Common Shares on the PSE in order to be considered an Eligible Shareholder and subscribe to Rights Shares is on 7 January 2021. Persons who purchase shares on or after 8 January 2021, being the Ex-Rights Date or Ex-Date, will not qualify as Eligible Shareholders. In every case all persons must also meet the qualifications below to be considered Eligible Shareholders. ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors. Holders of Common Shares as of Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines, and (ii) holders located in jurisdictions outside the Philippines where it is legal to participate in the Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws (collectively, the "Eligible Shareholders"). However, due to the constitutional limit on foreign ownership of companies utilizing natural resources, the foreign shareholdings in the Company cannot exceed 40% of the issued and outstanding capital stock thereof. The Company reserves the right to reject or scale down Applications by foreign applicants if acceptance of such Applications will result in a violation of the Company's foreign ownership restrictions.
Entitlement Ratio……………………....	Each Eligible Shareholder is entitled to subscribe to one (1) Rights Share for every 1.1100[1] Common Shares

[1] ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to

(“Entitlement Ratio”) held as of the Record Date (“Entitlement Shares”).

Fractions of the Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractions will be aggregated and the resulting whole numbers of Rights Shares will be sold in the Offer.

Subscription to the Rights Shares in certain jurisdictions may be restricted by law. Foreign investors interested in subscribing or purchasing the Rights Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Rights Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Rights Shares.

The offer process in relation to the Entitlement Shares shall also be known as the “First Round of the Rights Offer.”

Minimum Subscription……………….... Each Application must be for a minimum of one (1) Rights Share.

Additional Subscription…….………... Any unsubscribed Rights Shares from the First Round of the Rights Offer (“Additional Rights Shares”) shall be offered to those shareholders that exercised their rights in the First Round of the Rights Offer and had simultaneously signified their intention to subscribe to any unsubscribed Rights Shares by tendering payment of the total Offer Price of all Rights Shares subscribed to, including all Additional Rights Shares in excess of their entitlements. Subscriptions to the Additional Rights Shares are payable in full upon submission of the Application. If the aggregate number of Additional Rights Shares available for subscription equals or exceeds the aggregate number of additional subscriptions, an applicant will be allocated the number of Additional Rights Shares indicated in his or her Application. In case all Applications for additional subscriptions exceed the total Additional Rights Shares, the Company shall allocate said unsubscribed Rights Shares among the Eligible Shareholders for Additional Rights Shares primarily in proportion to their respective shareholdings as of Record Date to the total shareholdings of all applicants to the Additional Rights Shares, but in any case at the full discretion of the Company, provided that no applicant for Additional Rights Shares shall be allocated more Additional Rights Shares than the number for which such applicant has applied. There can be no guarantee made as to the number of Additional Rights Shares an applicant

participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors.

may be allocated. A subscription for Additional Rights Shares is irrevocable on the part of the applicant and may not be cancelled or modified by such applicant.

The offer process in relation to the Additional Rights Shares shall also be known as the "Second Round of the Rights Offer."

The Joint Lead Underwriters have agreed to firmly underwrite the Rights Offer in accordance with the underwriting agreement entered into with the Company (the "Underwriting Agreement") to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed. In case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to Institutional Investors at the same Offer Price as the Rights Shares. Any Institutional Shares not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters, pursuant to the Underwriting Agreement.

With respect to the Institutional Offer, all applications shall be evidenced by the Application, duly executed by an authorized signatory of the Institutional Investor, and the corresponding payment for the Institutional Shares covered by the Application and all other required documents. The duly executed Application for the Institutional Offer and required documents should be submitted not later than 9:00 a.m. within two (2) Business Days after the end of the Rights Offer Period to either of the Joint Lead Underwriters.

The Procedure for Application below shall likewise apply to the Institutional Offer, as appropriate.

Procedure for Application………………. All applications shall be evidenced by the Application, duly executed by an authorized signatory of the Eligible Shareholder or Institutional Investor, and the corresponding payment for all Rights Shares or Institutional Shares, respectively, covered by the relevant Application and all other required documents.

If the applicant is a natural person, the applicant must submit:

- a properly completed Application; and
- a photocopy of one (1) valid identification document (BSP Circular No. 950, Series of 2017 and BSP Circular No. 1022, Series of 2018).

Additional documents to be submitted by an applicant who is a natural person are set forth in the notice to be sent out by the Company to such shareholders.

If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by:

- a properly completed Application;
- duly executed signature card in the form attached to the Application, duly certified by its corporate secretary;
- certified true copy of the Articles of Incorporation and By-Laws of the applicant, or the equivalent charter documents applicable for such an applicant, duly certified by its corporate secretary;
- a certified true copy of the SEC Certificate of Registration of the applicant, duly certified by its corporate secretary;
- an original of the duly notarized sworn corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing the subscription to the Rights Shares or Institutional Shares, as the case may be, indicated in the Application, designating the signatories for the purpose and their specimen signatures; and
- a duly notarized certificate of the corporate secretary of the applicant certifying to the percentage of the applicant’s capital or capital stock held by Philippine Nationals, as this term is defined under the Foreign Investments Act of 1991, Republic Act No. 7042, as amended, and its implementing rules, for Philippine companies.

Additional documents to be submitted by an applicant that is a corporation, partnership, or trust account, are set forth in the notice to be sent out by the Company to such shareholders.

If the applicant is not located in the Philippines (whether individual shareholder or corporation, partnership or trust account), by accomplishing the Application, the applicant represents and warrants that the applicant is not a resident of the United States and the applicant’s purchase of the Rights Shares or Institutional Shares, as the case may be, will not violate the laws of its resident jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws.

If the beneficial interest over an Application submitted by a broker or custodian in the PCD system relates to a non-Filipino or an applicant who is not located in the Philippines (natural person or corporation, partnership or trust account), the relevant broker or custodian must submit a certification letter to the Receiving Agent (in the form to be provided) representing and warranting that the Offer and the beneficial owner's purchase of the Rights Shares or Institutional Shares, as the case may be, do not and will not, respectively, violate the laws of the jurisdiction where such beneficial owners are resident.

The duly executed Application for the Rights Offer and required documents should be submitted during the Rights Offer Period, not later than 12:00 p.m. of 22 January 2021, to BPI Stock Transfer Agency (the "Receiving Agent") through any of the branches of the Bank of the Philippine Islands ("BPI"), provided that if payment is made through a manager's check, corporate check, or personal check, the Application, and the corresponding check payment, must be submitted on or before 11:00 am on 21 January 2021. For avoidance of doubt, Applications may not be submitted to branches of BPI Family Savings Bank. Eligible Shareholders of certificated shares that are located outside the Philippines may initially submit an Application to the Receiving Agent by email, together with the tracking number provided by the courier and the reference number of the remittance/wire transfer provided by the remitting bank, on or before the end of the Rights Offer Period with the original copies delivered via courier immediately and received by the Receiving Agent on or before the Listing Date. Failure to indicate the tracking number and the reference number of the remittance/wire transfer in the email sent to the Receiving Agent may result in the rejection of the Application. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Receiving Agent, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE.

Payment for the Rights Shares……………………........................

Applicants must tender payment for the full subscription price of all Rights Shares upon submission of the Application, through BPI's merchant bills payment facility.

Applicants shall pay for the Rights Shares through a manager's check, corporate check, or personal check drawn against a bank account with any Bangko Sentral ng Pilipinas-authorized bank or any branch thereof with a clearing period of not more than one (1) Banking Day. Checks should be dated before or as of the date of submission of the Application, made payable to "**AC Energy Corporation SRO**," and crossed "Payee's Account Only." Cash deposits made to the Company's designated bank account shall be an acceptable form of payment for the Rights Shares, provided that proof of payment is submitted in the form of a deposit slip or the Application bearing the machine validation of the bank receiving the payment. Applicants should submit their payments to the Receiving Agent not later than 12:00 p.m. on 22 January 2021, provided that if payment is made through a manager's check, corporate check, or personal

	check, the Application, and corresponding payment made, must be submitted on or before 11:00 am on 21 January 2021. Applications where checks are dishonored upon first presentment or payment is insufficient shall be rejected. Moreover, all bank charges shall be for the account of the applicant. The payment for the Offer Price (including any portion for the Additional Rights Shares) must be received by the Issuer in full without any deduction.
Record Date……………………………..	13 January 2021
Ex-Date…………………………………	8 January 2021
Underwriters or Joint Lead Underwriters ……………………………	BPI Capital Corporation and China Bank Capital Corporation
Receiving Agent………………………..	BPI Stock Transfer Agency
Stock Transfer Agent ………………….	BPI Stock Transfer Agency
Documentary Stamp Tax………………	All documentary stamp taxes applicable to the issuance of the Offer Shares shall be for the account of the Company.
Acceptance/Rejection…………………..	The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time, and to reject any commitment to subscribe to the Rights Shares in subsequent rounds of the Rights Offer, in whole or in part, and to allot to any Eligible Shareholder less than the full amount of the Rights Shares sought by such applicant in subsequent rounds of the Rights Offer. If the Rights Offer is withdrawn or discontinued, the Company shall make the necessary disclosures to the SEC and the PSE. The actual number of Rights Shares to which any applicant may be entitled is subject to the confirmation of the Issuer. Applications where checks are dishonored upon first presentment or payment is insufficient and Applications which do not comply with the terms of the Rights Offer shall be rejected. Moreover, payment received upon submission of an Application does not constitute approval or acceptance by the Issuer of the Application. The Company likewise reserves the right to withdraw the offer and sale of the Institutional Shares at any time, and to reject any commitment to subscribe to the Institutional Shares, in whole or in part, and to allot to any Institutional Investor less than the full amount of the Institutional Shares sought by such applicant. If the Institutional Offer is withdrawn or discontinued, the Company shall make the necessary disclosures to the SEC and the PSE. The actual number of Institutional Shares to which any applicant may be entitled is subject to the confirmation of the Issuer. Applications where checks are dishonored upon first presentment and Applications which do not comply with the terms of the Institutional Offer shall be rejected. Moreover, payment received upon submission of an

	Application does not constitute approval or acceptance by the Issuer of the Application.
	An Application, when accepted, shall constitute an agreement between the applicant and the Issuer for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application and those described in the Prospectus.
	Notwithstanding the acceptance of an Application by the Company, the actual subscription and sale of the Rights Shares to an Eligible Shareholder or Institutional Shares to an Institutional Investor, shall become effective only upon the listing of the Offer Shares on the PSE. If such condition is not fulfilled on or before the Listing Date, all application payments will be returned to the applicants without interest and, in the meantime, the said application payments will be held in a separate bank account with the Receiving Agent.
Refunds………………………………….	Refunds, in whole or in part, of payments for any Application or a portion thereof which has been rejected shall be made, without interest, starting on the fifth (5th) Banking Day after the end of the Rights Offer Period. Each refund check shall be made out in favor of the applicant and shall be made available for pick-up at the office of the Receiving Agent. Refund checks that remain unclaimed after thirty (30) calendar days from the date such checks are made available for pick-up shall be mailed, at the applicant's risk, to the address specified by the applicant in the Application. All refunds shall be processed by, and made through, the Receiving Agent.
Registration of Foreign Investments……………………………..	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance is to be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.
Required Lodgment with PDTC Trading Participant……………………………….	The Offer Shares are required to be lodged with the PDTC. The applicants must provide the required information in the space provided in the Application to effect the lodgment. Applicants who do not have accounts with a Depository Participant must designate a Depository Participant whose depository account will be credited with the applicant's subscription to the Offer Shares on the Listing Date.
	The applicant may request for the upliftment of his/her Offer Shares and to receive stock certificates evidencing his/her investment in the Offer Shares through his/her broker after full payment and lodgment of the Offer Shares, in accordance with existing upliftment procedures. Any expense to be incurred in connection with such issuance of certificates shall be borne by the applicant, except for expenses to be incurred by the Stock Transfer Agent, which shall be borne by the Issuer.

Listing and Trading……………………....	The Company's application for the listing of the Offer Shares was approved by the PSE on 18 December 2020. Subject to regulatory approvals, all of the Offer Shares are expected to be listed on the PSE on or before 29 January 2021. Trading is expected to commence on the same date that the relevant Offer Shares are listed on the PSE.
Timetable………………………………....	The timetable of the Offer is scheduled as follows: Pricing Date…………7 January 2021 Ex-Date……………...8 January 2021 Record Date…………13 January 2021 Rights Offer Period….18 to 22 January 2021 Listing Date…………29 January 2021
Underwriters' Firm Commitment to Purchase………………………………....	The Joint Lead Underwriters have agreed to firmly underwrite the Rights Offer in accordance with the Underwriting Agreement to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed. In case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to Institutional Investors at the same Offer Price as the Rights Shares. Any Institutional Shares not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters, pursuant to the Underwriting Agreement, to ensure that the Offer Shares are fully subscribed. See the section titled "***Plan of Distribution***" of the Prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables present a summary consolidated financial information for ACEN and should be read in conjunction with ACEN's audited consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information presented below as of and for the years ended 31 December 2019, 2018, 2017 and 2016, and for the periods ended 30 September 2020 and 2019 was prepared in accordance with Philippine Financial Reporting Standards. The Company's consolidated financial statements as of 31 December 2019, 2018, 2017, and 2016 and for the years in the period ended 31 December 2019 were audited by SyCip Gorres Velayo & Co. The Company's interim condensed consolidated financial statements as of 30 September 2020 and for the nine-month periods ended 30 September 2020 and 2019 were reviewed by SyCip Gorres Velayo & Co.

Due to the incorporation of the effect of common control business combination in the Company's interim condensed consolidated financial statements as of 30 September 2020 and for the nine-month period ended 30 September 2020, the Company restated its consolidated balance sheet as of 31 December 2019 presented as comparative in the interim condensed consolidated financial statements as of 30 September 2020. See Note 5 of the Company's interim consolidated financial statements included elsewhere in this Prospectus for more details.

The discussion presented below refers to the financial information for the years ended 31 December 2019, 2018, 2017, and 2016 prior to restatement.

The information below is not necessarily indicative of the results of future operations. The selected financial information set out below does not purport to project the results of operations or financial position of the Company for any future period or date. Please note that figures may not sum up due to rounding off; the complete financial statements of the Company can be found starting on page F-1 of this Prospectus.

	For the years ended 31 December				**For the nine months ended 30 September**	
(in millions of Pesos, except per share amounts)	**2019**	**2018**	**2017**	**2016**	**2020**	**2019**
	Audited				**Unaudited**	
CONSOLIDATED STATEMENTS OF INCOME						
REVENUES						
Revenue from sale of electricity	₱15,297.7	₱15,113.6	₱17,011.0	₱15,465.9	₱15,150.0	₱11,792.7
Rental income	1.4	0.7	0.7	4.6	71.7	46.9
Dividend income	7.6	9.1	8.5	7.4	–	25.4
Other revenue	-	-	-	-	26.6	–
	15,306.7	15,123.4	17,020.2	15,477.9	15,248.3	11,864.9
COSTS AND EXPENSES						
Cost of sale of electricity	15,014.8	15,109.5	16,929.2	14,105.9	10,147.5	11,695.2
General and administrative expenses	667.2	654.5	664.6	899.6	1,277.6	434.0
	15,682.0	15,764.0	17,593.8	15,005.5	11,425.2	12,129.2
INTEREST AND OTHER FINANCE CHARGES	(882.0)	(433.6)	(513.6)	(468.5)	(1,364.2)	(598.3)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	(24.5)	532.5	1,025.0	886.2	485.2	(5.8)
OTHER INCOME – Net	716.1	120.3	105.6	552.9	564.7	642.5
INCOME (LOSS) BEFORE INCOME TAX	(565.7)	(421.6)	43.5	1,443.0	3,508.8	(225.8)

	For the years ended 31 December				For the nine months ended 30 September	
(in millions of Pesos, except per share amounts)	**2019**	**2018**	**2017**	**2016**	**2020**	**2019**
	Audited				**Unaudited**	
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	68.7	20.7	72.7	114.6	178.5	69.6
Deferred	(217.5)	150.9	(376.4)	(54.2)	308.8	(78.5)
	(148.8)	171.6	(303.7)	60.5	487.3	(8.9)
NET INCOME (LOSS)	(416.9)	(593.2)	347.2	1,382.5	3,021.5	(217.0)
Net Income (Loss) Attributable To:						
Equity holders of the Parent Company	(331.0)	(560.5)	353.8	1,402.2	2,935.1	(229.6)
Non-controlling interests	(85.9)	(32.7)	(6.6)	(19.7)	86.4	12.6
	(416.9)	(593.2)	347.2	1,382.5	3,021.5	(217.0)
Basic/diluted Earnings (Loss) per share	(0.05)	(0.11)	0.07	0.29	0.30	(0.04)
OTHER COMPREHENSIVE INCOME (LOSS)						
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods						
Net changes in the fair market value of AFS investments	–	–	(23.0)	8.3	–	–
Income tax effect	–	–	(0.4)	(0.4)	–	–
	–	–	(23.4)	7.9	–	–
Other comprehensive income (loss) not to be reclassified directly to profit or loss in subsequent periods						
Unrealized fair value losses on derivative instruments designated under hedge accounting	(21.1)	–	–	–	(187.7)	–
Remeasurement gains (losses) on defined benefit plan	(10.8)	5.2	7.7	(8.3)	–	–
Net changes in the fair market value of equity instruments at FVOCI	(29.6)	1.5	-	-	-	(20.5)
Income tax effect	11.8	(0.9)	(2.3)	2.4	56.3	2.4
	(49.7)	5.8	5.4	(5.8)	(131.4)	(18.1)
Share in other comprehensive income (loss) of a joint venture and an associate – net of deferred income tax						
Share in other comprehensive income (loss) of an associate – net of deferred income tax	0.1	1.2	(3.1)	0.1	(0.6)	0.1
Net other comprehensive income (loss) to be reclassified directly to retained earnings in subsequent period						
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(49.6)	7.0	(21.1)	2.1	(132.0)	(18.0)
TOTAL COMPREHENSIVE INCOME (LOSS)	(466.5)	(586.2)	326.0	1,384.7	2,889.5	(235.0)
Total Comprehensive Income (Loss) Attributable To:						
Equity holders of the Parent Company	(380.6)	(553.5)	332.6	1,404.4	2,803.1	(247.6)
Non-controlling interests	(85.9)	(32.7)	(6.6)	(19.7)	86.4	12.6
	(466.5)	(586.2)	326.0	1,384.7	2,889.5	(235.0)

(in millions of Pesos, except per share amounts)	For the years ended 31 December 2019	2018	2017	2016	For the nine months ended 30 September 2020
		Audited			Unaudited
CONSOLIDATED BALANCE SHEETS					
ASSETS					
Current Assets					
Cash and cash equivalents	₱8,581.7	₱1,022.4	₱1,301.0	₱395.6	₱6,342.2
Short-term investments	100.0	35.3	478.4	2.5	–
Receivables	2,728.4	2,627.3	2,738.3	3,846.0	5,831.5
Fuel and spare parts	855.3	413.7	321.5	231.1	1,337.3
Investments held for trading	–	–	1,483.5	3,061.3	–
Financial assets at fair value through profit or loss (FVTPL)	–	743.7	–	–	–
Current portion of:					
Input VAT	148.3	26.3	20.1	285.5	479.6
Creditable withholding taxes	123.7	79.4	598.5	386.0	205.5
Other current assets	139.9	182.8	281.6	464.5	500.5
	12,677.3	5,130.9	7,222.9	8,672.5	14,696.5
Assets held for sale	3.5	34.3	–	–	–
Total Current Assets	12,680.8	5,165.2	7,222.9	8,672.5	14,696.5
Noncurrent Assets					
Property, plant and equipment	21,564.3	5,761.0	6,130.2	6,414.6	30,881.6
Investments in associates and joint ventures	723.2	4,322.7	4,057.6	4,019.2	6,384.2
Financial assets at:					
Fair value through other comprehensive income (FVOCI)	1.3	258.0	–	–	1.3
FVTPL	–	5.5	–	–	–
Available-for-sale (AFS) investments	–	–	293.1	309.1	–
Investment properties	13.1	13.1	50.9	24.4	13.1
Goodwill and other intangible assets	280.2	320.2	380.1	391.0	2,577.0
Right of use assets	524.9	–	–	–	2,133.6
Deferred income tax assets – net	612.5	261.3	430.3	71.8	436.5
Net of current portion:					
Input VAT	335.8	335.8	335.8	–	1,026.0
Creditable withholding taxes	860.0	704.7	–	–	824.9
Other noncurrent assets	2,124.7	1,777.2	1,857.6	725.4	3,780.8
Total Noncurrent Assets	27,040.0	13,759.5	13,535.6	11,955.4	48,059.0
TOTAL ASSETS	39,720.8	18,924.7	20,758.5	20,627.9	62,755.5
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other current liabilities	3,787.7	2,269.4	2,759.0	4,118.7	7,040.1
Short-term loan	–	400.0	–	–	7,042.2
Current portion of long-term loans	593.8	265.5	226.9	200.8	745.5
Current portion of lease liability	33.5	–	–	–	258.3
Income and withholding taxes payable	41.2	11.8	42.3	99.4	75.9
Due to stockholders	16.6	16.7	15.3	91.2	21.7
Total Current Liabilities	4,472.9	2,963.3	3,043.5	4,510.1	15,183.7
Noncurrent Liabilities					
Long-term loans – net of current portion	20,192.1	6,071.5	6,622.4	6,793.6	23,384.2
Lease liability- net of current portion	526.0	–	–	–	1,588.7
Pension and other employee benefits	60.5	40.2	36.1	47.6	80.0
Deferred income tax liabilities – net	187.6	95.2	111.4	126.9	91.0
Other noncurrent liabilities	3,176.8	1,383.1	1,805.5	148.3	2,009.9
Total Noncurrent Liabilities	24,143.1	7,590.0	8,575.5	7,116.3	27,153.7
Total Liabilities	28,616.0	10,553.2	11,619.0	11,626.4	42,337.3

(in millions of Pesos, except per share amounts)	For the years ended 31 December 2019	2018	2017	2016	For the nine months ended 30 September 2020
Equity					
Capital stock	7,521.8	4,889.8	4,889.8	4,885.9	13,707.0
Additional paid-in capital	83.8	83.8	83.8	81.2	8,606.5
Other equity reserves	(2,342.1)	18.3	18.3	18.3	(7,346.2)
Unrealized fair value gains (losses) on equity instruments at FVOCI	(8.1)	59.8	–	–	(8.1)
Unrealized fair value losses on derivative instrument designated under hedging	(14.7)	–	–	–	(146.1)
Unrealized fair value gains on AFS investments - net of tax	–	–	85.9	109.4	–
Remeasurement gains (losses) on defined benefit plan	(7.0)	0.5	(3.1)	(8.6)	(7.0)
Accumulated share in other comprehensive loss of a joint venture and associates	(2.1)	(2.2)	(3.4)	(0.3)	(2.7)
Retained earnings	2,922.5	3,303.7	4,019.0	3,859.7	4,349.0
Treasury shares	(27.7)	(27.7)	(28.8)	(28.8)	(56.4)
Total equity attributable to equity holders of Parent Company	8,126.2	8,326.0	9,061.4	8,916.8	19,095.8
Non-controlling interests	2,978.6	45.5	78.1	84.7	1,322.4
Total Equity	11,104.8	8,371.5	9,139.5	9,001.5	20,418.2
TOTAL LIABILITIES AND EQUITY	39,720.8	18,924.7	20,758.5	20,627.9	62,755.5

	For the years ended 31 December				**For the nine months ended 30 September**	
(in millions of Pesos, except per share amounts)	**2019**	**2018**	**2017**	**2016**	**2020**	**2019**
	Audited				**Unaudited**	
CONSOLIDATED STATEMENTS OF CASHFLOWS						
Net cash flows from (used in) operating activities	(₱83.2)	(₱1,003.9)	(₱738.9)	₱1,431.7	₱2,226.3	₱845.7
Net cash flows from (used in) investing activities	2,614.3	1,657.2	2,013.8	(556.2)	(11,657.5)	2,948.1
Net cash flows from (used in) financing activities	5,030.0	(935.4)	(369.7)	(835.7)	6,176.9	173.9
Net effect of foreign exchange rate changes on cash and cash equivalents	(1.8)	3.5	0.2	–	3.3	(0.2)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,559.3	(278.6)	905.4	39.8	(3,251.1)	3,967.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,022.4	1,301.0	395.6	355.7	9,593.2	1,022.4
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱8,581.7	₱1,022.4	₱1,301.0	₱395.6	₱6,342.2	₱4,989.9

	For the years ended 31 December				**For the nine months ended 30 September**
KEY PERFORMANCE INDICATORS*	2019	2018	2017	2016	2020
Current ratio	2.84	1.74	2.37	1.92	0.97
Current assets to total assets	0.32	0.27	0.35	0.42	0.23
Net debt to equity ratio	1.80	1.05	0.91	0.91	1.22

Notes:
*Refer to the computations under ***Management's Discussion and Analysis of Financial Condition and Results of Operation***

SUMMARY PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following tables present a summary of the pro forma condensed consolidated financial information of the Company based on the consolidated financial statements of the Company, adjusted to give pro forma effect to (i) the ACEIC Philippine Transaction, (ii) the Second Increase in ACS, and (iii) the ACEIC International Transaction, as if such investment, acquisition and other significant transactions had occurred as at 30 September and 1 January of each of the periods presented. This summary should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company as at 30 September 2020 and for the nine-month periods ended 30 September 2020 and 2019, the audited consolidated financial statements as at and for the year then ended 31 December 2019 included in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The unaudited pro forma condensed consolidated financial information is based on the historical information of the Company and ACEIC assets as shown in the unaudited interim condensed consolidated financial statements of the Company as at 30 September 2020 and for the nine-month periods ended 30 September 2020 and 2019, the audited consolidated financial statements as at 31 December 2019 and for the year then ended, and after giving effect to certain assumptions, and pro forma adjustments.

*The pro forma financial information have not been reviewed or audited. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The summary pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Company would have been had significant transactions occurred as at January 1 of each of the periods presented or 30 September 2020 and 31 December 2019 as the case may be, nor does it purport to project the results of operations of the Company for any future period or date. Investors should not place undue reliance on the summary pro forma condensed consolidated financial information as they do not reflect any results of operations from ACEIC assets. For additional information regarding financial information presented in this Prospectus, see "**Financial Information**."*

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(In millions of Pesos, except per share amounts)

	AC Energy Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments	Pro Forma Balances (Unaudited)
REVENUES			
Revenue from sale of electricity	**₱15,150**	**₱–**	**₱15,150**
Rental income	**72**	**–**	**72**
Other revenue	**27**	**8**	**35**
	15,248	**8**	**15,257**
COST AND EXPENSES			
Cost of sale of electricity	**10,148**	**–**	**10,148**
General and administrative expenses	**1,278**	**421**	**1,699**
	11,425	**421**	**11,846**
INTEREST AND OTHER FINANCE CHARGES	**(1,364)**	**(66)**	**(1,430)**
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	**485**	**894**	**1,379**

	AC Energy Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments	Pro Forma Balances (Unaudited)
OTHER INCOME	**565**	**1,952**	**2,517**
INCOME BEFORE INCOME TAX	**3,509**	**2,368**	**5,877**
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	**178**	**183**	**361**
Deferred	**309**	**5**	**314**
	487	**187**	**675**
NET INCOME	**₱3,021**	**₱2,181**	**₱5,202**
Net Income Attributable to:			
Equity holders of the Parent Company	**₱2,935**	**₱2,006**	**₱4,941**
Non-controlling interests	**86**	**175**	**261**
	₱3,021	**₱2,181**	**₱5,202**
Basic/Diluted Earnings Per Share (Note 5)	**₱0.30**		**₱0.19**

NET INCOME	**₱3,021**	**₱2,181**	**₱5,202**
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	–	(5,242)	(5,242)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Unrealized fair value losses on derivative instrument designated under hedge accounting - net of tax	(131)	–	(131)
Net decrease in the fair value of equity instruments at FVOCI - net of tax	–	(158)	(158)
	(131)	(158)	(289)
Share in other comprehensive income of an associate - net of deferred income tax	(616)	(89)	(90)
OTHER COMPREHENSIVE LOSS, NET OF TAX	(132)	(5,489)	(5,621)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱2,889**	**(₱3,308)**	**(₱419)**
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱2,803**	**(₱3,482)**	**(₱679)**
Non-controlling interest	**86**	**174**	**260**
	₱2,889	**(₱3,308)**	**(₱419)**

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

(In millions of Pesos, except per share amounts)

	AC Energy Corporation and Subsidiaries (Audited)	Other adjustment (effect of business combination under common control in June 2019) (Unaudited)	Pro Forma Adjustments	Pro Forma Balances (Unaudited)
REVENUES				
Revenue from sale of electricity	**₱15,298**	**₱799**	**₱–**	**₱16,097**
Dividend income	**8**	**7**	–	**15**
Rental income	**1**	**2**	–	**3**
Other revenue	–	–	**136**	**136**
	15,307	**808**	**136**	**16,251**
COST AND EXPENSES				
Cost of sale of electricity	**15,015**	**288**	–	**15,303**
General and administrative expenses	**667**	**101**	**260**	**1,028**
	15,682	**388**	**260**	**16,330**
INTEREST AND OTHER FINANCE CHARGES	**(882)**	**(94)**	**(28)**	**(1,004)**
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES	**(24)**	**231**	**835**	**1,042**

	AC Energy Corporation and Subsidiaries (Audited)	Other adjustment (effect of business combination under common control in June 2019) (Unaudited)	Pro Forma Adjustments	Pro Forma Balances (Unaudited)
OTHER INCOME	**716**	**20**	**23,339**	**24,076**
INCOME (LOSS) BEFORE INCOME TAX	**(566)**	**577**	**24,022**	**24,033**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**69**	**31**	**68**	**167**
Deferred	**(217)**	**(3)**	**–**	**(221)**
	(149)	**27**	**68**	**(54)**
NET INCOME (LOSS)	**(₱417)**	**₱550**	**₱23,954**	**₱24,087**
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	**(₱331)**	**₱468**	**₱23,954**	**₱24,091**
Non-controlling interests	**(86)**	**82**	**–**	**(4)**
	(417)	**₱550**	**₱23,954**	**₱24,087**
Basic/Diluted Earnings (Loss) Per Share (Note 4)	**(₱0.05)**			**₱1.05**
NET INCOME (LOSS)	**(₱417)**	**₱550**	**₱23,954**	**₱24,087**
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	**–**	**–**	**1,660**	**1,660**
Unrealized fair value losses on derivative instrument designated under hedge accounting – net of tax	**(15)**	**–**	**–**	**(15)**
Remeasurement gains (losses) on defined benefit plan - net of tax	**(8)**	**–**	**–**	**(8)**
Net decrease in the fair value of equity instruments at FVOCI - net of tax	**(27)**	**–**	**–**	**(27)**
	(50)	**–**	**–**	**1,610**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive income of an associate - net of deferred income tax	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE LOSS, NET OF TAX	**(50)**	**–**	**1,660**	**1,611**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱466)**	**₱550**	**₱25,614**	**₱25,698**
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	**(₱381)**	**₱458**	**₱25,614**	**₱25,692**
Non-controlling interest	**(86)**	**91**	**–**	**(6)**
	(₱466)	**₱550**	**₱25,614**	**₱25,698**

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2020
(In millions of Pesos)

	AC Energy Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments (Unaudited)	Pro Forma Balances (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	**₱6,342**	**₱27,931**	**₱34,273**
Receivables	**5,832**	**7,763**	**13,595**
Fuel and spare parts	**1,337**	–	**1,337**
Current portion of:			
Input value added tax (VAT)	**480**	**8**	**488**
Creditable withholding taxes	**206**	–	**206**
Other current assets	**500**	–	**501**
Total Current Assets	**14,697**	**35,703**	**50,399**
Noncurrent Assets			
Property, plant and equipment	**30,882**	–	**30,882**
Investments in associates and joint ventures	**6,384**	**14,318**	**20,703**
Financial asset at fair value through other comprehensive income (FVOCI)	**1**	**13,060**	**13,061**
Investments in redeemable preference shares	–	**14,311**	**14,311**
Investment properties	**13**	–	**13**
Goodwill and other intangible assets	**2,577**	–	**2,577**
Right-of-use assets	**2,134**	–	**2,134**
Deferred income tax assets - net	**437**	–	**437**
Net of current portion:			
Input VAT	**1,026**	–	**1,026**
Creditable withholding taxes	**825**	–	**825**
Other noncurrent assets	**3,781**	**2,335**	**6,116**
Total Noncurrent Assets	**48,059**	**44,024**	**96,083**
TOTAL ASSETS	**₱62,756**	**₱79,727**	**₱142,483**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	**₱7,040**	**₱7**	**₱7,047**
Short-term loans	**7,042**	**3,652**	**10,694**
Current portion of long-term loans	**745**	–	**745**
Current portion of lease liability	**258**	–	**258**
Income and withholding taxes payable	**76**	**194**	**270**
Due to stockholders	**22**	–	**22**
Total Current Liabilities	**15,184**	**3,854**	**19,037**
Noncurrent Liabilities			
Long term loans - net of current portion	**23,384**	–	**23,384**
Lease liabilities - net of current portion	**1,589**	–	**1,589**
Pension and other employee benefits	**80**	–	**80**
Deferred income tax liabilities - net	**91**	**3**	**94**
Other noncurrent liabilities	**2,010**	**(123)**	**1,887**
Total Noncurrent Liabilities	**27,154**	**(120)**	**27,034**
Total Liabilities	**42,337**	**3,734**	**46,071**
Equity			
Capital stock	**₱13,707**	**₱16,686**	**₱30,393**
Additional paid-in capital	**8,606**	**32,871**	**41,478**

	AC Energy Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments (Unaudited)	Pro Forma Balances (Unaudited)
Other equity reserves	**(7,346)**	**(13,629)**	**(20,975)**
Unrealized fair value loss on equity instruments at FVOCI	**(8)**		**(8)**
Unrealized fair value loss on derivative instruments designated under hedging	**(146)**	–	**(146)**
Remeasurement gain (loss) on defined benefit plans	**(7)**	–	**(7)**
Accumulated share in other comprehensive loss of associates and a joint venture	**(3)**	–	**(3)**
Retained earnings	**4,349**	–	**4,349**
Treasury shares	**(56)**	–	**(56)**
Total equity attributable to equity holders of the Parent Company	**19,096**	**35,928**	**55,024**
Non-controlling interests	**1,322**	**40,065**	**41,388**
Total Equity	**20,418**	**75,993**	**96,412**
TOTAL LIABILITIES AND EQUITY	**₱62,756**	**₱79,727**	**₱142,483**

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(In millions of Pesos)

	AC Energy Corporation and Subsidiaries (Unaudited)	Pro Forma Adjustments	Pro Forma Balances (Unaudited)
Net cash from operating activities	₱2,226	₱73	₱2,299
Net cash used in investing activities	(11,658)	(4,773)	(16,430)
Net cash from financing activities	6,177	3,578	9,755
Effect of foreign exchange rate	3	(984)	(981)
Net decrease in cash and cash equivalents	(3,251)	(2,106)	(5,357)
Cash and cash equivalents at beginning of year	9,593	30,037	39,630
Cash and cash equivalents at end of year	₱6,342	₱27,931	₱34,273

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

(In millions of Pesos)

		Pro Forma Adjustments (Unaudited)		
	AC Energy Corporation. and Subsidiaries (Audited)	Other adjustment (effect of business combination under common control in June 2019) (Unaudited)	ACEIC International Transaction	Pro Forma Balances (Unaudited)
Net cash from (used in) operating activities	(₱83)	₱681	₱16	₱614
Net cash from (used in) investing activities	2,614	420	(5,353)	(2,318)
Net cash from (used in) financing activities	5,030	(79)	33,780	38,731
Effect of foreign exchange rate	(2)	(11)	(14)	(27)
Net increase in cash and cash equivalents	7,559	1,012	28,430	37,001
Cash and cash equivalents at beginning of year	1,022	-	1,607	2,629
Cash and cash equivalents at end of year	₱8,582	₱1,012	₱30,037	₱39,630

RISK FACTORS

Risks Relating to the Company and its Businesses

Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts could have a material adverse effect on the Company's operations and financial performance.

The Company's success depends on its ability to identify, invest in and develop new power projects, and the Company faces competition to acquire future rights to develop power projects and to generate and sell power. No assurance can be given that the Company will be able to acquire or invest in new power projects successfully.

In recent years, the Philippine government has sought to implement measures designed to establish a competitive power market. These measures include the planned privatization of at least 70% of the NPC-owned-and-controlled power generation facilities and the grant of a concession to operate transmission facilities. The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and have more extensive experience than the Company, giving them the ability to respond to operational, technological, financial and other challenges more quickly than the Company. These competitors may therefore be more successful than the Company in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. The Company may therefore be unable to meet the competitive challenges it will face.

The impact of the ongoing restructuring of the Philippine power industry will change the competitive landscape of the industry and such changes are expected to affect the Company's financial position, results of operations and cash flows in various ways.

Any decision to develop and construct power projects in various jurisdictions, including, but not limited to, the Philippines, and following the completion of the ACEIC International Transaction, Indonesia, Vietnam, and Australia, will be made after careful consideration of regulatory requirements, availability of fiscal incentives, market conditions (including the demand and supply conditions), land availability, and other considerations. For those jurisdictions that require participation through a competitive bidding process or through the submission of a formal proposal, in which the Company will need to compete for projects based on pricing, technical and engineering qualifications, the financial condition of the Company, availability of land, access to financings, track record and other specifications of the proposed project, the bidding or proposal submission process and selection process may be affected by a number of factors, including factors which may be beyond the Company's control, such as market conditions or government incentive programs. In such cases, the Company may not acquire the rights to develop new power projects in the event that the Company misjudges its competitiveness when submitting its bids or proposals or, where bidding includes price competition, if the Company's competitors have more competitive pricing. The ability of the Company's competitors to access resources that it does not have access to, including labor and capital, may prevent the Company from acquiring additional power projects in strategic locations or from increasing its generating capacity, and the Company may not be able to expand its business as a result.

To be able to adapt with the potential changes, the Company continues to develop a pipeline of projects particularly in securing potential sites, continuously looking into technology that will allow the projects to be economically viable while being competitive in terms of offer and negotiating with adequate coverage in terms of unexpected changes on the regulations. The Company monitors developments in the industry, competition and regulatory environment to ensure that it can adapt as necessary to any change.

The Company may not successfully implement its growth strategy and the impact of acquisitions and investments could be less favourable than anticipated.

As part of its business strategy, the Company continues to carry out acquisitions and investments of varying sizes, some of which are significant, as well as develop additional power projects. This strategy may require entering into strategic alliances and partnerships and will involve substantial investments. The Company's success in implementing this strategy will depend on, among other things, its ability to identify and assess potential partners, investments and acquisitions, successfully finance, close and integrate such investments and acquisitions, control costs and maintain sufficient operational and financial controls.

This growth strategy could place significant demands on the Company's management and other resources. The Company's future growth may be adversely affected if it is unable to make these investments or form these partnerships, or if these investments and partnerships prove unsuccessful. Further, acquisitions and investments involve numerous risks, including, without limitation, the following: (i) the assumptions used in the underlying business plans may not prove to be accurate, in particular with respect to synergies and expected demand; (ii) the Company may not integrate acquired businesses, technologies, products, personnel, and operations effectively; (iii) the Company may fail to retain key employees, customers and suppliers of the companies acquired; (iv) the Company may be required or wish to terminate pre-existing contractual relationships, which could be costly and/or on unfavourable terms; and (v) the Company may increase its indebtedness to finance these acquisitions. As a result, it is possible that the expected benefits of completed or future acquisitions may not materialise within the time periods or to the extent anticipated or affect the Company's financial condition.

Further, the Company may not be able to identify suitable acquisition and investment opportunities or make acquisitions and investment, on beneficial terms, or obtain financing necessary to complete and support such acquisitions. Regulation of merger and acquisition activity by relevant authorities or other national regulators may also limit the Company's ability to make future acquisitions or mergers. The impact on the Company of any future acquisitions or investments cannot be fully predicted and any of the risks outlined above, should they materialise, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company nonetheless has shown capability to develop meaningful partnerships, has been agile and fast in decision making and adept in structuring deals with potential partners. While the Company embarks on acquisitions to grow its portfolio, the Company also ensures it has its own portfolio of assets under development to secure its growth strategy.

The operations of the Company's power projects are subject to significant government regulation, including regulated tariffs such as FIT, and the Company's margins and results of operations could be adversely affected by changes in the law or regulatory schemes.

The Company's inability 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 our results of operations and cash flow. Furthermore, changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, particularly utilities where electricity tariffs are subject to regulatory review or approval, 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;
- change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- 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 power projects to additional compliance costs or interfere with our existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect the Company's results of operations.

For renewable energy assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. To the extent that operating costs rise above the level approved in the tariff, the Company's businesses that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant government authority may unilaterally impose additional restrictions on the project's tariff rates, subject to the regulatory frameworks applicable in each jurisdiction. Future tariffs may not permit the project to maintain current operating margins, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

As potential regulatory changes are an inherent risk on the industry where the Company is operating, the Company keeps track and remains up to speed on such potential changes, analyzes impact and conducts risk assessment as necessary, and develops means to be able to cover such potential risks.

Failure to obtain financing on reasonable terms or at all could adversely impact the execution of the Company's expansion and growth plans.

The Company's expansion and growth plans are expected to require significant fund raising. As part of the Company's current strategy to exceed 5,000MW of renewable energy capacity by 2025, the Company estimates that it will require around U.S.$5 billion. The Company's continued access to debt and equity financing as a source of funding for new projects, acquisitions and investments, and for refinancing maturing debt is subject to many factors, including: (i) laws, regulations, and internal bank policies limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) the Company's compliance with existing debt covenants; (iii) the ability of the Company to service new debt; (iv) the macroeconomic fundamentals driving credit ratings of the Philippines and, following the completion of the ACEIC International Transaction, other jurisdictions; and (v) perceptions in the capital markets regarding the Company and the industries and regions in which it operates and other factors, some of which may be outside of its control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the regulatory environments where any power projects are located or the bankruptcy of an unrelated company operating in one or more of the same industries as the Company, any of which could increase borrowing costs or restrict the Company's ability to obtain debt or equity financing. There is no assurance that the Company will be able to arrange financing on acceptable terms, if at all. Any inability of the Company to obtain financing from banks and other financial institutions or from capital markets would adversely affect the Company's ability to execute its expansion and growth strategies.

The Company nonetheless is on track on enhancing its balance sheet: (i) it has low debt and debt servicing levels built on assets with proven track record of generating reliable cash returns; (ii) it invests into projects that are economically viable; and (iii) it anticipates potential impacts to future performance of the projects caused by changes on the regulatory environment that can have impact on the future performance of the projects and strives to be a partner of choice for potential investors to secure financing for its projects. It is well-managed by reputable finance professionals overseen by the Board of Directors, which enhances the credit profile of the Company as a borrower. The Company also maintains regular communication with its relationship banks to ensure continued availability of credit facilities.

The Company's potential international businesses and results of operations are subject to the macroeconomic, social and political developments and conditions of the countries where the Company's portfolio of projects are located.

Following the completion of the ACEIC International Transaction, the Company's portfolio of power projects in operation and under construction will include those located in Australia, Indonesia, Vietnam, and India, with plans for further international expansion in other countries such as Myanmar, Korea and Taiwan through its joint ventures. International operations and plans for further international expansion may be affected by the respective domestic economic and market conditions as well as social and political developments in these countries, government interference in the economy in certain countries, and changes in regulatory conditions. There is no guarantee that the Company's operations as well as expansion plans will be successful in those countries and the Company cannot provide assurance of effective mitigation to systemic risks in those countries. The Company's financial condition, prospects and results of operations could be adversely affected if it is not successful internationally or if these international markets are affected by changes in political, regulatory, economic and other factors, over which the Company has no control. Changes in tax policies, affecting tax exemptions and tax incentives could adversely affect the Company's results of operations.

Certain Associates of the Company are registered with the BOI and the PEZA as new operators with pioneer status and non-pioneer status for greenfield projects and benefit from certain capital tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts and accessories.

If these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the corporate income tax rate, which is 30% of net taxable income. As a result, the Company's tax expense would increase, and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

Similar to continuously monitoring potential changes on the regulatory environment, the Company anticipates the impact of potential changes on its projects' tax incentives. Whenever possible, contracts are negotiated to include provisions protecting the Company for any potential increases in tax due owing to the revocation or repeal of the tax incentives currently available to its projects.

The Company's long-term success is dependent upon its ability to attract and retain key personnel and in sufficient numbers.

The Company depends on its senior executives and key management members to implement the Company's projects and business strategies. If any of these individuals resigns or discontinues his or her service, it is possible that a suitable replacement may not be found in a timely manner or at all. If this were to happen, there could be a material adverse effect on the Company's ability to successfully operate its power projects and implement its business strategies.

Power generation involves the use of highly complex machinery and processes and the Company's success depends on the effective operation and maintenance of equipment for its power generation assets. Technical partners and third-party operators are responsible for the operation and maintenance of certain power projects. Although the Company is circumspect in its selection of technical partners and third-party operators, any failure on the part of such technical partners and third-party operators to properly operate and/or adequately maintain these power projects could have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, the Company's growth to date has placed, and the anticipated further expansion of the Company's operations will continue to place, a significant strain on the Company's management, systems and resources. In addition to training, managing and integrating the Company's workforce, the Company will need to continue to develop the Company's financial and management controls. The Company can provide no assurance that the Company will be able to efficiently or effectively manage the growth and integration of the Company's operations dispersed businesses and any failure to do so may materially and adversely affect the Company's business, financial condition, results of operations and prospects. In addition, if general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may decide to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

To mitigate such risks, the Company structures the organization in such a way that there is development and advancement opportunities for each individual within the organization, maintains competitive benefits and compensation structure and ensures provision of training to its employees.

The Company's business depends on commitments to the promotion of renewable energy.

The countries in which the Company will have potential investments following the completion of the ACEIC International Transaction have demonstrated a commitment to renewable energy. As a result, these countries have created favorable regulatory and tax regimes and financial incentives, as well as renewable portfolio standards that require distributors to source a certain percentage of their power requirements from renewable energy sources. For example, Vietnam's FIT programme provides for a FIT rate of U.S.$0.0935/kWh for 20 years for solar plants completed by June 2019 and U.S.$0.0850/kWh for wind projects completed by November 2021. These commitments are, however, generally matters of domestic public policy and are subject to the execution of the relevant power purchase agreement. Should these commitments to renewable energy be reduced for any reason, it could affect the project company's ability to operate or renew the project company's permits and licenses and reduce the financial incentives available to the project companies, which could, in turn, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Similar to continuously monitoring potential changes on the regulatory environment, the Company anticipates the impact of potential changes on its projects' financial incentives. Whenever possible, contracts are negotiated to include provisions protecting the project companies for any potential increases in tax due owing to the revocation or repeal of the tax incentives currently available to its projects.

The Company may not be able to adequately influence the operations of its Associates and joint ventures and the failure of one or more of its strategic partnerships may negatively impacts its business, financial condition, results of operations and prospects.

The Company derives portion of its income from investments in Associates and joint ventures, in which it does not have majority voting control. These relationships involve certain risks including the possibility that these partners:

- may have economic interests or business goals that are not aligned with the Company's;
- may be unable or unwilling to fulfill their obligations under relevant agreements, including shareholder agreements under which the Company has certain voting rights in respect of key strategic, operating and financial matters;
- may take actions or omit to take any actions contrary to, or inconsistent with, the Company's policies or objectives or prevailing laws;
- may have disputes with the Company as to the scope of their responsibilities and obligations; and/or
- may have difficulties in respect of seeking funds for the development or construction of projects.

The success of these partnerships depends significantly on the satisfactory performance by the partners and the fulfilment of their obligations. If the Company or a strategic partner fails to perform its obligations satisfactorily, or at all, the partnership may be unable to perform adequately. As a result, cooperation among its partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. The Company's business, financial condition, results of operations and prospects may be materially adversely affected if disagreements develop between the Company and its strategic partners, and such disagreements are not resolved in a timely manner.

In addition, if any of the Company's strategic partners discontinues its arrangement with the Company, is unable to provide the expected resources or assistance, or competes with the Company on business opportunities, the Company may not be able to find a substitute for such strategic partner. Failure of one or more of the Company's strategic partners to perform their obligations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In entering into partnerships, the Company ensures that there are adequate protection clauses on the shareholder agreements to protect the interest of Company. The criteria for the selection of potential partners also ensures that the Company is only working with those that are aligned with its core values.

Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance.

The development of greenfield power projects involves substantial risks that could give rise to delays, cost overruns, 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 and future growth prospects of the Company.

For the Company's projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns.

The Company is expanding its power generation operations and there are projects in its energy portfolio under construction. These projects involve environmental, engineering, construction and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defect in design or construction, and supply and cost of equipment and materials. Further, project delays or cancellations or adjustments to the scope of work may occur from time to time due to incidents of force majeure or legal impediments.

Depending on the severity and duration of the relevant events or circumstances, these risks may significantly delay the commencement of new projects, reduce the economic benefit from such projects, including higher capital expenditure requirements and loss of revenues, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Given its growth target and considering the challenges on development, the Company ensures that it has adequate pipeline of projects to manage potential delays, and has a team specifically focused on development up to bringing a plant into construction and eventually commercial operations. In addition to green field developments, the Company keeps an open eye on potential mergers and acquisitions as well as partnership with other development companies to be on track with its growth targets.

Any restriction or prohibition on the Company's Associates' or joint ventures' ability to distribute dividends would have a negative effect on its financial condition and results of operations.

The Company is a holding company that conducts its operations through its Associates and joint ventures. As a holding company, the Company's income is derived primarily from dividends paid to the Company by its Associates and joint ventures.

The Company is reliant on these sources of funds with respect to its obligations and in order to finance its Associates. The ability of the Company's Associates and joint ventures to pay dividends to the Company (and their shareholders in general) is subject to applicable law and may be subject to restrictions contained in loans and/or debt instruments of such Associates and may also be subject to the deduction of taxes. Currently, the payment of dividends by a Philippine corporation to another Philippine corporation is not subject to tax. Under Philippine law, dividends may be declared by a corporation's board of directors, however, any stock dividend declaration requires the approval of shareholders holding at least two-thirds of such corporation's total outstanding capital stock. Additionally, SEC approval is required if the issuance of stock dividends requires an increase in such corporation's authorized capital stock.

In addition, certain Associates are subject to debt covenants for their respective existing debt. Failure to comply with these covenants may result in a potential event of default, which if not cured or waived, could result in an actual event of default and the debt becoming immediately due and payable. This could affect the relevant company's liquidity and ability to generally fund its day-to-day operations. In the event this occurs, it may be difficult to repay or refinance such debt on acceptable terms or at all.

Any restriction or prohibition on the ability of some or all of the Company's Associates and/or joint ventures to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating or financial difficulties or other limitations, could have a negative effect on the Company's cash flow and therefore, its financial condition.

Overall, the Company monitors potential regulatory impacts on its projects and anticipates means to manage the impact of any regulatory changes. The Company also regularly tracks the performance of its projects to ensure delivery of budgeted results including distribution of the dividends to the Company.

The administration and operation of power generation projects by project companies involve significant risks.

The administration and/or operation of power generation projects by project companies involve significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- actions affecting power generation assets owned or managed by the Company, its Associates, joint ventures or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals; and
- opposition from local communities and special interest groups.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by the Company, its joint ventures and affiliates from their power projects.

As above risks are inherent in the industry where the Company's projects operate, the Company ensures that contracts with suppliers cover portion of the risks, there are proper insurance coverages in case of the occurrence of events hampering the projects' operations and develops an operations team that focuses on monitoring plants' performance and ensures proper repairs and maintenance procedures or capital expenditures are conducted at the right time.

Permits and approvals are regularly monitored by a team to ensure that all are properly renewed and maintained. Regular dialogues are conducted and Corporate Social Responsibility activities are implemented in the community where the projects are located.

Climate change may adversely affect the Company's business and prospects.

The Company is currently involved in the operation of a coal power plant in Batangas. Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect the Company's business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. For example, in October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt the Company's operations. As a result of the above, the Company's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Company keeps track of potential changes in the climate and regulations that may affect its business and prospects. To prepare for such changes, the Company develops a diverse portfolio of assets that is aligned with the country's vision of an optimum mix of energy sources. The Company has been focusing on the development of renewables in its portfolio which is aligned with the country's vision on optimum mix of energy sources. The Company further looks into advancements in technology as it develops its projects to be able to create a stable supply of power due to intermittent availability of power generated from renewable sources.

Environmental regulations may cause the relevant project companies to incur significant costs and liabilities.

The operations of the project companies are subject to environmental laws and regulations by central and local authorities in which the projects operate. These include laws and regulations pertaining to pollution, the protection of human health and the environment, air emissions, wastewater discharges, occupational safety and health, and the generation, handling, treatment, remediation, use, storage, release and exposure to hazardous substances and wastes. These requirements are complex, subject to frequent change and have tended to become more stringent over time. The project companies have incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations and in obtaining and maintaining all necessary permits. While the project companies have procedures in place to allow it to comply with environmental laws and regulations, there can be no assurance that these will at all times be in compliance with all of their respective obligations in the future or that they will be able to obtain or renew all licenses, consents or other permits necessary to continue operations. Any failure to comply with such laws and regulations could subject the relevant project company to significant fines, penalties and other liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, environmental laws and regulations, and their interpretations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation, may have upon the Company's business, financial condition, results of operations or prospects. If environmental laws and regulations, or their interpretation, become more stringent, the costs of compliance could increase. If the Company cannot pass along future costs to customers, any increases could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

To this effect, the Company exerts best efforts to comply with regulations as it develops its projects.

See also discussion on "***Legal Proceedings – Power Barge 102 Oil Leakage***" on page 155 of this Prospectus.

The Company's power project development operations and the operations of the power projects are subject to inherent operational risks and occupational hazards, which could cause an unexpected suspension of operations and/or incur substantial costs.

Due to the nature of the business of power project development and operations, the Company and its project companies engage or may engage in certain inherently hazardous activities, including operations at height, use of heavy machinery and working with flammable and explosive materials. These operations involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, labour disturbances, natural disasters, environmental hazards and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of the development or operations of any of the power projects or even imposition of civil or criminal penalties, which could in turn cause the Company or any of the project companies to incur substantial costs and damage its reputation and may have a material adverse effect on the Company's business, financial condition and results of operations.

Given above risks, the Company procures proper insurance coverages, complies with various health and security measures, implements a culture of safety in the working environment, conducts proper and timely repairs and maintenance of the plants, and regularly trains employees on safety and security.

See also discussion on "***Legal Proceedings – Power Barge 102 Oil Leakage***" on page 150 of this Prospectus.

Grid curtailments may limit the generation capacity of power projects.

From time-to-time, national grid operators curtail the energy generation for a number of reasons, including to match demand with supply and for technical maintenance reasons, including as a result of grid infrastructure that is not up to international standards. In such circumstances, a power project's access to the grid and thus its generation capacity can be reduced. Such reductions result in a corresponding decrease in revenue, which if prolonged or occur frequently could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

To manage such risk, the Company ensures that there is adequate capacity on the grid covering for the sites and projects it undertakes. Grid capacity availability is a key criterion on assessing the viability of a project in addition to consideration of the transmission development plan of NGCP.

The Company enters into transactions with related parties.

In the ordinary course of business, the Company transacts with its related parties, such as its Associates and certain of its Associates and joint ventures enter into transactions with each other. These transactions have principally consisted of advances, loans, bank deposits, reimbursement of expenses, purchase and sale of real estate and other properties and services, sale of electricity, construction contracts and development, management, marketing and administrative service agreements.

While the Company believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms, these transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to the Company.

The Company has instituted internal policies with respect to related party transactions and the Company ensures that it is compliant with the policies instituted on transactions involving related parties. Relevant related party transactions are also discussed at the Related Party Committee or Audit and Risk Committees of the companies who oversee such matters. Further, the Company will be complying with BIR Revenue Regulation No. 19-2020 on the disclosure of related party transactions.

For further information on the Company's related party transactions, see "***Related Party Transactions***" on page 236 of this Prospectus.

The Company is exposed to credit and collection risks.

As in other businesses, the power business is exposed to credit and collection risks related to its customers. These include the TransCo, rated corporations as well as cooperatives that have varying credit ratings and private distribution utilities. There can, however, be no assurance that all customers will pay the Company in a timely manner or at all. In such circumstances, the Company's working capital needs would increase, which could, in turn, divert resources away from the Company's other projects. If a large amount of its customers were unable or unwilling to pay the Company, its financial condition could be negatively affected.

Given potential collection risk, the Company conducts review of the capability of its potential clients as part of the accreditation process. Clients are also requested to put in security deposits equivalent to a certain period of their consumption.

Exchange rate and/or interest rate fluctuations may have a significant adverse impact on the Company's business, financial condition, results of operations and prospects.

As a result of the international nature of the Company's business, changes in foreign currency rates could have an adverse impact on the Company's business, financial condition, results of operations and prospects. Currency fluctuations affect the Company because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received.

The Company's functional currency is the Philippine Peso, and the Company, following the completion of the ACEIC International Transaction, has and may have assets, income streams and liabilities denominated in a number of currencies, including U.S. Dollars, Indonesian Rupiah, Vietnamese Dong, and Australian

Dollars. Currently, the PPA and FIT contracts of the existing offshore assets have foreign currency and inflation adjustments to mitigate the impact of market fluctuations.

The insurance coverage of the power projects may not be adequate.

The power projects maintain levels of insurance, which the Company believes are typical with the respective business structures and in amounts that it believes to be commercially appropriate. However, a power project may become subject to liabilities against which it has not insured adequately or at all, or are unable to insure. In addition, insurance policies contain certain exclusions and limitations on coverage, which may result in claims not being honoured to the extent of losses or damages suffered. Further, such insurance policies may not continue to be available at economically acceptable premiums, or at all. The occurrence of a significant adverse event, the risks of which are not fully covered or honored by such insurers, could have a material adverse effect on a power project's business, financial condition, results of operations and prospects. In addition, under some of the power project's debt agreements, the power project is required to name the lenders under such debt agreements as a beneficiary or a loss payee under some of its insurance policies, or assign the benefit of various insurance policies to the lenders. Therefore, even if insurance proceeds were to be payable under such policies, any such insurance proceeds will be paid directly to the relevant lenders instead of to the power project. If an insurable loss has a material effect on a power project's operations, the power project's lenders may not be required to pay any insurance proceeds or to compensate the power project for loss of profits or for liabilities resulting from business interruption, and this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company regularly reviews its insurance coverages and benchmarks it with the industry trends and keeps track of the insurance claims conducted in the past. The Company also continues to explore further means to strengthen its insurance coverages including participating in the Ayala Group's insurance optimization initiative to augment its existing insurance policies, which include optimizing coverages within a bigger pool to achieve scale and generate diversification for new types and approaches to loss mitigation to address plant-specific risks.

The Company may be adversely affected by WESM price fluctuations.

Market prices for electric power fluctuate substantially. As electric power can only be stored on a very limited basis and generally must be produced concurrently with its use, frequent supply and demand imbalances result in power prices that are subject to significant volatility. Electricity prices may also fluctuate substantially due to other factors outside of the Company's control, including, but not limited to:

- changes in the generation capacity in the markets, including additional new supply of power from development or expansion of power plants, and decreased supply from closure of existing power plants;
- additional transmission capacity;
- electric supply disruptions, such as power plant outages and transmission disruptions;
- changes in power demand or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and adjust the prices on the WESM;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources; and
- changes in the power market and environmental regulations and legislation.

These factors may have a material adverse effect on the business, financial condition and operations of the Company.

As it has been trading in the spot market since 2006, the Company has gained valuable experience in trading at the WESM. This experience will allow the Company to continue to take advantage of further opportunities in the WESM that will allow it to supplement the power generation business.

The Company's ability to produce and source electricity from various sources allows it to exploit trading opportunities in the WESM by purchasing power for its customers and/or selling excess supply if costs are less than the prevailing prices in the WESM.

The Company is dependent on the support of ACEIC.

ACEN relies on ACEIC for certain shared services such as, but not limited to, human resources, corporate affairs, legal, finance, and treasury operations. There is no guarantee that ACEIC will continue to provide these services in the future. Should ACEIC cease to provide these services, the Company's business, financial condition, and results of operations could be adversely affected.

While the Company relies on ACEIC for certain shared services, these transactions are done on an arm's length basis. The Company likewise pursues strategic hiring for identified critical positions and strengthens the competencies of its employees to minimize its dependence from ACEIC for certain services.

Risks Relating to the Philippines

The operations of the Company are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material adverse impact on the Company.

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls.

In addition, global financial, credit and currency markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause a deterioration of the economic conditions in the Philippines to deteriorate. There can be no assurance that current or future governments will adopt economic policies conducive to sustaining economic growth, and the Company cannot provide assurance of effective mitigation to such systemic risk.

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests. No assurance can be given that the political environment in the Philippines will stabilise and that the Company can provide effective mitigation to such political instability. Any political instability in the future may result in inconsistent or sudden changes in the economy, regulations and policies that affect the Company, which could have an adverse effect on its business, results of operations and financial condition.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's S&P and Fitch. While in recent months these rating agencies have assigned positive or stable outlooks to the Philippines' sovereign rating, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. As a systemic risk, the Company cannot provide assurance of effective mitigation. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes among the Philippines and its neighboring nations may adversely affect the Philippine economy and the Company's business.

China and other Southeast Asian nations, such as Brunei, Malaysia, and Vietnam, have been engaged in competing and overlapping territorial disputes over islands in the West Philippine Sea (also known as the South China Sea). This has produced decades of tension and conflict among the neighboring nations. The West Philippine Sea is believed to house unexploited oil and natural gas deposits, as well as providing home to some of the biggest coral reefs in the world. China, in recent years, has been vocal in claiming its rights to nearly the whole of the West Philippine Sea – as evidenced by its increased military presence in the area. This has raised conflict in the region among the claimant countries.

In 2013, the Philippines filed a case to legally challenge China's claims in the West Philippine Sea and to resolve the dispute under the United Nations Convention on the Law of the Sea. The case was filed on the Permanent Court of Arbitration, the international arbitration tribunal at The Hague, Netherlands. In July 2016, the tribunal ruled in favour of the Philippines and stated that China's claim was invalid. China rejected the ruling, claiming that it did not participate in the proceedings as the tribunal had no jurisdiction over the case. News reports have reported increased Chinese activity in the area, including the installation of missile systems and the deployment of bomber planes. Other claimants have challenged China's actions in the West Philippine Sea.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected. The Company cannot provide assurance of effective mitigation to such systemic risk.

COVID-19, future pandemics, epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect ACEN's business, financial condition and results of operations.

In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines. On 10 March 2020 the World Health Organization characterized COVID-19 as a pandemic. As of 30 September 2020, the Philippine Department of Health reported 311,694 cases of COVID-19 nationwide with 5,504 deaths attributed to COVID-19.

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers ("OFWs") globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact its suppliers' ability to deliver, which could delay the construction of ACEN's projects.

In a move to contain the COVID-19 outbreak, on 13 March 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until 12 April 2020, unless earlier lifted or extended. On 24 March 2020. Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On 25 June 2020, the Bayanihan Act measures implemented to address the pandemic in the Philippines expired without extension or replacement. On September 11, 2020, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until 19 December 2020. Such powers include the authority to adopt measures to "conserve and regulate the distribution and use of power, fuel, energy and water, and ensure adequate supply of the same." The Bayanihan 2 Act also imposes a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly installments.

Due to numerous uncertainties and factors beyond its control, the Company is unable to predict the impact that COVID-19 will have going forward on its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there is a "second wave" or "third wave" or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;
- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures as well as measures taken by the Company's regulators;
- restrictions on operations up to and including complete or partial closure of offices, plants and other facilities;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively operate its power generation portfolio;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- impacts—financial, operational or otherwise—on the Company's supply chain, including manufacturers, suppliers and third party contractors, particularly for ongoing maintenance and construction of certain plants and facilities;
- volatility in the credit and financial markets during and after the pandemic;

- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Company's businesses.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the enhance community quarantine and various degrees of community quarantine imposed across the Philippines have affected and could adversely impact (a) the completion of ACEN's projects as construction is not an activity given priority under the government guidelines, (b) demand for ACEN's product, as industries, offices, and shopping malls account for bulk of energy consumption, (c) WESM prices as demand for electricity is lower, and (d) ability to collect from its customers, which could negatively impact its cash flows. The outbreak of COVID-19 and the measures to contain this increase in severity, have had an adverse effect on economic activity in the Philippines and could materially and adversely affect ACEN's business, financial condition and results of operations. To the extent the COVID-19 pandemic adversely affects the business and financial results of ACEN, it may also have the effect of heightening many of the other risks described in this Prospectus.

Even as quarantine measures continue at the current time, with various levels of restrictions applicable to certain areas, DOE recognized that energy utilization is a basic necessity and is vital to the society. To this end, DOE allows the movement of energy related goods and the movement of energy related personnel subject to adherence to necessary public health precautions prescribed by the DOH. As such, the Company's operating plants continues to produce power.

Risks Relating to the Offer

There can be no guarantee that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares will be required to pay for such shares on upon submission of the Application. Although the PSE has approved the Company's application to list the Offer Shares, there can be no guarantee that listing will occur on the anticipated Listing Date or at all. Further, there can be no assurance that during the Rights Offer Period through the Listing Date, there will be no developments in relation to COVID-19 and the response of the PSE, SEC, or any other relevant government authority or private parties that may adversely affect the ability of the Company, the Joint Lead Underwriters, or any of the parties relevant to the Offer and/or the Listing (including but not limited to the clearing of funds, lodgment of the Shares or the trading of securities) to perform their functions contemplated by the Offer during the time indicated in this Prospectus, as expected by the Company. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares. The Company cannot provide assurance of effective mitigation to such risk.

There has been a limited prior market for the Shares; hence, there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

Trading volumes on the PSE have historically been significantly smaller than other major securities markets in more developed countries and have also been highly volatile. There can be no assurance that an active market for the Offer Shares will develop following the Offer or if developed, that such market will be sustained.

The Offer Price has been determined based on the Valuation Report in respect of ACEN's shares in the ACEIC Philippine Transaction. The Offer Price was set to enable Eligible Shareholders and Institutional Investors to participate in the Offer at such terms aligned with the issuance of Common Shares in the ACEIC Philippine Transaction. The price at which the Offer Shares will trade on the PSE at any point in time during or after the Offer may vary significantly from the Offer Price, and the Company cannot provide assurance of effective mitigation to such risk.

Shareholders may be subject to limitations on minority shareholders rights.

Minority shareholders are not afforded special rights to protect their interests under Philippine law. The Revised Corporation Code of the Philippines, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Revised Corporation Code of the Philippines also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

Future sales of the Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of the Company's business and operations, the Company's Board of Directors will consider the funding options available to the Company at the time, which may include the issuance of new Common Shares. If additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing shareholders, the percentage ownership of the shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Common Shares. Further, the market price of the Common Shares could decline as a result of future sales of substantial amounts of the Common Shares in the public market or the issuance of new Common Shares, or the perception that such sales, transfers or issuances may occur. For example, the Notice of Approval of the PSE for the listing of the Offer Shares included, among others, a condition for the Company to conduct a follow-on offering on or before 31 October 2021. This could materially and adversely affect the prevailing market price of the Common Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

The Revised Corporation Code provides that "all stockholders shall enjoy pre-emptive right to subscribe to all issues or dispositions of shares in any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto. One of the matters that presented and approved by the stockholders is the amendment of the Articles of Incorporation of the Company to include a provision that exempts from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or as payment for previously contracted debt. The amendment included a proviso that shares issued do not exceed 16,000,000,000 shares; this is meant, among other reasons, to make expedient, and streamline the process for, the transfer of ACEIC assets to the Company. The amendment was submitted for Board approval on 5 September 2019 under Resolution No. B-2019-0905-02 and during the ASM on 17 September 2019 under Resolution No.

S-2019-008, and filed with the SEC on 22 November 2019. The SEC approved the amendment on 22 June 2020.

The amendment was the basis for the approvals of the ACEIC Philippine Transaction. Since the foregoing issuance of shares is exempt from the pre-emptive right of stockholders, only ACEIC will be able to subscribe to the new shares. This resulted in a partial dilution of the other shareholders. To mitigate these effects, the Rights Offer provides Eligible Shareholders the opportunity to increase their shareholding percentage in the Company. ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors. See section on "***Dilution***" on page 76 of this Prospectus.

There is no restriction on the Company's ability to issue Common Shares, other than as provided in its Articles of Incorporation and the Revised Corporation Code, or the ability of any of its shareholders to dispose of, encumber or pledge, their Common Shares, and there can be no assurance that the Company will not issue Common Shares or that such shareholders will not dispose of, encumber or pledge their Common Shares.

Future changes in the value of the Philippine peso against the USD or other currencies will affect the foreign currency equivalent of the value of the Shares and any dividends.

Fluctuations in the exchange rate between the Philippine Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Common Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in peso by the Company on, and the Peso proceeds received from any sales of the Offer Shares. The Company cannot provide assurance of effective mitigation to such risk.

Overseas shareholders may not be able to participate in the Company's rights offerings or certain other equity issues.

Under the terms of the Offer, the Company has discretion as to the eligibility of shareholders and relevant Offer procedures. For instance, the Company will not offer such rights to the holders of Common Shares who have a registered address in the United States unless a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or the offering and sale of such rights or the underlying securities to such holders are confirmed to be exempt from registration under the provisions of the U.S. Securities Act.

The Company has no obligation to prepare or file any registration statement or obtain any exemption confirmation, each of which involve expenditure of financial and other resources. Accordingly, shareholders who have a registered address in the United States will be unable to participate in the Rights Offer or any future rights offers and may experience a dilution in their holdings as a result.

Shares are subject to Philippine foreign ownership limitations, which may adversely impact liquidity of the Shares.

The Philippine Constitution and related statutes restrict land ownership to Philippine Nationals. As long as the Company owns land, foreign ownership in the Company is limited to a maximum of 40% of the

Company's issued and outstanding capital stock. Accordingly, the Company cannot allow the issuance or the transfer of Shares to persons other than Philippine Nationals and cannot record transfers in the books of the Company 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 land ownership discussed above. As of the date of this Prospectus, the Company is compliant with such restrictions on foreign shareholder ownership and continually monitors its compliance with such restrictions. Nevertheless, this restriction may adversely affect the liquidity and market price of the Common Shares to the extent international investors are not permitted to purchase Common Shares in normal secondary transactions.

No guarantee that Issuer will pay any dividends.

Dividends declared by the Company on the Shares are payable in cash or in additional Shares. The Board of Directors has approved the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on 1 January 2021 ("Regular Dividends"). On 11 November 2020, the Board amended this dividend policy to include the Board's discretion, exercised reasonably, to approve the declaration and payment of special dividends over and above the Regular Dividends. See section on "***Recent Developments***" on page 23 of this Prospectus. Nevertheless, the payment of dividends in the future will depend upon the Company's future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its Associates, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and loan covenants, including loan obligations and loan covenants of its Associates, and other factors the Board may deem relevant.

Declaration of cash dividends by the Company requires the approval of the Board, the declaration of stock dividends by the Company requires the approval of its Board and the approval of stockholders representing at least 2/3 of the outstanding capital stock.

Volatility of Philippine securities market may substantially limit investors' ability to sell the Shares at a desired price.

The Philippine securities markets are substantially smaller, less liquid, and more volatile relative to major securities markets in the world, and are not as highly regulated or supervised as compared with larger markets. The Offer Price could differ significantly from the price at which the Common Shares will trade subsequent to completion of the Offer. There can be no assurance that even after the Offer Shares have been approved for listing on the PSE, any active trading market for the Common Shares will develop or be sustained after the Offer, or that the Offer Price will correspond to the price at which the Common Shares will trade in the Philippine public market subsequent to the Offer. There is no assurance that investors may sell the Offer Shares at prices or at times deemed appropriate.

Factors that could affect the price of the Common Shares include the following:

- fluctuations in the Company's results of operations and cash flows or those of other companies in the Company's industry;
- the public's reaction to the Company's press releases, announcements and filings with the SEC and PSE;
- additions or departures of key personnel;
- changes in financial estimates or recommendations by research analysts;
- changes in the amount of indebtedness the Company has outstanding;

- changes in general conditions in the Philippines and international economy, financial markets or the industries in which the Company operates, including changes in regulatory requirements and changes in political conditions in the Philippines;
- significant contracts, acquisitions, dispositions, financings, joint marketing relationships, joint ventures or capital commitments by the Company or its competitors;
- asset impairments or other charges;
- developments related to significant claims or proceedings against the Company;
- the Company's dividend policy; and
- future sales of the Company's equity or equity-linked securities.

In recent years, stock markets, including the PSE, have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market prices of the Company's Common Shares. The Company cannot provide assurance of effective mitigation to such risk.

Risks Relating to Statements in this Prospectus

The Prospectus contains certain statistical and industry information.

Certain statistical or industry information in this Prospectus relating to the Philippines and other jurisdictions, the industries and markets in which the Company operates and may potentially operate after the ACEIC International Transaction, and other data used in this Prospectus was obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate or complete. Similarly, internal surveys, industry forecasts and market research have not been independently verified by the Company and may not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines.

There may be possible deviation in the Use of Proceeds.

The intended use of proceeds from the Offer is set out under "***Use of Proceeds***" on page 67 of this Prospectus. It is the Company's current intention to apply the net proceeds from the Offer in the manner as described in that section.

However, as new business opportunities arise, or as unforeseen events occur, the Company may opt to reallocate a portion or all of the net proceeds to other business plans or new projects or to other uses or hold such funds in bank accounts or short-term securities, if such action is considered to be in the best interests of the Company. As a consequence, the actual application of the proceeds from the Offer may deviate from the intended use as described in this document. Any such material deviation, however, will be disclosed in accordance with the relevant rules of the SEC and/or PSE.

In addition, the business plans of the Company as described herein are based on assumptions of future events, which by their nature, are subject to uncertainty. As such, while the Company exerts reasonable efforts in planning, there is no assurance that the plans of the Company will materialize as intended.

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines and jurisdictions, the industries in which the Company's businesses compete and the markets in which the Company develops its projects and may potentially develop after the ACEIC International Transaction, including statistics relating to market size, are derived from various government and private publications. This Prospectus also contains reports which are based on information from independent research conducted by third parties, as well as publicly available third-party sources identified therein, including government agencies. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Similarly, any industry forecasts and market research, including those contained or extracted herein, have not been independently verified by the Company and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. Eligible Shareholders and Institutional Investors are cautioned accordingly.

The presentation of financial information in this Prospectus, including pro forma consolidated condensed financial information may be of limited use to investors and may not accurately show or serve as an adequate basis from which to evaluate the Company's financial position, future prospects, business performance and results of operations.

The presentation of financial information in this Prospectus comprises historical information of the Company as at 30 September 2020 and for the period from 1 January 2019 to 30 September 2020. The historical financial information presented may be of limited use to investors. While the presentation of separate historical financial results of ACEIC assets included in this Prospectus may provide a reference to investors, there is no assurance that such presentation accurately depicts what the Company's financial results would have been had the acquisition of ACEIC's assets been effected earlier, nor is such presentation indicative of future prospects, business performance, results of operations or financial position. The Company has also included pro forma condensed consolidated financial information of the Company elsewhere in this Prospectus. The pro forma consolidated results of operations and financial position of the Company included herein are necessarily based on certain assumptions, and such information is not necessarily indicative of the operating results or financial position that would have been achieved had these transactions been completed prior to such periods, nor is it indicative of future results of operations or financial position, and should not be relied upon as being so indicative.

Accordingly, the Company's consolidated financial information in this Prospectus, including the Company's pro forma consolidated financial information may not provide a meaningful basis for evaluating the Company's future prospects, business and results of operations. Further, there can be no reliance on the Company's historical results of operations as an indication of future performance.

USE OF PROCEEDS

The Company expects to raise gross proceeds from the Offer amounting to ₱5.37 billion. The net proceeds from the Offer is expected to be ₱5.32 billion after deducting estimated expenses that will be incurred in relation to the Rights Offer.

Breakdown of Proceeds to the Company:

In millions of pesos	
Gross Proceeds	₱5,374.17[1]
Estimated Rights Offer expenses [2]	₱58.14
Estimated net proceeds	₱5,316.03

Notes:
(1) Assuming the Offer raises the maximum amount of approximately ₱5.374 billion
(2) Does not include underwriting fees and commissions payable in connection with the Institutional Offer. See "***Plan of Distribution***" on page 71 of this Prospectus.

Breakdown of Estimated Rights Offer Expenses of the Company:

In millions of pesos	
PSE listing fees	₱5.38[1]
SEC confirmation of exempt transaction	₱5.43
Documentary stamp tax	₱22.68
Receiving Agency Fee	₱0.25
Professional and Legal Fees	₱15.65
Estimated other fees (taxes, printing, out-of-pocket, etc.)	₱8.75
Estimated Rights Offer Expenses	**₱58.14**

Notes:
(1) Paid based on an assumed offer size of ₱5.38 billion.

Use of Net Proceeds

The proceeds will be recognized as capital stock and additional paid-in capital in the equity portion of the balance sheet.

Approximately 98% of the net proceeds from the Offer will be used by the Company to partially finance the development of power projects in the pipeline and inorganic growth opportunities if and when they arise, while about 2% is intended to partially finance the Company's general corporate requirements. Below presents the breakdown of the Company's planned work program and disbursement schedule:

Allocation	Amount	Time of Usage
Partially finance the development of and/or investment opportunities in new power projects	₱ 2,600 million	2021–2022
Other projects	₱ 2,600 million	2021–2023
General corporate requirements	₱ 100 million	2021

In the event that the actual proceeds raised from the Offer is less than the estimated amount to be received by the Company, corresponding adjustments will be made to the Company's provision for general corporate requirements. In addition, to fully finance the Company's business plans, it will use internally generated funds, existing credit lines, and/or bank financing, if and when necessary. It may also re-allocate the net proceeds within aforementioned business plans, subject to timing considerations and order of importance. Priority will be given to its ongoing projects, subject to its evaluation and assessment.

Development and acquisition opportunities in renewable and thermal assets

Power Project Investment	Size	Location	Amount (in Millions of ₱)	Expected Timing
SolarAce1	120MWdc	Alaminos, Laguna	600.00	2021-2022
Gigasol3	63MWdc	Palauig, Zambales	200.00	2021-2022
Greencore3	75MWdc	Mexico, Pampanga	1,500.00	2021-2022
GigaAce8	75MWdc	Palauig, Zambales	300.00	2021-2022
Total			2,600.00	

SolarAce1

The Company plans to use the proceeds to partially finance its investment in SolarAce1.

SolarAce1 was incorporated to manage the development and operation of a 120MWdc solar power project located in Barangays San Andres and San Juan, Alaminos, Laguna.

The project is a greenfield, stand-alone solar farm that could supply daytime power to the local grid throughout the year. SolarAce1 is envisioned to produce an annual power generation of approximately 120,629MWh, which can power up to 70,000 houses in the region and reduce carbon emissions. The plant is currently under construction and it is expected to achieve commercial operations by the second quarter of 2021.

Gigasol3

The Company plans to use the proceeds to partially finance its investment in Gigasol3.

Gigasol3 was incorporated to manage the development and operation of a 63MWdc solar power project located in Barangays Salaza and Cauyan, Palauig, Zambales.

The project is a greenfield, standalone solar farm that could supply daytime power to the local grid throughout the year. It has a designed capacity of 63MWdc, which will be constructed in a 58-hectare land, with a projected annual power generation of 89,374MWh. The project can power 37,239 houses in the region and can reduce annual carbon emission by 49,469T CO2. The plant is under construction and is expected to achieve commercial operations by the second quarter of 2021.

Greencore 3

The Company plans to use the proceeds to partially finance its investment Greencore 3 Power Solutions 3, Inc. ("Greencore 3"). The project is in partnership with Citicore Renewable Energy Corp.

Greencore 3 was incorporated to manage the development and construction of a 75MWdc plant in Arayat and Mexico, Pampanga.

The project is a greenfield, standalone solar farm that could supply daytime power to the local grid throughout the year. The plant will be constructed in a 58-hectare land, with a projected annual power generation of 91.45 GWh that can power 37,000 houses in the region. The target commencement of construction is on the first quarter of 2021 and expected to achieve commercial operations by the fourth quarter of 2021.

GigaAce8

The Company plans to use the proceeds to finance its investment in GigaAce8, Inc. ("GigaAce8").

GigaAce8 was incorporated to manage the development and construction of a 75MWdc plant in Palauig, Zambales.

The project is a greenfield, standalone solar farm that could supply daytime power to the local grid throughout the year. The plant will be constructed in a 67-hectare land, with a projected annual power generation of 92 GWh that can power 37,200 houses in the region. The target commencement of construction is on the second quarter of 2021 and expected to achieve commercial operations by the second quarter of 2022.

Other Projects

Additionally, the Company intends to allocate the amount of up to ₱2,600 million for projects approved by the Board of Directors on its 18 March 2020 meeting listed below. The specific timelines, the costs and/or locations of these projects are yet to be finalized and the actual funding for any such projects will also depend on outside factors, such as obtaining permits and approvals, among others.

a. Investment in the 160MW Balaoi wind project

b. Investment into a renewable energy laboratory

c. Funding of up to U.S.$100 million for new technology investments in the Philippines

On the Board meeting held on 18 August 2020, the Board approved the investment of up to ₱2.2 billion into its subsidiaries Bataan Solar Energy, Inc. and Giga Ace 4, Inc. to be used to further the opportunities presented by emerging clean energy technologies, including battery storage, and for various development activities including securing land, permitting, undertaking project studies, project planning and procuring and installing equipment available from the new technologies, including battery storage.

Others

Should any of the above projects fail to materialize or if the associated costs be lower than as contemplated above, the funds that are allocated to them will be used for other energy projects that are in the current pipeline or that may be identified in the near term, including acquisitions of existing renewable energy projects as strategic investments. This is in support of the Company's goal of reaching 5,000MW of Net Attributable Capacity in renewables by 2025.

General corporate requirements

The balance of the net proceeds amounting to ₱100 million shall be used for its general corporate requirements. These include, but are not limited to, working capital requirements of Associates, administrative expenses and other costs shouldered by the Company in the normal course of business operations not specifically related to any single project.

In the event of any material deviation, substantial adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation, and promptly make the appropriate disclosures to the SEC and the PSE. The Company will also secure DOE approval should there be any change in the planned use of proceeds that will directly affect the work program disclosed with the DOE. The Company shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology ("PSE EDGE"), any disbursements from the proceeds generated from the Offer. In addition, the Company shall likewise submit via the PSE EDGE the following disclosure to ensure transparency in the use of proceeds:

1. Any disbursements made in connection with the planned use of proceeds from the Rights Offer;

2. Quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter, which shall be certified by the Company's Chief Financial Officer or Treasurer and external auditor;

3. Annual summary of the application of proceeds on or before January 31 of the year following the Offer, which will be certified by the Company's Chief Financial Officer or Treasurer and external auditor; and

4. Approval by the Company's Board of Directors of any reallocation on the planned used of proceeds, or of any change in the work program. The actual disbursement or implementation of such reallocation will be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items 2 and 3 above shall include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any. The detailed explanation will state the approval of the Company's Board of Directors as required in in item 4 above.

PLAN OF DISTRIBUTION

The Rights Offer

The Rights Shares shall be offered on a pre-emptive rights basis to Eligible Shareholders of the Company as of the Record Date of 13 January 2021. ACEIC, which beneficially owns an aggregate of 11,175,442,928 of the Company's Common Shares, representing 81.62% of the outstanding Common Shares of Issuer as at the date of this Prospectus, has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors.

Under the PSE's Revised Listing Rules, the Company, subject to the approval of the PSE, shall set the Record Date which shall not be less than 15 Trading Days from approval of the PSE Board of Directors.

The Offer shall consist of a total of 2,267,580,434 Offer Shares. The Entitlement Shares shall be offered in the proportion of one (1) Share for every 1.1100 Common Shares held, as of the Record Date, at the Offer Price in the First Round of the Rights Offer. In the mandatory Second Round of the Rights Offer, the Additional Rights Shares shall be offered to those shareholders that exercised their rights in the First Round of the Rights Offer and had simultaneously signified their intention to subscribe to any unsubscribed Rights Shares by tendering payment of the total Offer Price of all Rights Shares subscribed to including all Rights Shares in excess of their entitlements. Subscriptions to the Additional Rights Shares are payable in full upon submission of the Application. If the aggregate number of Additional Rights Shares available for subscription equals or exceeds the aggregate number of additional subscriptions, an applicant will be allocated the number of Additional Rights Shares indicated in his or her Application. In case all Applications for additional subscriptions exceed the total Additional Rights Shares, the Company shall allocate said unsubscribed Rights Shares among the Eligible Shareholders for Additional Rights Shares primarily in proportion to their respective shareholdings as of Record Date to the total shareholdings of all applicants to the Additional Rights Shares, but in any case at the full discretion of the Company, provided that no applicant for Additional Rights Shares shall be allocated more Additional Rights Shares than the number for which such applicant has applied. There can be no guarantee made as to the number of Additional Rights Shares an applicant may be allocated. A subscription for Additional Rights Shares is irrevocable on the part of the applicant and may not be cancelled or modified by such applicant.

Holdings of existing Common Shares in certificated and scripless form will be treated as separate holdings for the purpose of calculating entitlements under the Offer. Fractions of Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company.

The Institutional Offer

The Joint Lead Underwriters have agreed to firmly underwrite the Rights Offer in accordance with the underwriting agreement entered into with the Company (the "Underwriting Agreement") to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed. In case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to Institutional Investors at the same Offer Price as the Rights Shares (the "Institutional Offer" and, for clarity, Rights Shares offered to Institutional Investors shall be referred to as the "Institutional Shares"). Any Institutional Shares not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters, pursuant to the Underwriting Agreement.

The Underwriters

BPI Capital and China Bank Capital will act as Joint Lead Underwriters of the Rights Offer and the Institutional Offer. No underwriting fees will be collected with respect to the Rights Offer, in compliance with requirements of the PSE. The rules governing the exemption of the Rights Offer from the registration requirements of the SRC require that the Joint Lead Underwriters do not receive any remuneration or compensation, in connection with the Rights Offer. The Company and the Joint Lead Underwriters have entered into the Underwriting Agreement, which is subject to certain conditions and may be subject to termination by the Joint Lead Underwriters if certain circumstances, including force majeure, occur on or before the Offer Shares are listed on the PSE. Likewise, the Underwriting Agreement is conditional on the Offer Shares being listed on or before 29 January 2021, or such later date as the Joint Lead Underwriters may agree. The termination of the Underwriting Agreement at any stage of the Offer shall render the PSE's approval as null and void and may lead to the PSE's declaration of failure of the Offer. The Company has agreed to indemnify the Joint Lead Underwriters against certain liabilities, as provided in the Underwriting Agreement.

All of the Offer Shares shall be lodged with the PDTC and shall be issued in scripless form. Investors may maintain the Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Offer Shares are listed on the PSE.

BPI Capital and China Bank Capital are duly licensed by the SEC to operate as investment houses and were licensed by the SEC to engage in underwriting or distribution of securities to the public in 1994 and 2015, respectively. Except for BPI Capital, the Joint Lead Underwriters do not have direct relationship with the Company in terms of share ownership by their respective major stockholder/s and do not have any right to designate or nominate a member of the Board. BPI Capital Corporation is a wholly-owned subsidiary of the Bank of the Philippine Islands ("BPI"). ACEN's parent company, ACEIC, and BPI are affiliated companies, each with Ayala Corporation as a major shareholder.

BPI Capital

BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December of 1994, BPI Capital is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. As of 30 September 2020, BPI Capital had total assets of ₱3.8 billion in consolidated resources and capital, respectively. It has an authorized capital stock of ₱1.0 billion, of which approximately ₱506.4 million represents its paid-up capital.

China Bank Capital

China Bank Capital, a subsidiary of China Banking Corporation, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, securitizations, initial and follow-on public offerings, and private equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Banking Corporation's investment banking group, which was organized in 2012.

DIVIDENDS

Overview

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. "Unrestricted Retained Earnings" refer to "the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends." The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Dividend Policy

The declaration of dividends in the future will depend upon the earnings, cash flow, financial condition of the Company, and other factors.

On 18 August 2020, the Board of Directors in its regular meeting approved, among others, the following: (1) the declaration of cash dividends of ₱0.04 per share on the 13,692,457,210 issued and outstanding shares of the Company, or a total dividend amount of ₱547,698,288.00 to be paid on or before 17 September 2020 to stockholders of record as of 3 September 2020; and (2) the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on 1 January 2021 ("Regular Dividends"). On 11 November 2020, the Board amended this dividend policy to include the Board's discretion, exercised reasonably, to approve the declaration and payment of special dividends over and above the Regular Dividends. See section on "***Recent Developments***" on page 23 of this Prospectus.

The following table summarizes the dividends previously declared and paid by ACEN for the past five years:

Date of Declaration	Record Date	Payment Date	Rate in ₱
18 August 2020	3 September 2020	17 September 2020	0.04/Share
28 February 2018	14 March 2018	5 April 2018	0.04/Share
3 March 2017	17 March 2017	31 March 2017	0.04/Share
16 December 2016	4 January 2017	16 January 2017	0.04/Share
23 February 2016	9 March 2016	23 March 2016	0.04/Share

DETERMINATION OF OFFER PRICE

The Offer Shares will be offered at an Offer Price of ₱2.37 per Offer Share.

The Offer Price has been determined based on the Valuation Report in respect of ACEN's Shares in the ACEIC Philippine Transaction. The Offer Price was set to enable Eligible Shareholders and Institutional Investors to participate in the Offer at such terms aligned with the issuance of Common Shares in the ACEIC Philippine Transaction.

As of Pricing Date, the Offer Price represents a discount of 73.5% from the closing price and a discount of 48.2% from the 180-day VWAP for each of the 180 consecutive trading days immediately prior to (and including) the Pricing Date of the Company's Common Shares traded on the PSE. As of Pricing Date, the closing price and the 180-day VWAP of the Company's Common Shares are ₱8.9500 and ₱4.5763, respectively.

Trading volumes on the PSE have historically been significantly smaller than other major securities markets in more developed countries and have also been highly volatile. There can be no assurance that an active market for the Offer Shares will develop following the Offer or if developed, that such market will be sustained.

The price at which the Offer Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

DILUTION

The net tangible book value of the Company as of 30 September 2020 post ACEIC Philippine Transaction was ₱1.39 per Share. Net book value represents the amount of the Company's total assets less its total liabilities and non-controlling interests.

Upon receipt of the estimated approximately ₱5.32 billion net proceeds of the Offer and the issuance of a total of 2,267,580,434 new Common Shares pursuant to the Offer, the Company's pro-forma net book value would be ₱1.53 per Share. This represents an increase of ₱0.13 per Share for existing holders of Common Shares.

With respect to the ACEIC International Transaction, in the event that the Company does not (a) secure the waiver of preemptive rights by the shareholders or (b) the amendment of the Articles of Incorporation to increase the number of shares not subject to preemptive rights in relation to an exchange for property needed for corporate purposes, the Company will provide an opportunity for all shareholders to subscribe to new shares in the Company proportionate to their respective shareholding in the Company as at the date prior to the execution of the ACEIC International Transaction.

The following table illustrates the calculation of the net book value per Share before and after the Offer based on pro-forma FS:

	Post ACEIC Philippine Transaction	Post ACEIC International Transaction
Net book value as of 30 September 2020 (a)	₱19.10 billion	₱55.02 billion
Issued and outstanding Common Shares as of 30 September 2020 (b)(pro-forma net of buy backs until 30 September 2020)	13.69 billion	30.38 billion
Net book value per Common Share as of 30 September 2020 (c)[1]	₱1.39	₱1.81
Pro-forma net book value after the Offer (d) [2]	₱24.41 billion	₱60.34 billion
Issued and outstanding Common Shares after the Offer (e)	15.96 billion	32.65 billion
Pro-forma net book value per Common Share after the Offer (f) [3]	₱1.53	₱1.85
Increase (decrease) per share to existing shareholders attributable to the Offer[4]	₱0.13	₱0.04

[1] Computed by dividing (a) by (b)
[2] Based on the Company's net book value as computed in (a) and adding the net proceeds of the Offer
[3] Computed by dividing (d) by (e)
[4] Computed by subtracting (c) from (f)

Taking into account the share buyback transactions as of the date of this Prospectus, prior to the issuance of the First SEC Approval, ACEIC held 4,990,260,640 Common Shares or 66.47% of issued and outstanding Common Shares of the Company, while public shareholders held 2,136,543,834 Common Shares, representing 28.46% of the Company's issued and outstanding Common Shares. Following the issuance of the First SEC Approval on 22 June 2020, ACEIC acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction, with effective date as at 9 October 2019. In accordance with the sequential listing rule of the PSE, the Common Shares issued by the

Company pursuant to the ACEIC Philippine Transaction must be listed on the PSE prior to the listing of the Offer Shares. On 18 December 2020, the PSE issued the Notice of Approval approving the listing application of up to 8,452,762,722 Common Shares comprised of (i) 6,185,182,288 Common Shares issued by the Company pursuant to the ACEIC Philippine Transaction and (ii) up to 2,267,580,434 Common Shares pursuant to the Offer, subject to the fulfilment of the conditions in the Notice of Approval.

As of 8 January 2021, ACEIC held 81.62%, while public shareholders held 15.60% of the 13,692,457,210 issued and outstanding Common Shares of the Company. This Rights Offer provides Eligible Shareholders the opportunity to increase their shareholding percentage in the Company following the ACEIC Philippine Transaction. ACEIC has advised the Company that ACEIC will not participate in the Rights Offer in order to provide maximum availability of Rights Shares to minority Eligible Shareholders, but will have the option (without any obligation) to participate in the Institutional Offer following the Second Round of the Rights Offer on the same terms as other Institutional Investors. After the Offer, without any participation of ACEIC, ACEIC's ownership is expected to decrease to 70.02%, while the public shareholders' ownership is expected to increase to 25.45%.

The following table sets forth the shareholdings and percentage of Common Shares outstanding of the existing shareholders of the Company immediately after completion of the ACEIC Philippine Transaction and immediately after the completion of the Offer:

	Pre ACEIC Philippine Transaction As of the date of this Prospectus		**Post ACEIC Philippine Transaction As of the date of this Prospectus**		**Post Offer[2]**		**Post ACEIC International Transaction[3]**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
ACEIC	4,990,260,640	66.47%	11,175,442,928	81.62%	11,175,442,928	70.02%	27,861,243,461	85.34%
Public	2,136,543,834	28.46%	2,136,543,834	15.60%	4,061,358,099	25.45%	4,061,358,099	12.44%
Others[1]	380,470,448	5.07%	380,470,448	2.78%	723,236,617	4.53%	723,236,617	2.22%
Total	**7,507,274,922**	**100.00%**	**13,692,457,210**	**100.00%**	**15,960,037,644**	**100.00%**	**32,645,838,177**	**100.00%**

[1] Comprised of the shares held by Bulacan Power Generation Corporation, PHINMA Jumbo Retirement Fund, Directors, and Officers, and assumes they subscribe to their entitlements.
[2] Assuming all Offer Shares are purchased by public and other shareholders.
[3] Assuming there are no changes to the shareholdings and that all other assumptions in this table are unchanged.

CAPITALIZATION

The following table sets forth ACEN's noncurrent liabilities and equity as of 30 September 2020.

For the purposes of making adjustments to the table below with respect to the Offer, the Company estimates that it will receive net proceeds of up to ₱5,316.03 million from the sale of 2,267,580,434 Offer Shares in the Offer.

The Offer and amounts in the table below are conditioned on the listing of the Offer Shares on the facilities of the PSE, which is set on 29 January 2021.

The table should be read in conjunction with the Company's 30 September 2020 unaudited interim condensed consolidated financial statements and pro forma condensed consolidated financial information as at 30 September 2020, included in this Prospectus beginning on page F-1. Other than as described below, there has been no material change in the Company's capitalization since 30 September 2020.

	Actual as of 30 September 2020 (Unaudited)	Pro-forma as of 30 September 2020 (Unaudited)	After giving effect to the Offer (Unaudited)[1]
		(in ₱ millions)	
Noncurrent Liabilities			
Long-term loans - net of current portion	23,384	23,384	23,384
Lease liabilities - net of current portion	1,589	1,589	1,589
Pension and other post-employment benefits	80	80	80
Deferred income tax liabilities – net	91	94	94
Other noncurrent liabilities	2,010	1,887	1,887
Total Noncurrent Liabilities	27,154	27,034	27,034
Equity			
Capital stock	₱13,707	₱30,393	₱32,660
Additional paid-in capital	8,606	41,478	44,531
Other equity reserve	(7,346)	(20,975)	(20,975)
Unrealized fair value gains (losses) on equity instruments at FVOCI	(8)	(8)	(8)
Unrealized fair value losses on derivative instrument designated under hedge accounting	(146)	(146)	(146)
Remeasurement gains (losses) on defined benefit plan	(7)	(7)	(7)
Accumulated share in other comprehensive loss of a joint venture	(3)	(3)	(3)
Retained earnings	4,349	4,349	4,344
Treasury shares	(56)	(56)	(56)
Total equity attributable to equity holders of Parent Company	19,096	55,024	60,340
Non-controlling interests	1,322	41,388	41,388
Total Equity	20,418	96,412	101,727
TOTAL NON-CURRENT LIABILITIES AND EQUITY	₱47,572	₱123,446	₱128,762

1 The estimated expenses exclude underwriting fees and commissions payable in connection with the Institutional Offer.

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

*The following discussion of the Company's financial results should be read in conjunction with the Company's consolidated financial statements as of and for the period ended 31 December 2019, 2018, 2017 and 2016 and interim condensed consolidated financial statements as of 30 September 2020 and for the nine-month periods ended 30 September 2020 and 2019 and notes thereto contained in the section entitled "**Financial Information**" and elsewhere in this Prospectus.*

Due to the incorporation of the effect of common control business combination in the Company's interim condensed consolidated financial statements as of 30 September 2020 and for the nine-months ended 30 September 2020, the Company restated its consolidated balance sheet as of 31 December 2019 presented as comparative in the interim condensed consolidated financial statements as of 30 September 2020. See Note 3 of the Company's interim consolidated financial statements included elsewhere in this Prospectus for more details.

*This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "**Risk Factors**" and elsewhere in this Prospectus.*

For the Nine Months Ended 30 September 2020 vs the year ended 31 December 2019, as restated

The Company posted consolidated net income attributable to parent amounting to ₱2,935.10 million for the period ended 30 September 2020 compared to ₱229.57 million restated net loss in the same period last year.

The tables below summarize the consolidated results of operations of ACEN's revenues, costs and expenses for the period ended 30 September 2020 and 2019.

	July-Sept		**Jan-Sept**		**July-Sept**		**Jan-Sept**	
In ₱ thousands	**2020**	2019	**2020**	2019	**Inc (Dec)**	%	**Inc (Dec)**	%
				Unaudited				
Revenue from sale of electricity	**5,262,547**	3,482,281	**15,150,025**	11,792,651	**1,780,266**	51	**3,357,374**	28
Dividend income	**-**	17,823	**-**	25,408	**(17,823)**	(100)	**(25,408)**	(100)
Rental income	**8,590**	45,485	**71,663**	46,862	**(36,895)**	(81)	**24,801**	53
Other revenue	**7,134**	-	**26,589**	-	**7,134**	-	**26,589**	100

- The increase in **revenue from sale of electricity** for the nine-month period ended September 30, 2020 vs. last year was primarily due to the higher energy sales from the Parent Company's power supply business as a result of the new contracts. The Group also recognized additional revenues from the consolidation of newly acquired entities and feed-in tariff ("FIT") adjustment.
- No **dividend income** was received for the nine-month period ended 30 September 2020.
- **Rental Income** increased for the nine-month period ended September 30, 2020 vs. last year due to the rental income contribution from entities acquired as a result of the asset swap with ACEIC. However, the decline in July to September 2019 rental income vs. same period last year was mainly driven by the acquisition of Islasol and Sacasol in March 2020 which resulted to elimination of intercompany rental income.
- **Other revenue** consists of management fees earned by ACEN from its associate and bulk water sales which were only recognized starting 2020.

Costs and Expenses

In ₱ thousands	**July-Sept 2020**	July-Sept 2019	**Jan-Sept 2020**	**Jan-Sept 2019**	**July-Sept Inc(Dec)**	%	**Jan-Sept Inc (Dec)**	%
				Unaudited				
Cost of sale of electricity	**3,741,547**	3,396,245	**10,147,543**	11,695,223	**345,302**	10	**(1,547,600)**	(13)
General and administrative	**446,628**	152,936	**1,277,649**	434,001	**293,692**	192	**843,648**	194

- With the favorable increase in energy sales, **cost of sale of electricity** for the nine-month period ended September 30, 2020 still managed to decrease as compared to the nine-month period ended September 30, 2019 due to lower WESM prices especially during the first half of 2020 compared to same period in 2019. However, cost of sale of electricity for the third quarter of 2020 increased versus 2019 corresponding to higher energy sales.
- **General and administrative expenses** increased due to personnel integration-related expenses, management fees paid to ACEIC, taxes on borrowings and provision for oil spill expenses before insurance recovery.

Other Income and Expenses

In ₱ thousands	**July-Sept 2020**	**July-Sept 2019**	**Jan–Sept 2020**	**Jan–Sept 2019**	**July-Sept Inc (Dec)**	%	**Jan-Sept Inc (Dec)**	%
				Unaudited				
Interest & other finance charges	**(456,420)**	(362,449)	**(1,364,215)**	(598,288)	**93,971**	26	**765,927**	**128**
Other Income	**228,402**	591,065	**564,725**	642,494	**(362,663)**	(61)	**(77,769)**	**(12)**
Equity in net income (loss) of Associate and joint ventures	**146,657**	54,284	**485,191**	(5,751)	**92,373**	170	**490,942**	**(8,537)**

- **Interest and other finance charges** is higher due to availment of new long-term and short-term loans from November 2019 to the first quarter of 2020. This was also driven by higher interest accretion on lease liabilities with additional lease contracts consolidated in the group following the asset swap with ACEIC as well as new contracts entered from last quarter of 2019.
- Higher **equity in net income of associates and JV** was posted in the third quarter of 2020 compared to same period last year mainly attributed to income contribution from PWHC with the transfer of indirect interest from ACEIC through asset swap together with acquisition of PINAI's interest in February 2020.
- **Other income** included fees for services rendered during the first quarter of 2020 as well as gain from foreign currency transactions. However, other income in 2019 is higher than 2020 attributed to the collection of SLTEC's business interruption insurance claims and gain from sale of assets.

Provision for income tax

In ₱ thousands	July-Sept 2020	July-Sept 2019	Jan–Sept 2020	Jan–Sept 2019	July-Sept Inc (Dec)	%	Jan–Sept Inc (Dec)	%
	Unaudited							
Current	**28,091**	54,487	**178,483**	69,617	**(26,396)**	(48)	**108,866**	**156**
Deferred income tax	**27,581**	(114,651)	**308,828**	(78,484)	**142,232**	124	**387,312**	**493**

- The increase in **provision for income tax - current** was due to higher consolidated taxable income for the nine-month period ended 30 September 2020 which was attributable to higher revenue but lower cost of sales.
- **Provision for deferred income tax** in the third quarter of 2020 was higher due to the reversal of deferred tax assets on NOLCO.

Material changes in Consolidated Statements of Financial Position accounts

ASSETS *In ₱ thousands*	**September 2020**	**December 2019**	**Increase (Decrease)** Amount	%
	Unaudited			
Current Assets				
Cash and cash equivalents	**6,342,176**	9,593,248	(3,251,072)	(34)
Short-term deposits	**-**	100,000	(100,000)	(100)
Receivables	**5,831,502**	3,122,386	2,709,116	87
Fuel & spare parts at cost	**1,337,289**	938,459	398,830	42
Current portion of:				
Input VAT	**479,565**	186,337	293,228	157
Creditable withholding taxes	**205,471**	179,007	26,534	15
Other current assets	**500,471**	212,819	287,652	135
Assets held for sale	**-**	3,546	(3,546)	(100)
Noncurrent Assets				
Plant, property and equipment	**30,881,631**	25,438,929	5,442,702	21
Investments and advances	**6,384,183**	2,534,102	3,850,081	152
Financial assets at FVOCI	**1,251**	533,137	(531,886)	(100)
Goodwill and other intangible assets	**2,576,998**	441,077	2,135,921	484
Deferred income tax assets – net	**436,511**	653,923	(217,412)	(33)
Input VAT- noncurrent	**1,026,026**	372,917	653,109	175
Right of use asset	**2,133,581**	951,750	1,181,831	124
Other noncurrent assets	**3,780,848**	2,401,613	1,379,235	57

- Decrease in **cash and cash equivalents** was due to various expenditures for development projects and new investments including strategic acquisitions.
- Decrease in **short term investments** was due to redemption of time deposit of the Parent Company.
- Increase in **receivables** mainly attributed to the approval of the price adjustment for a power supply contract and accrual of additional revenue from FIT adjustment.

- **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with ACEN's purchases of bunker fuel which are not yet consumed as of 30 September 2020.
- Increase in **current portion of input VAT** is mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured by the Parent Company.
- **Creditable withholding tax** went up due to improvement in collection of ACEN's receivable from retail customers and unutilized CWT.
- **Other current assets** increased primarily due to SLTEC's prepayments of taxes and insurance as well as advances to contractors. Acquisition of Islasol and Sacasol also contributed to the increase of the Group's current assets.
- **Assets held for sale** was reclassified back to plant, property and equipment as management has no more intention of selling the asset of OSODC.
- **Plant, property and equipment** rose with the consolidation of Islasol's and Sacasol's fixed assets.
- **Investments and advances** increased mainly due to investment in PWHC.
- **Financial assets at FVOCI** decreased due to conversion of Islasol and Sacasol to subsidiary when ACEN acquired shares in March 2020.
- **Goodwill & other intangible assets** increased mainly as a result of acquisition of Islasol and Sacasol.
- Despite the increase of **deferred tax asset** from acquisition of Islasol and Sacasol, deferred tax asset of the Group went down mainly due to the application of the Parent Company's NOLCO in current year taxable income.
- **Input Vat non-current** increased due to reclassification of input VAT of non-operating subsidiaries to non-current.
- **Right-of-use asset** increased with the consolidation of Islasol's and Sacasol's leased properties.
- **Other non-current assets** increased primarily due to non-current portion of receivable from FIT adjustment as well as various advances to contractors for the ongoing project developments.

	September 2020	**December 2019**	**Increase (Decrease)**	
			Amount	**%**
In ₱ thousands	**Unaudited**			
Current Liabilities				
Accounts payable and other current liabilities	**7,040,072**	4,294,290	2,745,782	64
Short-term loans	**7,042,209**	3,556	7,038,653	197,937
Due to stockholders	**21,685**	16,594	5,091	31
Income and withholding taxes payable	**75,875**	41,208	34,667	84
Current portion of lease liability	**258,347**	128,796	129,551	101
Current portion of long-term loans	**745,474**	593,847	151,627	26
Noncurrent liabilities				
Pension & other employment benefits	**79,959**	60,503	19,456	32
Long-term loans – net of current portion	**23,384,152**	22,325,599	1,058,553	5
Lease liability	**1,588,670**	852,742	735,928	86
Deferred tax income liabilities – net	**91,008**	350,487	(259,479)	(74)
Other noncurrent liabilities	**2,009,877**	3,289,902	(1,280,025)	(39)
Equity				
Capital stock	**13,706,957**	7,521,775	6,185,182	82
Additional paid in capital	**8,606,494**	83,768	8,522,726	10,174

Other equity reserve	**(7,346,223)**	5,561,480	(12,907,703)	(232)
Unrealized FV gains on equity instruments at FVOCI	**(8,129)**	(96,584)	(88,455)	(92)
Remeasurement losses on defined Benefit plan	**(7,034)**	9,254	(16,288)	(176)
Unrealized fair value losses on Derivative instruments designated under hedge accounting	**(146,122)**	(14,742)	131,380	891
Accumulated comprehensive income of JV & associates	**(2,723)**	(2,107)	616	29
Retained earnings	**4,348,963**	3,296,295	1,052,668	32
Treasury shares	**(56,361)**	(27,704)	28,657	103
Non-controlling interests	**1,322,394**	248,584	1,073,810	432

- **Accounts payable and other current liabilities** went up mainly driven by the increase in payables to contractors of SolarAce1, increase in deferred output tax from higher sales and derivative liabilities from hedging contracts. Consolidation of Islasol and Sacasol also contributed to the increase in accounts payable and other current liabilities.
- **Short term loans** went up mainly from short term loans from affiliate AC Renewables International Pte. Ltd. and HSBC and short-term loans from acquisition of Islasol.
- **Due to stockholders** increased from the declaration of dividend from MSPDC.
- Increase in **income and withholding taxes payable** was mainly due to accrual of income tax expense of several subsidiaries and higher tax withheld from purchases.
- **Current portion of lease liability** increased due to acquisition of Islasol and Sacasol.
- **Current portion of long-term loans** increased due to NPDC's availment of loans from BPI.
- **Pension & other employment benefits** increased due to accrual of retirement expense for the nine-month period.
- **Long-term loans - net of current portion** increased due to the new loans availed by ACEN to fund new investments.
- **Lease Liability-net of current portion** increased as a result of acquisition of Islasol and Sacasol.
- The decrease in the **deferred income tax liabilities** of Islasol and Sacasol contributed to the increase in deferred tax liability of the Group.
- Decrease in **other non- current liabilities** was mainly attributed to reclassification from noncurrent to current of the amount payable to Axia Power.
- **Capital stock and additional paid in capital** increased from the issuance of common stock for the share swap agreement with ACEIC Common Shares equivalent to 6,185,182,288 at ₱2.37 per Share were issued in exchange for ACEIC's interest in various domestic entities.
- The decrease in **other equity reserve** is also from the result of share swap transaction with ACEIC.
- The decrease in **unrealized FV gains on equity instruments in FVOCI** was due to adjustments from the share swap transaction with ACEIC.
- **Unrealized fair value losses on derivative instruments designated under hedge accounting increased** with accrual of additional losses in derivative contracts.
- The increase in **accumulated comprehensive loss/income of JV and associates** was a result in the adjustment made in the MGI 2019 comprehensive income.
- **Remeasurement losses on defined benefit plan** decreased as a result of elimination of the balance from NPDC related to the share swap agreement.
- **Retained earnings** increased as a result of the net income earned for the period ending 30 September 2020.
- **Treasury shares** increased due to redemption of shares for the period.
- **Non-controlling interests** increased due to the 40% investment of ThomasLloyd to Islasol.

__Key Performance Indicators__

The key performance indicators of ACEN and its majority owned subsidiaries, as consolidated, are the following:[2]

Key Performance Indicators	Formula	Sept 2020 Unaudited	Dec 2019 Restated	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	0.97	2.82	(1.85)	(66)
Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	0.80	2.52	(1.72)	(68)
Solvency Ratios					
Asset-to-equity ratio	Total assets / Total equity	3.07	2.93	0.14	5
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	3.57	1.01	2.56	253
Net Bank Debt to Equity Ratio	Short & long term loans - Cash & cash equivalents / Total equity	1.22	0.80	0.42	53

Key Performance Indicator	Formula	Sept 2020 Unaudited	Sept 2019 Unaudited	Increase (Decrease)	
				Difference	**%**
Profitability Ratios					
Return on equity	Net income after tax attributable to equity holders* / Average stockholder's equity	22.09%	(2.51%)	24.60	(980)
Return on assets	Net income after taxes* / Average total assets	7.24%	(0.92%)	8.16	(887)

[2] Annualized

Key Performance Indicator	Formula	Sept 2020 Unaudited	Sept 2019 Unaudited	Increase (Decrease)	
				Difference	%
Asset turnover	Revenues / Average total assets	27.40%	37.54%	(10.14)	(27)

Current ratio & Acid test ratio
Current ratio & acid test ratio dropped due to the increase in current liabilities primarily from short-term loans and accounts payables.

Interest coverage ratio
The increase in interest coverage ratio was brought about by higher net income before interest and tax for the period ending 30 September 2020 compared to net loss reported in the same period last year.

Net bank debt to equity ratio
Net debt equity ratio increased due to additional loans in 2020.

Return on equity and assets
Return on equity and assets went up this year as the Company registered net income in the first three quarters of the year compared to net loss reported in the same period last year.

Asset turnover
Asset turnover decreased primarily due to significant increase in assets resulting from acquisitions of Islasol and Sacasol.

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- There were no material events that had occurred subsequent to the balance sheet date except for the event after the reporting period disclosed in Note 33 of the Interim Condensed Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in Balaoi Wind Project and Renewable Energy Lab Project. Refer to Annex A or Notes to the Financial Statements for the details.
- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
  - The results of operations of the Company and its subsidiaries depend, to a significant extent, on the performance of the Philippine economy.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and low demand brought about by the community quarantines have driven market prices of electricity downward, resulting in lower margins.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.
- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way - Material to the Company's liquidity and profitability is the negotiations to reduce supply costs. The Company is also pursuing customer contracts at higher prices from both the retail and wholesale

markets. The Company has identified low-earning assets and have offered these in the market. The Company is also looking at cost optimization and reduction in operating expenses at the plant level as well as head office.

- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations. There were no operations subject to seasonality and cyclicality except for the operation of wind farms. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

For the Years Ended 31 December 2019[3] vs 2018

The Company posted consolidated net loss amounting to ₱416.90 million for the calendar year ended 31 December 2019 compared to ₱593.16 million net loss in the same period last year.

The tables below summarize the consolidated results of operations of ACEN's revenues, costs and expenses for the calendar year ended 31 December 2019 and 2018.

On 10 July 2019, ACEIC and Axia Power signed a share purchase agreement where ACEIC has the right to purchase Axia Power's 20% interest in SLTEC. ACEIC assigned the right to ACEN who accounted for the business combination using the pooling of interests method which resulted in the consolidation of SLTEC from 1 July 2019.

Revenues

In ₱ thousands	2019	2018	Inc (Dec)	%
	Audited			
Dividend income	7,585	9,117	(1,532)	-17%
Rental income	1,359	674	685	102%

<u>Dividend income</u>
Lower dividend income was recognized from the Company's various investments in 2019 as compared to the same period last year.

<u>Rental income</u>
Increased as a result of new rental contract entered into by the Parent Company.

[3] The discussion presented below refers to the financial information for the years ended 31 December 2019 and 2018, prior to restatement.

Other Income and Expenses

In ₱ thousands	2019	2018	Inc (Dec)	%
	Audited			
Interest & other financial charges	(881,963)	(433,649)	(448,314)	103%
Equity in net earnings of associates & JV	(24,461)	532,460	(556,921)	-105%
Others income – net	716,053	120,252	595,801	495%
Claims for business interruption	236,306	10,167	226,139	2224%
Interest & other financial income	107,602	96,851	10,751	11%
Gain (loss) on sale of:				
Property and equipment	294,100	254	293,846	115687%
Asset held for sale	14,289	-	14,289	-
Fly ash and scrap	13,226	-	13,226	-
Investment	1,375	5,834	(4,459)	-76%
Inventory	(461)	-	461	-
Recovery of costs from third party	-	28,626	(28,626)	-
Foreign exchange gain (loss)	12,330	29,329	(16,999)	-58%
Loss on derivatives – net	(6,851)	(15,056)	8,205	-54%
Provision for unrecoverable input tax	-	(43,712)	43,712	-
Others	44,137	7,959	36,178	455%

Interest and other finance charges

2019 interest and other finance charges increased compared to 2018 due non-cash PFRS 16 lease adjustments and interest on the new ₱5 billion loan.

Equity in net earnings of associates and JV

The Parent Company picked up its 45% share in the net loss of SLTEC from January to June 2019 compared to a full year equity method of accounting for SLTEC which earned income in 2018.

Other income – net

Went up due to the combined effects of the following:

- Claims for business interruption from SLTEC was recorded.
- Increase in interest and other financial income due to higher level of investments.
- Gain realized from the sale of property and equipment, asset held for sale, fly ash, scrap and investment, offset by loss on disposal of inventory.
- Lower YTD foreign exchange gain on foreign-currency denominated deposits due to depreciation of peso in 2019.
- Lower loss on derivatives in 2019 as compared to 2018.
- No provision for unrecoverable input tax recorded in 2019 as compared in 2018.
- Others pertains to reimbursement of feasibility cost, reversal of outstanding payables, refund of excess business taxes paid, and oil hauling and disposal.

Provision for (benefit from) income tax

In ₱ thousands	2019	2018	Inc (Dec)	%
		Audited		
Current	68,673	20,699	47,974	232%
Deferred income tax	(217,492)	150,904	(368,396)	(244%)

Provision for income tax - current
Increased due to higher consolidated taxable income in the calendar year ended 31 December 2019.

Provision for deferred income tax
Due to the tax effect of deferred revenue and recognition of deferred tax asset on NOLCO with the expected taxable income in future years.

Material changes in Consolidated Statements of Financial Position accounts

The material changes in the consolidated statement of financial position accounts were mainly due to the consolidation of SLTEC. Also on 12 December 2019, the Parent Company entered into a subscription agreement with BCHC to subscribe to the increase in authorized capital stock of BCHC.

ASSETS

In ₱ thousands	2019	2018	Inc (Dec)	%
	Audited			
Current Assets				
Cash and cash equivalents	8,581,663	1,022,366	7,559,297	739%
Short-term investments	100,000	35,326	64,674	183%
Financial assets at fair value through				
profit and loss	-	743,739	(743,739)	-
Fuel & spare parts - at cost	855,275	413,673	441,602	107%
Current portion of				
Input tax	148,318	26,332	121,986	463%
Creditable withholding tax	123,700	79,443	44,257	56%
Other current assets	139,915	182,766	(42,851)	-23%
Asset held for sale	3,546	34,328	(30,782)	-90%
Noncurrent Assets				
Property, plant and equipment	21,564,260	5,760,963	15,803,297	274%
Investments and advances in associates and joint ventures	723,165	4,322,684	(3,599,519)	-83%
Financial assets at fair value through				
other comprehensive income	1,251	257,995	(256,744)	-100%
profit and loss	-	5,452	(5,452)	-
Goodwill and intangible assets	280,193	320,219	(40,026)	-12%
Deferred income tax assets - net	612,546	261,346	351,200	134%
Right of use asset	524,936	-	524,936	-
Net current portion of creditable				
withholding tax	860,026	704,726	155,300	22%
Other noncurrent assets	2,124,748	1,777,202	347,546	20%

Cash and cash equivalents, short-term investments and financial assets at fair value through profit and loss
The Consolidated Statements of Cash Flows detail the material changes of these accounts.

Fuel and spare parts
Aside from the effect of SLTEC consolidation, fuel and spare parts inventory went down due to decrease in fuel purchases.

Input VAT
Higher due to increase in purchases subject to VAT.

Creditable withholding taxes – current portion
Higher balance brought about by lower income tax due.

Other current assets
Decreased primarily due to the return of deposit receivable as a result of the expiration of certain contracts.

Asset held for sale
Lower due to the sale of the Guimaras Power Plant.

Investments and advances and financial assets at fair value through other comprehensive income
Decreased due to the sale of the shares of stock held by the Company and as a result of SLTEC consolidation.

Property, plant and equipment
The effect of consolidation of SLTEC and BCHC.

Goodwill and intangible assets
Decrease brought about by the provision for probable losses in a geothermal service contract.

Deferred income tax assets
Increased mainly due to the recognition of deferred tax asset on NOLCO and reversal of deferred tax asset on deferred income.

Right of use asset
Reported as a result of the application of PFRS 16.

Creditable withholding taxes - noncurrent
Increased due to withholding from customers. Also, the Parent Company has no income tax payments for the calendar year ended 31 December 2019.

Other non-current assets
Increased due to subscriptions to Ingrid and SolarAce1 to finance initial construction requirements.

LIABILITIES AND EQUITY In ₱ thousands	**2019**	**2018**	**Inc (Dec)**	**%**
	Audited			
Current Liabilities				
Accounts payable and other current liabilities	3,787,713	2,269,398	1,518,315	67%
Income and withholding taxes payable	41,208	11,762	29,446	250%
Current portion of lease liability	33,542	-	33,542	

				-
Current portion of long-term loans	593,847	265,460	328,387	124%
Short-term loan	-	400,000	(400,000)	-
Noncurrent Liabilities				
Long-term loans - net of current portion	20,192,081	6,071,473	14,120,608	233%
Lease liabilities - net of current portion	526,029	-	526,029	-
Pension & other employee benefits	60,503	40,246	20,257	50%
Deferred income tax liabilities – net	187,624	95,180	92,444	97%
Other noncurrent liabilities	3,176,846	1,383,077	1,793,769	130%
Equity				
Capital Stock	7,521,775	4,889,775	2,632,000	54%
Other equity reserve	(2,342,103)	18,338	(2,360,441)	-12872%
Unrealized fair value gains on equity instruments at FVOCI	(8,129)	59,772	(67,901)	-114%
Unrealized fair value losses on derivative instrument designated under hedge Accounting	(14,742)	-	(14,742)	-
Remeasurement losses on defined benefit plan	(7,034)	536	(7,570)	-1412%
Retained earnings	2,922,514	3,303,708	(381,194)	-12%
Non-controlling Interests	2,978,580	45,450	2,933,130	6454%

Accounts payable and other current liabilities
Higher due to increase in purchases on account and includes the current portion of payable to Axia Power.

Income and withholding taxes payable
Increased mainly due to higher tax withheld from purchases.

Current and noncurrent lease liability
Recognized due to the application of PFRS 16.

Short-term loan
Decreased due to the prepayment and amortization of loans.

Long-term loans – current and noncurrent
Increase due to the ₱5 billion loan availed in November and balance of SLTEC loan.

Pension and other employee's benefits
Increased due to the accrual of retirement expense for the period.

Deferred tax liabilities - net
Higher due to the tax effect of the recognition of right of use asset as a result of the application of PFRS 16.

Other noncurrent liabilities
Increase brought about by the purchase of 20% interest of Axia Power from SLTEC on account.

Capital stock
Increased due to the capital infusion of the majority stockholder.

Other equity reserve and non-controlling interests
Due to the effect of the consolidation of SLTEC.

Unrealized fair value gains on equity instruments at FVOCI
Decreased due to the disposal of the shares of stocks held by the Company.

Unrealized fair value losses on derivative instrument designated under hedge accounting
The Parent Company entered into a contract on hedging. Amount pertains to ineffective portion of the hedge.

Remeasurement losses on defined benefit plan
Losses recorded in 2019 as compared to gain in 2018.

Retained earnings
Went down due to net loss incurred during the period and the impact of the initial application of PFRS 16.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

KPI	Formula	31-Dec-19	31-Dec-18	Increase (Decrease)	
				Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	2.84	1.74	1.10	63
Acid test ratio	Cash + Short-term investments + Receivables + Other liquid assets (Financial Assets) at FVTPL / Current liabilities	2.55	1.49	1.06	71
Solvency Ratios					
Debt to Equity ratio	Total Liabilities / Total Equity	2.58	1.26	1.32	105
Asset to Equity ratio	Total Assets / Total Equity	3.58	2.26	1.32	58
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	0.36	0.03	0.33	1,100
Net debt to equity ratio	Debt - Cash & cash equivalents, short-term investments & financial assets at FVTPL / Total equity	1.80	1.05	0.75	71

KPI	Formula	31-Dec-19	31-Dec-18	Increase (Decrease)	
				Difference	%
Profitability Ratios					
Return on equity	Net income after taxes / Average stockholder's equity	-4.28%	-6.77%	2.49	(37)
Return on assets	Net income after taxes / Average total assets	-1.42%	-2.99%	1.57	(53)
Asset turnover	Revenues / Average total assets	52.20%	76.22%	(24.02)	(32)

Current ratio and Acid test ratio
Increased due to the higher cash & cash equivalents provided by the issuance of capital stock. On the other hand, current liabilities increased by 51% due to increase in purchases on account and taxes payable.

Debt to equity ratio and Asset to equity ratio
Increased due to higher total liabilities and total assets tempered by 33% increase in equity resulting from issuance of new shares of stock.

Interest coverage ratio
Went up due to net income before interest.

Net debt to equity ratio
Increased due to the additional ₱5 billion loan availed in November 2019.

Return on equity and assets
Went up due to lower net loss incurred in 2019.

Asset turnover
Went down as revenues increase by 1% while average total assets increased by 48%.

Material events and uncertainties

i. There were no events that trigger direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

ii. There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

iii. Except as disclosed in Note 40 Events after the Reporting Period of the Audited Consolidated Financial Statements, there were no other material events that had occurred subsequent to the balance sheet date.

iv. Capital expenditures are planned to rehabilitate and improve the availability and capacity of generation assets. These will be funded by internal resources.

v. Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations

- The results of operations of the Company and its subsidiaries depend, to a significant extent, on the performance of the Philippine economy.
- The current highly competitive environment and operation of priority-dispatch variable renewable energy have driven market prices of electricity downward, resulting in lower margins.
- However, limitations in the supply side and unscheduled outages of plants have driven WESM prices upwards. Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.

vi. There were no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

vii. There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.

viii. There were no operations subject to seasonality and cyclicality except for the operation of GWC's wind farm. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

For the Years Ended 31 December 2018 vs 2017

Results of Operations

The tables below summarize the consolidated results of operations of ACEN's revenues, costs and expenses for the calendar year ended 31 December 2018 and 2017.

Revenues

	For the years ended		Increase (Decrease)	
In thousands	**2018 (Audited)**	**2017 (Audited)**	Amount	%
Revenue from sale of electricity	15,113,601	17,011,044	(1,897,443)	-11%
Dividend income	9,117	8,483	634	7%
Rental income	674	706	(32)	-5%

<u>Revenue from sale of electricity</u>
The decrease was attributable to the lower energy sales from the Parent Company's power supply business as a result of the expiration of certain customer contracts.

<u>Dividend income</u>
Dividend received from the Company's various investments were higher in the calendar year 2018.

Rental income
Decreased as the Parent Company used the previously leased space for its own operations.

Costs and Expenses

In ₱ thousands	For the years ended 2018 (Audited)	2017 (Audited)	Increase (Decrease) Amount	%
Cost of sale of electricity	15,109,491	16,929,239	(1,819,748)	-11%

Costs of sale of electricity
Decreased mainly due to lower energy sales resulting in lower energy purchased. Reduction in transmission costs, repairs and maintenance, salaries and rent were also reported in 2018.

Other Income and Expenses

In ₱ thousands	For the years ended 2018 (Audited)	2017 (Audited)	Increase (Decrease) Amount	%
Interest & other finance charges	(433,649)	(513,566)	(79,917)	-16%
Equity in net income of associate & JVs	532,460	1,024,995	(492,535)	-48%
Other income – net	120,252	105,617	14,635	14%

Interest and other finance charges
Went down due to payment of the amortization of long-term loans of the Company and its subsidiary, GWC.

Equity in net income of associates and JV
Posted lower result in 2018 as compared to 2017 due to lower generation caused by unscheduled shutdowns of SLTEC during the third quarter of 2018.

Other income – net
Went up due to the combined effects of the following:

- Increase in interest and other financial income due to higher fair value gains on investments held for trading and higher level of investments.
- Higher YTD foreign exchange gain on foreign-currency denominated deposits due to depreciation of peso in 2018.
- Loss on derivatives was posted in 2018 as compared to gain on derivatives in 2017. This was primarily from forward contracts entered into in 2017 that matured in 2018.
- Gain was realized on the sale of property, plant and equipment and investment in 2018.
- Loss on sale of AFS investments in 2017 was incurred due to lower market value of shares.
- Reimbursement of expenses was collected in 2018.

Provision For (Benefit From) Income Tax

In ₱ thousands	For the years ended 2018 (Audited)	2017 (Audited)	Increase (Decrease) Amount	%
Current	20,699	72,722	(52,023)	-72%
Deferred income tax	150,904	(376,400)	527,304	140%

Provision for income tax - current
Decreased due to lower consolidated taxable income in 2018.

Provision for deferred income tax
Lower in 2018 due to the tax effect of deferred revenue and non-recognition of deferred tax asset on NOLCO in 2018.

Material changes in Consolidated Statements of Financial Position accounts

ASSETS	**As of 31 December**		**Increase (Decrease)**	
In ₱ thousands	**2018 (Audited)**	**2017 (Audited)**	**Amount**	**%**
Current Assets				
Cash and cash equivalents	1,022,366	1,300,999	(278,633)	-21%
Short-term investments	35,326	478,362	(443,036)	-93%
Investments held for trading	-	1,483,519	(1,483,519)	-100%
Financial assets at FVPTL	743,739	-	743,739	100%
Fuel & spare parts - at cost	413,673	321,525	92,148	29%
Current portion of:				
Input VAT	26,332	20,127	6,205	31%
Creditable withholding taxes	79,443	598,526	(519,083)	-87%
Other current assets	182,766	281,593	(98,827)	-35%
Assets held for sale	34,328	-	34,328	100%
Noncurrent Assets				
Property, plant & equipment	5,760,963	6,130,201	(369,238)	-6%
Investments and advances	4,322,684	4,057,602	265,082	7%
Financial assets at:				
FVOCI	257,995	-	257,995	100%
FVTPL	5,452	-	5,452	100%
Available-for-sale investments	-	293,127	(293,127)	-100%
Investments properties	13,085	50,915	(37,830)	-74%
Goodwill and other intangible assets	320,219	380,146	(59,927)	-16%
Deferred income tax assets - net	261,346	430,280	(168,934)	-39%
Noncurrent portion of creditable withholding tax	704,726	-	704,726	100%

Cash and cash equivalents, short-term investments, investments held for trading and financial assets at fair value through profit or loss
The Consolidated Statements of Cash Flows detail the material changes of these accounts.

Fuel & spare parts
Increased due to increase in fuel purchases coupled with higher fuel cost.

VAT – current portion
Increased due to higher deferred input tax.

Creditable withholding tax - current portion
The Parent Company has no taxable income in 2018 which resulted in the reclassification of its current creditable withholding taxes to noncurrent.

Other current assets
Decreased primarily due to the application of deposit receivable and reclassification from current to noncurrent.

Asset held for sale
Recognized in 2018.

Investment property
Decreased due to reclassification of the property to asset held for sale account.

Property, plant and equipment
Decreased primarily due to depreciation recorded in 2018 and collection of insurance claim.

Investments in associates and joint ventures
Increased as brought about by reclassification of investment in subsidiary (PHINMA Solar) to investment in joint venture.

Available-for-sale investments
With the implementation of PFRS 9, reclassified into *financial assets at fair value through other comprehensive income and fair value through profit or loss*. The Parent Company sold its financial assets at fair value through other comprehensive income in 2018.

Investment properties
Decreased due to the depreciation expense recorded during the year and the reclassification to asset held for sale.

Goodwill and intangible assets
Dropped due to provision for probable losses on deferred exploration costs set up in 2018.

Deferred income tax assets
Decreased mainly due to the non-recognition of deferred tax asset of NOLCO and reversal of deferred income.

LIABILITIES & EQUITY	**As of 31 December**		**Increase (Decrease)**	
In ₱ thousands	**2018 (Audited)**	**2017 (Audited)**	**Amount**	**%**
Current Liabilities				
Short-term loans	400,000	-	400,000	100%
Accounts payable and other current liabilities	2,269,398	2,758,982	(489,584)	-18%
Income and withholding taxes payable	11,762	42,308	(30,546)	-72%
Due to stockholders	16,651	15,300	1,351	9%
Current portion of long-term loans	265,460	226,949	38,511	17%

LIABILITIES & EQUITY	As of 31 December		Increase (Decrease)	
In ₱ thousands	2018 (Audited)	2017 (Audited)	Amount	%
Noncurrent liabilities				
Long-term loans - net of current portion	6,071,473	6,622,427	(550,954)	-8%
Pension & other employment benefits	40,246	36,110	4,136	11%
Deferred tax income liabilities - net	95,180	111,387	(16,207)	-15%
Other noncurrent liabilities	1,383,077	1,805,511	(422,434)	-23%
Equity				
Unrealized FV gains on equity instruments at FVOCI	59,772	-	59,772	100%
Unrealized FV gains on AFS investments	-	85,924	(85,924)	-100%
Remeasurement gains (losses) on defined benefit plan	536	(3,130)	3,666	-117%
Accumulated share in OCI of JV	(2,193)	(3,413)	1,220	-36%
Retained earnings	3,303,708	4,018,980	(715,272)	-18%
Non-controlling interests	45,450	78,110	(32,660)	-42%

Short-term loan
Availed in the third quarter of 2018.

Accounts payable and other current liabilities
Decreased due to the settlement of purchases on account and lower level of payables to SLTEC whose Unit 2 was not operating as of year-end.

Income and withholding taxes payable
Decreased mainly due to lower tax withheld at the end of 2018.

Due to stockholders
Increased as brought about by unclaimed cash dividend checks in 2018.

Long-term loans – net of current portion
Principal amounts payable within 1 year were reclassified from noncurrent to current portion

Pension and other employees' benefits
Increased due to the accrual of retirement expense in 2018.

Deferred income tax liabilities – net
Decreased due to tax effect of the depreciation of leasehold rights, and excess of cost over fair value of power plant.

Other noncurrent liabilities
Decreased due to amortization of deferred revenue in 2018.

Unrealized fair value gains on equity instruments at FVOCI and Unrealized fair value gains on AFS investments
The movements due to the initial application of PFRS 9.

Remeasurement gains (losses) on defined benefit plan
The movement was due to the actuarial gains booked in 2018.

Accumulated share in other comprehensive income of a joint venture
Decreased due to the adjustment in remeasurement loss on defined benefit plan of MGI and SLTEC.

Retained earnings
Decreased due to cash dividends paid and net loss incurred in 2018.

Non-controlling interests
Decreased due to net loss incurred in 2018.

Key Performance Indicators of the Company

The key performance indicators of ACEN and its majority owned Associates, as consolidated, are the following:

KPI	Formula	31-Dec-18	31-Dec-17	Increase (Decrease)	
				Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	1.74	2.37	(0.63)	(27)
Acid test ratio	Cash and cash equivalents + Short-term investments + Accounts Receivables + Other liquid assets (Investments held for trading and financial assets at fair value through profit or loss) / Current liabilities	1.49	1.97	(0.48)	(24)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total Equity	1.26	1.27	(0.01)	(1)
Asset to equity ratio	Total assets / Total equity	2.26	2.27	(0.01)	(0)
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	0.03	1.08	(1.05)	(97)
Net Debt to Equity Ratio	Debt - Cash & cash equivalents / Total equity	1.13	0.91	0.22	24

KPI	Formula	31-Dec-18	31-Dec-17	Increase (Decrease)	
				Difference	%
Profitability Ratios					
Return on equity	Net income after tax / Average	-6.77%	3.83%	(10.60)	(277)

KPI	Formula	31-Dec-18	31-Dec-17	Increase (Decrease)	
				Difference	%
	stockholder's equity				
Return on assets	Net income after taxes / Average total assets	-2.99%	1.68%	(4.67)	(278)
Asset turnover	Revenues / Average total assets	76.22%	82.25%	(6.03)	(7)

Current ratio & Acid test ratio
Decreased due to the 28% decrease in current assets primarily brought about by the decrease in cash & cash equivalents used in operating activities and reclassification of creditable withholding tax from current to noncurrent. Current liabilities decreased by 3% due to decrease in accounts payable, offset by the increase in current portion of long-term loans and availment of short-term loan in 2018.

Debt to equity ratio and Asset to equity ratio
Slightly increased due to the 8% decrease in equity brought about by payment of cash dividends and net loss incurred in 2018.

Interest coverage ratio
Dropped brought about by net loss before interest and tax in 2018.

Net debt to equity ratio
Slightly increased due to the decline in equity.

Return on equity and assets
Went down due to net loss incurred in the period.

Asset turnover
Decreased as revenues decreased by 11%.

Material Events and Uncertainties

i. There were no events that trigger direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.
ii. There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
iii. There were no material events that had occurred subsequent to the balance sheet date except for the event after the reporting period disclosed in Note 39 of the 2018 Audited Consolidated Financial Statements.
iv. Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures -
    - The Company has projects in solar roof, 40MW expansion of the Guimaras wind farm and 45MW solar farm in Batangas. Negotiations with interested parties and various distribution

utilities are on-going. The plan for funding these projects will come partly from participation of offtakers and partly from external capital.

v. Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations.
   - The results of operations of the Company and its Associates depend, to a significant extent, on the performance of the Philippine economy.
   - The current highly competitive environment and operation of priority-dispatch variable renewable energy have driven market prices of electricity downward, resulting in lower margins.
   - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.

vi. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way – Material to the Company's liquidity and profitability is the negotiations to reduce supply costs. The Company is also pursuing customer contracts at higher prices from both the retail and wholesale markets. The Company has identified low-earning assets and have offered these in the market. The Company is also looking at cost optimization and reduction in operating expenses at the plant level as well as head office.

vii. There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.

viii. There were no operations subject to seasonality and cyclicality except for the operation of GWC's wind farm. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

For the Years Ended 31 December 2017 vs 2016

Results of Operations

The following are the material changes in the Consolidated Statements of Income for the years ended 31 December 2017 and 2016:

Revenues

In ₱ thousands	For the years ended 2017 (Audited)	For the years ended 2016 (Audited)	Increase (Decrease) Amount	Increase (Decrease) %
Revenue from sale of electricity	17,011,044	15,465,866	1,545,178	10%
Dividend income	8,483	7,433	1,050	14%
Rental income	706	4,574	(3,868)	-85%

<u>*Revenue from sale of electricity*</u>
The increase was primarily due to the higher energy sales from the Parent Company's power supply business as the Company was able to close new RES contracts, tempered by the low market prices during the year.

Dividend income
Received from the Company's various investments were higher in 2017 compared to 2016.

Rental income
Decreased as a result of the non-renewal of one of the Parent Company's rental contracts and the Company's use of the office space.

Costs and Expenses

	For the years ended		Increase (Decrease)	
In ₱ thousands	**2017 (Audited)**	**2016 (Audited)**	**Amount**	**%**
Cost of sale of electricity	16,929,239	14,105,874	2,823,365	20%
General & administrative expenses	664,550	899,635	(235,085)	-26%

Costs of sale of electricity
Increased mainly due to the higher RES sales and termination costs of the Administration Agreement for the 40MW strip of energy of the Unified Leyte Geothermal Power Plant. The termination allows the Company to improve its supply costs while maintaining a diversified portfolio.

General and administrative expenses
Decreased mainly due to lower employee costs, professional fees and provision for probable losses on deferred exploration costs. In 2016, the Company booked one-time capital gains tax and provision for doubtful accounts.

Other Income and Expenses

	For the years ended		Increase (Decrease)	
In ₱ thousands	**2017 (Audited)**	**2016 (Audited)**	**Amount**	**%**
Interest & other finance charges	(513,566)	(468,485)	45,081	10%
Equity in net income of associates & JV	1,024,995	886,224	138,771	16%
Other income – net	105,617	552,879	(447,262)	-81%

Interest and other finance charges
Went up due to additional long-term loan availed by the Parent Company.

Equity in net income of associates and JV
Posted higher in 2017 due to scheduled and forced outages of SLTEC and MGI in 2016.

Other income – net
Went down due to the combined effects of the following:

- Increase in interest and other financial income due to higher fair value gains on investments held for trading and higher level of investments.
- Increase of gain on derivatives primarily from forward contracts entered into in 2017.
- Higher foreign exchange loss on foreign-currency denominated deposits from appreciation of peso by end of 2017.
- Allowance was provided for unrecoverable input tax in 2016.

- Gain on sale of transmission assets of CIP and TAREC to a third party in 2016.
- Gain was realized on the sale of available-for-sale investments in 2016 as compared to loss in 2017.
- Sale of 5% interest in SLTEC in 2016. The decrease in miscellaneous income during the year was due to lower shared and pass-through expenses.

Provision For (Benefit From) Income Tax

	For the years ended		Increase (Decrease)	
In ₱ thousands	**2017 (Audited)**	**2016 (Audited)**	**Amount**	**%**
Current	72,722	114,623	(41,901)	-37%
Deferred income tax	(376,400)	(54,172)	(322,228)	595%

Provision for income tax - current
Decreased due to lower consolidated taxable income in 2017.

Benefit from deferred income tax
Higher in 2017 due to the tax effect of pension and other post-employment benefits, NOLCO, deferred revenues and the difference between the fair value of initial recognition and transaction price of long-term receivables.

Material changes in Consolidated Statements of Financial Position accounts

ASSETS	As of 31 December		Increase (Decrease)	
In ₱ thousands	**2017 (Audited)**	**2016 (Audited)**	**Amount**	**%**
Current Assets				
Cash and cash equivalents	1,300,999	395,582	905,417	229%
Short-term investments	478,362	2,498	475,864	19050%
Investments held for trading	1,483,519	3,061,270	(1,577,751)	-52%
Fuel & spare parts - at cost	321,525	231,146	90,379	39%
Other current assets	1,236,005	1,136,005	100,000	9%
Noncurrent Assets				
Available-for-sale investments	293,127	309,070	(15,943)	-5%
Investments properties	50,915	24,380	26,535	109%
Deferred income tax assets - net	430,280	71,849	358,431	499%

Cash and cash equivalents, short-term investments and investments held for trading
The Consolidated Statements of Cash Flows detail the material changes of these accounts.

Fuel & spare parts
Increased due to increased inventory of bunker fuel oil.

Other current assets
Increased due increase in input taxes, creditable withholding taxes and deposit receivable related to operations.

Available-for-sale investments
Decreased due to lower market value of investments.

Investment properties
Increased as a result of reclassification of fixed assets from property, plant and equipment in 2017.

Deferred income tax assets
Increased due to the tax effect of pension & other postemployment benefits, NOLCO, deferred revenues and difference in fair value of financial instruments.

LIABILITIES & EQUITY	**As of 31 December**		**Increase (Decrease)**	
In ₱ thousands	**2017 (Audited)**	**2016 (Audited)**	**Amount**	**%**
Current Liabilities				
Accounts payable and other current liabilities	3,882,493	4,118,674	(236,181)	-6%
Income and withholding taxes payable	42,308	99,396	(57,088)	-57%
Due to stockholders	15,300	91,203	(75,903)	-83%
Current portion of long-term loans	226,949	200,785	26,164	13%
Noncurrent liabilities				
Pension & other employment benefits	36,110	47,585	(11,475)	-24%
Deferred tax income liabilities – net	111,387	126,890	(15,503)	-12%
Other noncurrent liabilities	682,000	148,252	533,748	360%
Equity				
Unrealized FV gains on AFS investments	85,924	109,366	(23,442)	-21%
Remeasurement losses on defined benefit plan	(3,130)	(8,562)	(5,432)	-63%
Accumulated share in OCI of JV	(3,413)	(277)	3,136	1132%
Non-controlling interests	78,110	84,706	(6,596)	-8%

Accounts payable and other current liabilities
Lower due to the decrease in trade payables and output tax.

Income and withholding taxes payable
Decreased mainly due to lower tax withheld at the end of 2017.

Due to stockholders
Decreased due to the settlement of cash dividend declared in 16 December 2016.

Long-term loans – current portion
Increased due to higher maturing loan repayments.

Pension and other employees' benefits
Decreased due to the lower accrual of retirement expense during the year.

Deferred income tax liabilities – net
Decreased due to tax effect of the amortization of leasehold rights and depreciation of excess of fair value over cost of power plant.

Other noncurrent liabilities
Significantly jumped due to deferred revenue and long-term security deposits of new customers.

Unrealized fair value gains on available-for-sale investments
Declined due to the decrease in value of stock investments.

Remeasurement losses on defined benefit plan
Due to actuarial gains recognized in 2017.

Accumulated share in other comprehensive income of a joint venture
Increased due to the adjustment in remeasurement loss on defined benefit plan of SLTEC.

Non-controlling interests
Decreased due to the net losses posted by Trans-Asia Petroleum Corporation and Palawan55.

Key Performance Indicators of the Company

The key performance indicators of ACEN and its majority owned Associates, as consolidated, are the following:

KPI	Formula	31-Dec-17	31-Dec-16	Increase (Decrease)	
				Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	2.37	1.92	0.45	23
Acid test ratio	Cash and cash equivalents + Short-term investments + Accounts Receivables + Other liquid assets (Investments held for trading and financial assets at fair value through profit or loss) / Current liabilities	1.97	1.62	0.35	22
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	1.27	1.29	(0.02)	(2)

KPI	Formula	31-Dec-17	31-Dec-16	Increase (Decrease)	
				Difference	%
Asset to equity ratio	Total assets / Total equity	2.27	2.29	(0.02)	(1)
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	1.08	4.08	(3.00)	(74)
Net Debt to Equity Ratio	Debt - Cash & cash equivalents, short-term investments and investment held for trading / Total equity	0.91	0.91	0.00	0

KPI	Formula	31-Dec-17	31-Dec-16	Increase (Decrease)	
				Difference	%
Profitability Ratios					
Return on equity	Net income after tax / Average stockholder's equity	3.83%	16.30%	(12.47)	(77)
Return on assets	Net income after taxes / Average total assets	1.68%	7.04%	(5.36)	(76)
Asset turnover	Revenues / Average total assets	82.25%	78.86%	3.39	4

Current ratio & Acid test ratio
Slightly increased due to the 33% decrease in current liabilities while current assets decreased by 13%.

Debt to equity ratio
Slightly decreased due to the 2% increase in equity brought about by net income for the year less payment of cash dividends.

Asset to equity ratio
Decreased as total assets minimally increased by 1% as compared to 2% increase in total equity.

Interest coverage ratio
Decreased brought about by lower earnings before interest and tax in 2017 as compared to 2016.

Net debt to equity ratio
Remained the same.

Return on equity and assets
Went down due to lower net income in 2017.

Asset turnover
Slightly increased as revenues increased by 10% as compared to 5% increase in average total assets.

Material Events and Uncertainties

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way – The Company does not expect any liquidity problems

(ii) There were no events that trigger direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

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

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures -
- The Parent Company will use internally generated funds for continuing the rehabilitation of the power barges acquired from PSALM.
- The Company has wind, solar, hydro and interest in geothermal service contracts which are in various stages of development. The Company is also exploring other opportunities in the power business and related businesses and plans to finance such projects with a combination of equity and debt in the project company.

(v) Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
- The results of operations of the Company and its Associates depend, to a significant extent, on the performance of the Philippine economy.
- The company was able to achieve a significant volume of customer migration due to the implementation of Retail Competition and Open Access (RCOA). ACEN ended the year as the second largest single electricity supplier with a market share of 12.2%
- However, a more competitive environment and operation of priority-dispatch variable renewable energy have driven market prices of electricity downward, resulting in lower margins.
- Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.
- The Company is continuously working to close mutually beneficial contracts with customers and manage supply portfolio costs.

(vi) There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.

(vii) There were no operations subject to seasonality and cyclicality except for the operation of GWC's wind farm. The wind regime is high during the first quarter due to the northeast monsoon and wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon.

(viii) There were no material events that had occurred subsequent to the balance sheet date that have not been reflected in the Financial Statements and this report.

BUSINESS

The Company

ACEN is a corporation duly organized and existing under Philippine law with SEC Registration No. 39274, and listed with the PSE with ticker symbol "ACEN" (formerly "ACEPH" and "PHEN"). It was incorporated on 8 September 1969, and was originally known as "Trans-Asia Oil and Mineral Development Corporation," reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On 11 April 1996, the Company's name was changed to "Trans-Asia Oil and Energy Development Corporation." On 22 August 2016, the Company aligned its name with its then parent company to become known as "PHINMA Energy Corporation," and extended its corporate life for another 50 years. On 17 September 2019, the stockholders of the Company voted to rename the Company to "AC Energy Philippines, Inc." to recognize its affiliation with its largest stockholder, ACEIC. The SEC approved the change of name of the Company on 11 October 2019. On 18 March 2020, the Board voted to rename the Company to "AC Energy Corporation" to recognize the potential offshore expansion of the Company through the ACEIC International Transaction.

ACEN is engaged in the business of providing integrated power solutions, power generation and electricity supply, renewable energy, and resource exploration and development. As a power generator and electricity supplier, the Company manages a diversified portfolio of renewable and conventional power generation projects. The Company is a pioneer in electricity supply and trading in the WESM. As an RES, the Company can participate in the Retail Competition and Open Access ("RCOA") and serve the needs of contestable customers and electric cooperatives through its customized power solutions. As an energy resource developer, the Company is engaged in resource exploration and development, particularly on oil and gas through its subsidiary, ACE Enexor, Inc. ("ACE Enexor"), formerly PHINMA Petroleum and Geothermal, Inc.), and on renewable energy focusing on wind and solar energy in the pursuit of clean and sustainable power projects.

Objectives and Purposes

The Company has been organized and engaged primarily in power generation and electricity supply, with secondary investments in petroleum and geothermal exploration. It is authorized to, whether directly or indirectly through its Associates to:

1) prospect for, explore, mine, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rock or carbon oils, natural gas and other volatile materials, including geothermal steam, coal, chemical substances and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein;

2) to store, hold, use, experiment with, treat reduce, distill manufacture, smelt, refine, blend, package, prepare for market, buy, sell, distribute, exchange, import, export, and transport, convert energy and generate electric power and otherwise deal in petroleum, fuel minerals and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds, and derivatives and other minerals and chemical substances, in crude or refined condition; and

3) to engage generally, as may be permitted by law, in the business of, and/or investing in, mining, manufacturing, contracting, electric power generation and distribution, and servicing, in addition to oil exploration within the Philippines and in other countries.

Competitive Strengths

The Company believes that it has a number of competitive strengths that it can use to enhance and leverage its position in the Philippine energy industry.

Portfolio of projects across regions, technologies and energy sources provides stable cash flows, diversification and a strong platform for growth.

While the Company started as one of the early exploration companies in the country, the Company invested in power generation and supply which eventually became its main business and revenue source. The Company became an early participant in the power generation sector and was the first to generate wind powered electricity in the Visayas. Following its investment in power generation and supply, the Company grew a portfolio of both renewable and conventional power generation projects while maintaining some investment in the petroleum exploration, development and production.

The Company is one of the pioneers in the Philippine energy industry, with a Net Attributable Capacity of 396MW based on economic interests prior to the ACEIC Philippine Transaction, principally comprised of the following:

a. 45% of the 244MW coal-fired power plant in Calaca, Batangas through SLTEC, a joint venture with ACEIC;

b. 54MW wind power project in San Lorenzo, Guimaras under GWC (wholly-owned);

c. 244MW of diesel plants (all wholly-owned), including 48MW oil-fired power plant in Norzagaray, Bulacan through BPGC; 20MW oil-fired power plant transferred to Bacnotan, La Union through wholly owned subsidiary CIPP; 108MW Subic Bay Diesel Power Plant with eight engines, under a five-year independent power purchase agreement with One Subic;

d. 24MW oil-fired Power Barges 101 and 102 Diesel Power Plant, both located in Barrio Obrero, Iloilo City; and

e. 25% of the 32MW geothermal plant in Maibarara, Santo Tomas, Batangas through MGI, a joint venture with PetroGreen Energy Corporation and PNOC Renewables Corporation.

The ACEIC Philippine Transaction increased Net Attributable Capacity in operating or under construction thermal and renewable assets by 225MW:

a. 35MW out of the 52MW Northwind wind farm in Ilocos Norte through NPDC;

b. 29MW out of the 81MW NLR wind farm also in Ilocos Norte through NLREC;

c. 18MWdc solar farm in the province of Negros Oriental, through Montesol;

d. 134MW of the 244MW SLTEC power plant; including purchase of another 20% stake from Axia Power; and

e. 9MW of equity carry in other solar and biomass plants in Negros Occidental.

The transfer likewise included development pipeline to support the Company's target of 5,000MW of Net Attributable Capacity in renewables by 2025, including various projects under construction, namely, the 120MWdc solar farm in Alaminos, Laguna owned by SolarAce1, the 60MWdc solar farm in Palauig, Zambales owned by Gigasol3, and the 150MW peaking plant in Pililia, Rizal owned by Ingrid.

The Company has further invested in and acquired equity interests in the following assets prior to the completion of the ACEIC Philippine Transaction:

a. 25MW out of the 81MW NLR Project wind farm through GigaAce1;

b. 43MW out of the 45MWdc Sacasol solar power plant in through GigaAce2;

c. 46MW out of the 80MWdc Islasol solar farm through GigaAce3, after sale to ThomasLloyd;

d. 120MWdc of solar farm under SolarAce1;

e. 60MWdc of solar farm under Gigasol 3; and

f. 150MW in diesel plant under Ingrid.

As of 30 September 2020, the Company has a Net Attributable Capacity of 990MW from operating projects and projects under construction.

Along with exploration and power generation, the Company is one of the pioneers in the wholesale and retail electricity market in 2006. As of 30 September 2020, the Company holds around 504MW of retail and wholesale customer contracts.

The Company believes that with the portfolio approach to its investments, the Company has a blend of seasoned and new operating projects that provide stable cash flows underpinned by attractive, long-term contractual arrangements and a diverse business model (a combination of bilateral contracts, spot sales and FIT contracts), fuel types, and technologies that the Company is able to leverage as a domestic platform for renewable capacity expansion.

Strong pipeline of projects in partnership with recognized and accomplished power industry developers, operators and investors provides a visible path to growth.

The Company believes that its partners in its operations are some of the most established developers and operators of conventional and renewable assets. In addition to pursuing attractive investment opportunities together with the sector's most established names, the Company believes that its commitment to its objectives, visible track record of success in achieving growth and the ability to forge partnerships in various market segments has made it a partner of choice.

Key among the Company's partners are the following:

- PINAI, an infrastructure-focused fund whose investors include the Macquarie Group, and the Asian Development Fund, has also been a repeat partner of the group. The Company has recently acquired the stakes of PINAI in PWHC, Sacasol and Islasol. See section on "***Material Contracts***" on page 156 of this Prospectus.

- UPC Renewables, a U.S.-based renewable energy developer with over 20 years of global experience in the construction and operations of wind and solar energy projects. UPC Renewables has developed over 3,500MW of wind and solar projects, has a presence across 12 countries and has built 70 projects with approximately U.S.$5.0 billion of project debt and equity deployed. ACEIC began its partnership with UPC Renewables in the NLR Project.

- Marubeni Corporation, one of Japan's largest trading houses and among the most active Japanese groups in the Philippines. Marubeni Corporation initially acquired an interest in SLTEC through its subsidiary Axia Power, which has been purchased by the Company. Axia Power has signed a shareholders' agreement for the development, construction and operation of the 150MW diesel Ingrid power plant project in Pililia, Rizal.

- Citicore Renewable Energy Corp. (CREC) is a wholly-owned subsidiary of Citicore Power Inc. (CPI), in turn a wholly-owned subsidiary of Citicore Holdings Investment Inc. Among its affiliate companies are Megawide Construction Corporation, primarily engaged in construction, and MySpace Properties, Inc., a property holding company. CREC has partnered with the Company for the development, construction and operation of the 75MWdc solar plant in Arayat and Mexico Pampanga.

The Company believes that its various partnerships provide it with the ability to source high quality projects efficiently and with local market expertise, help drive the Company towards its goal of achieving 5,000MW of Net Attributable Capacity in renewables by 2025.

The Company is well positioned to capture future demand growth in various forms of power generation.

Demand for electricity in the Philippines is expected to continue its growth. Based on the Power Development Plan 2016-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 43,765MW broken down as follows: 25,265MW for baseload, 14,500MW for mid-merit and 4,000MW for peaking. For 2018-2022, the DOE estimates that there is only approximately 6,000MW of private sector-initiated power projects that are either committed or indicative. There is a huge unserved demand that the Company can tap with its diversified portfolio of projects in operation and in the pipeline.

The Company's ability to produce and source electricity from various sources means that it has the flexibility to allocate its energy production for both base and peak demands.

The Company's base load power is used to meet customers' average demand, while its peaking plants can be quickly operated to supplement requirements during peak periods.

The expansion of the Company's power generation portfolio via its upcoming projects will continue to increase its flexibility in meeting the varying power requirements of its customers at the lowest cost possible. This diversity of power sources also allows the Company to significantly mitigate the risks attendant to meeting its customers' peak and base power needs.

Based on the DOE's Power Development Plan, there is a forecast of a power supply shortage beginning in 2022-2023. Given the longer construction period required by conventional power plants, solar power plants or wind farms that can be built in a period of one to two years are in the best position to address the immediate supply gap. The Company has maintained a healthy pipeline of renewable projects that will be faster to build than conventional projects allowing the Company to take advantage of the market opportunity. In addition, its peaking plants are well-positioned to address peak demand in case of shortages in the market.

Well-positioned to benefit from the country increasingly embracing renewable energy sources to address its long-term energy needs.

The narrative of the Philippine power sector is underpinned by its robust economic fundamentals and attractive demographic qualities. The Philippines' GDP has been growing at +8.8% compound annual growth rate ("CAGR") from 2009 to 2019, while the World Bank expects the Philippine economy to contract by 6.9% in 2020 before rebounding to 5.3% and 5.6% growth in 2021 and 2022, respectively. Fitch Solutions, an affiliate of the Fitch Group forecasts power consumption to grow at an annual average of +4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. In order to meet increasing demand, growth in installed capacity is essential and has compelled the Philippine government to encourage the expansion in renewable energy capacity. The National Renewable Energy Program has set a target of reaching 15,304MW of installed renewable capacity by 2030 (vs c.3,500MW in 2017), represents c.50% of the country's forecast total energy capacity. In addition, renewable initiatives are currently in-place or being drafted to support this renewable target: 20-year feed-in tariffs for solar, wind, biomass and hydro energy were introduced in 2013. The NREB has also proposed renewable portfolio standards ("RPS") that mandate distribution utilities to source portion of their power from renewable energy and Competitive Renewable Energy Zones for enhanced renewable infrastructure.

With an additional 225MW of Net Attributable Capacity in thermal and renewables gained from the ACEIC Philippine Transaction and a target of growing this to 5,000MW by 2025, the Company is well-positioned to address the country's need for clean power sources, and benefit from the RPS mandated by the DOE.

The Company has an optimal mix of supply and customer contracts.

The Company has around 194MW of retail customer contracts as of 30 September 2020. In addition, the recent Supreme Court ruling, upholding the requirement of Power Supply Agreements submitted by MERALCO and other distribution utilities with the ERC after 30 June 2015 to undergo a competitive selection process, provided an opportunity for the Company to enter into wholesale supply contracts with the distribution utility. The Company won the bid to supply MERALCO with a 200MW baseload demand from 26 December 2019 to 26 December 2029. Subsequently, the Company won the bid to supply 110MW mid-merit supply to MERALCO from 26 December 2019 to 26 December 2024. The Company received a copy of the provisional ERC approvals for the contracts on 31 January 2020 and the final approvals on 13 May 2020 for the baseload and on 1 June 2020 for the mid-merit. The Company's larger supply portfolio will help supply this demand, coupled with the new projects in the pipeline.

Strengthened balance sheet and good visibility on future cash flows.

The Company has a strong and stable financial position that enables it to pursue its strategy of expanding its portfolio through acquisitions and organic projects. With the transfer of the assets from ACEIC, the Company's balance sheet will be stronger and thus provide the Company further flexibility in the financing of its projects.

In assessing any proposed investment or project, the Company sets certain criteria that needs to be met among which are the fundamental soundness of the proposed investment or project and its business case, the sound reputation and capability of the partners, and the long-term sustainability of the investment or project. When debt is required to fund new investments, the company ensures that cash inflows are adequate to cover loan repayment requirements as well as meet relevant loan covenants.

The Company's good credit standing and strong relationship with its various banking partners provides the Company with the capability to mobilize and deploy financial resources as needed.

ACEIC as a majority shareholder with proven track record of delivering growth, rapid execution, performance and realizing value.

The entry of ACEIC management in the Company brings with it the proven track record of delivering growth, efficient execution, fulfilling commitments, and in realizing value from its asset investments.

ACEIC, a 100% subsidiary of Ayala, is a corporation that manages and operates a diversified portfolio of renewable and conventional power generation projects, as well as engages in the development of power projects and in other related businesses located in the Philippines, Vietnam, Australia, Indonesia and India.

In 2011, ACEIC was designated as Ayala's vehicle for investments in the power sector to pursue greenfield, as well as currently operating, power-related projects for both renewable and conventional technologies in various parts of the Philippines. In 2016, ACEIC expanded its business purpose to include the purchase, retail, supply and delivery of electricity and in 2017, the business purposes were expanded further to include the development, operation and maintenance of power projects. In April 2020, Ayala announced the approval of the consolidation of Ayala's energy, water, and infrastructure businesses under ACEIC. Aside from its shareholding in ACEN, ACEIC currently holds the assets subject of the ACEIC International Transaction, legacy coal plants, and other infrastructure assets.

The following table sets forth ACEIC's corporate milestones as of 30 September 2020:

Year	Milestones
2005	• Ayala incorporates Michigan Power, Inc.
2011	• Michigan Power, Inc. changes its name to AC Energy Holdings, Inc. ("ACEHI," now ACEIC) and becomes the Ayala Group's power arm • ACEHI made its first investment in renewables by acquiring 50.00% stake in NPDC. • ACEHI signs a joint venture agreement with Phinma Corp.'s Trans Asia Oil and Energy Development Corporation (now ACEN) to form the 50:50 joint venture company, SLTEC.
2012	• Ayala signs a definitive agreement for the acquisition of 17.02% interest in GNPower Mariveles Coal Plant Ltd. Co. ("GMCP"), owner and operator of the GMCP Project.
2013	• ACEHI enters into an "Investment Framework Agreement" with UPC Philippines Wind Holdco I BV and the PINAI for the development of wind power projects in Ilocos Norte — the NLR Project

Year	Milestones
	• ACEIC signs a partnership agreement with Power Partners to build and operate the GNPK Project in Kauswagan, Lanao del Norte through GN Power Kauswagan Ltd. Co. ("GNPK")
2014	• The Company acquires 50.00% interest in GNPower Dinginin Ltd. Co. ("GNPD") for the development of the GNPD Project • The Company, thru its wholly-owned subsidiary, ACE Mariveles Power Ltd. Co. ("AMPLC") completes acquisition and becomes the beneficial owner of 17.02% limited partnership interest in GMCP • NPDC's project's expansion phase (18.9MW) begins commercial operations
2015	• Unit 1 of the SLTEC Project achieves COD • Partnership with Bronzeoak Clean Energy, Inc. ("BCE" now VRC) to develop a solar power plant, the Montesol Project, in Negros Occidental • Sale of 27% stake held in PWHC in respect of the NLR Project to Luzon Wind Energy Holdings BV
2016	• Unit 2 of the SLTEC Project achieves COD • Montesol Project begins commercial operations • ACEHI obtains RES license for the sale of electricity to end-users in contestable markets • ACEHI enters into share sale and purchase agreement, as part of an Indonesian consortium for the purchase of Chevron's geothermal operations and/or assets in Indonesia • ACEHI sells a portion of its stake in SLTEC to Axia Power, a subsidiary of Marubeni Corporation, which decreased ACEHI's equity interest to 35.0% • ACEHI increases its effective interest in NPDC from 50% to 67.8%
2017	• Registered name of ACEHI changed to "AC Energy, Inc." • ACEIC acquires the renewable energy development platform San Carlos Clean Energy (now known as ACE Endevor), BCE (now known as VRC), Bulk Water Companies: SCC Bulk Water, LCC Bulk Water and MCV Bulk Water, and San Julio Land Development • ACEIC acquires a 66.22% ownership interest in MSPDC • ACEIC enters into investment agreements with UPC Renewables Indonesia, Ltd. for the development, construction and operation of a wind farm project in Sidrap, South Sulawesi, Indonesia — the Sidrap Wind Project • ACEIC's economic interest in GMCP stepped up from 17.02% to 20.3372% • ACEIC, through a wholly-owned subsidiary, Presage, Inc. (now AC Energy

Year	Milestones
	International), acquires a 100% interest in SCC Bulk Water and in Solienda
2018	• AMPLC becomes the legal and registered owner of the limited partnership interest in GMCP
	• Inauguration of the Sidrap Wind Project, Indonesia's first utility-scale wind power project in Sindereng Rappang Regency, South Sulawesi, ACEIC's first offshore utility-scale wind farm
	• Presage, Inc. (now AC Energy International), acquires a 42.97% voting interest in the Negros Island Biomass Holdings, Inc. ("Isla Bio"), which holds interests in the three biomass plants in Negros island — San Carlos BioPower, South Negros BioPower and North Negros BioPower
	• ACEIC incorporates Ingrid
	• AC Renewables International and Jetfly Asia Pte. Ltd. enters into an agreement for the acquisition by AC Renewables International of 25.0% interest in The Blue Circle Pte. Ltd. as well as co-investment rights in The Blue Circle's projects in Southeast Asia
	• ACEIC signs a purchase agreement with Aboitiz Power for the sale of a 60% economic stake in AA Thermal, Inc., which holds ACEIC's interests in the GMCP Project and in the GNPD Project
	• ACEIC enters into a joint venture with UPC Renewables investing U.S.$30 million for 50.0% ownership in UPC-AC Energy Renewables Australia and extending a U.S.$200 million revolver facility to fund project equity
	• ACEIC enters into a partnership with the BIM Group of Vietnam and executed EPC and financing documents for the development of an aggregate of 330MWdc of solar power plants located in the province of Ninh Thuan, Vietnam
	• ACEIC enters into a partnership with Vietnam's AMI Renewables and executed the EPC and financing documents for the development of an aggregate of 80MWdc of solar power plants located in the provinces of Khan Hoa and Dak Lak, Vietnam
2019	• Debut Green Bond issuance of U.S.$300 million 4.75 per cent. senior notes due 2024 out of ACEIC's maiden U.S.$1 billion Medium Term Notes Programme ("2019 MTN Programme") listed with SGX-ST
	• Drawdown and private placement of U.S.$110 million 5.25 per cent. senior notes due 2029 from the 2019 MTN Programme, also certified Green Bonds and listed with the SGX-ST
	• ACEIC's maiden project in Vietnam, the 330MWdc solar farm in Ninh Thuan province, Vietnam along with BIM Group of Vietnam is commissioned
	• ACEIC enters into a partnership with The Blue Circle for the Mui Ne Wind Farm located in the province of Binh Thuan, Vietnam

Year	Milestones
	• Completion of ACEIC's second renewable energy project in Vietnam, in partnership with AMI Renewables • Completion of the acquisition of a controlling stake in ACEN, increasing ACEIC's generation capacity by 240MW • PCC approval for the transfer of ACEIC's indirect ownership interest in the GNPK Project is obtained • ACEIC enters into a new venture with UPC Renewables namely, UPC-AC Energy Solar to develop, construct and operate solar projects in Asia-Pacific region, targeting a portfolio of 1GW • ACEIC and ACEN execute an asset-for-share swap agreement to implement the ACEIC Philippine Transaction • ACEIC, through ACEN, approves the undertaking of a stock rights offering by ACEN for up to 2.27 billion shares, subject to applicable regulatory approvals, at an offer price range between ₱2.25/share and ₱2.37/share subject to final review by management and market conditions, among others • ACEIC enters into an agreement to enter into a joint venture with Singapore-based Yoma Strategic Holdings Ltd. (the "Yoma Group") to jointly work on the development of ~200MW renewable energy projects in Myanmar • ACEIC assigned its right to purchase the 20% ownership stake of Axia Power in SLTEC in favor of ACEN • ACEIC, through ACEN, signed a share purchase agreement with PINAI for the acquisition of PINAI's ownership interest in Islasol and Sacasol increasing ACEIC's ownership to 100% for both projects • ACEIC, through ACEN, entered into a share purchase agreement with PINAI for the acquisition of PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in NLREC • ACEIC, through its wholly-owned subsidiary AC Energy Finance International Limited, successfully issued its inaugural US dollar denominated senior perpetual fixed-for-life (non-deferable) green bond at an aggregate principal amount of U.S.$400 million on 4 December 2019. This represents the first US dollar-denominated perpetual fixed-for-life green bond ever issued globally. The bonds are listed on SGX-ST and were certified under the ASEAN Green Bonds Standards by the SEC on 18 November 2019.
2020	• PCC approvals for the transfer of PINAI's economic interest in the NLR Project, Sacasol, and Islasol to ACEN are obtained • ACEIC announces the plan to consolidate its international business and assets into the ACEN via a tax-free exchange, whereby ACEIC will transfer 100% of its shares of stock in AC Energy International (ACEIC's 100%-owned subsidiary holding ACEIC's international business and investments), to ACEN

Year	Milestones
	in exchange for the issuance of common shares to ACEIC (also referred to herein as the ACEIC International Transaction) • ACEIC completed a USD60 million tap of Green Bonds due 2024 under its 2019 MTN Programme listed with SGX-ST • ACEIC completed the ACEIC Philippine Transaction and secured the tax-free exchange ruling from the BIR

ACEIC registered a net income of ₱2.9 billion for the nine months ended 30 September 2020 and Net Attributable Capacity, including projects under construction, to about 990MW for the same period. Since its incorporation in 2005, ACEIC has demonstrated its ability to identify and deliver attractive projects, attract world-class partners that complement its capabilities and create growth, particularly in the renewable energy space.

Further to its achievements, to date, ACEIC has also achieved several awards among which are:

- "Best CEO" (2019) by The Asset ESG Corporate Awards
- "Best Corporate Governance in Asia and Australasia" (2019) by the Ethical Boardroom
- Silver in "Asia's Best Sustainable Development Goal Reporting" (2019) by the Asia Sustainability Reporting Awards
- Named "World's Best Employers 2019" by Forbes
- "Top Performing Companies" (2018) by Institute of Corporate Directors
- "Top 50 ASEAN PLCs" (2018) by ASEAN Corporate Governance
- Ranked 3rd "Best CEO" (2018) awarded by the Institutional Investor
- "Asia's Best Integrated Report" (2018) by Asia Sustainability Reporting Awards
- Ranked 1st (2016) and 2nd (2017) "Best Managed Companies" by Finance Asia
- Ranked 3rd, "Best CEO" (2017) by Finance Asia

The Company is supported by an ultimate shareholder fully committed to delivering the Company's vision.

Ayala, through ACEIC as a shareholder, is fully committed to seeing the Company's vision of reaching 5,000MW of Net Attributable Capacity in renewables by 2025.

Founded in 1834, Ayala is among Southeast Asia's most respected business groups, and is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and assets and is listed on the PSE. Led by the Zobel de Ayala Family, Ayala has a market capitalization of ₱432.3 billion with total assets of ₱1,404.0 billion as of 30 September 2020. Under the Ayala Group is a portfolio of market leading businesses in the country with their respective market capitalization as of the same date as follows:

- Ayala Land, Inc. (PSE: ALI) (market capitalization of ₱437.1 billion): Leading and most diversified property developer in the country with the largest landbank; holds several of the country's most premium commercial and residential properties;

- Bank of the Philippine Islands (PSE: BPI) (market capitalization of ₱288.8 billion): Founded in 1851, it is the oldest bank in Southeast Asia and the third largest bank in the country by assets; and

- Globe Telecom, Inc. (PSE: GLO) (market capitalization of ₱277.5 billion): Largest telecommunications provider in the country by subscriber base.

In addition, the Ayala Group has set for itself nation-building as a core commitment and has a portfolio of rapidly growing verticals devoted to each of infrastructure, healthcare, education, industrials and strategic ventures.

Ayala's most recent recognitions, particularly in the area of sustainability and governance, are a testament to the alignment between the Ayala Group and ACEIC with regard to leadership, sustainability and advocacy for the environment:

- Ranked 1st (2016) and 2nd (2017) "Best Managed Companies" by *Finance Asia*
- Ranked 3rd, "Best CEO" (2017) by *Finance Asia*
- Ranked 1st (2016) and 2nd (2017) "Most Committed to Corporate Governance" by *Finance Asia*
- "United Nations SDG Pioneer" (2017) recognition for Chairman and CEO Jaime Augusto Zobel de Ayala
- Ranked 18th, "Global 2000: World's Best Employers" (2017) by *Forbes Magazine*
- "Best at Corporate Social Responsibility" (2016) by *Finance Asia*
- Among Top 3 CSR Advocates in Asia, by Asia Corporate Excellence and Sustainability Awards (2016)

Since ACEIC's founding, it has enjoyed the full support of Ayala and has had access to the Ayala Group's experience in governance, network, management and financial resources. Among ACEIC's board members are the Ayala's Chairman, CEO and CFO with several of ACEIC's key management having been officers at Ayala. From 2011, Ayala has invested in ACEIC approximately U.S.$ 1 billion to support its expansion. Going forward, Ayala remains committed to furthering its support for ACEIC and the Company, and the Company's objectives to become a recognized leader in the renewable energy space in the country.

Led by a reputable and experienced board and management team with strong shareholder support.

The Company has a strong management team with the right combination of management experience, project management expertise, international exposure and entrepreneurship.

The Company is led by John Eric T. Francia, President and CEO who joined ACEIC in 2011 from Ayala with a four-man team. Previously a management consultant at the Monitor Group based in Cambridge, Massachusetts in the U.S. he joined the Ayala Group in 2009 as Ayala's Head of Corporate Strategy before eventually leading the infrastructure and power businesses concurrently. Mr. Francia's vision has driven the very rapid growth that ACEIC has achieved in the last seven years. He leads over 500 employees and applies his international experience derived from management consulting, strategy and building infrastructure and utilities businesses in emerging markets.

Supporting Mr. Francia is a highly experienced management team: Maria Corazon G. Dizon, seasoned finance and business development professional from the Ayala Group, and Jose Maria P. Zabaleta, founder and CEO of VRC, who has developed hundreds of MWs of renewables, respectively the Chief Finance Officer and Chief Development Officer of the Company. The management team is supported by a highly-engaged employee force developed and accumulated by the Company since its founding.

Highly motivated organization actively involved in the management of the energy portfolio with capabilities to anticipate and react to developing market thematics and trends rapidly.

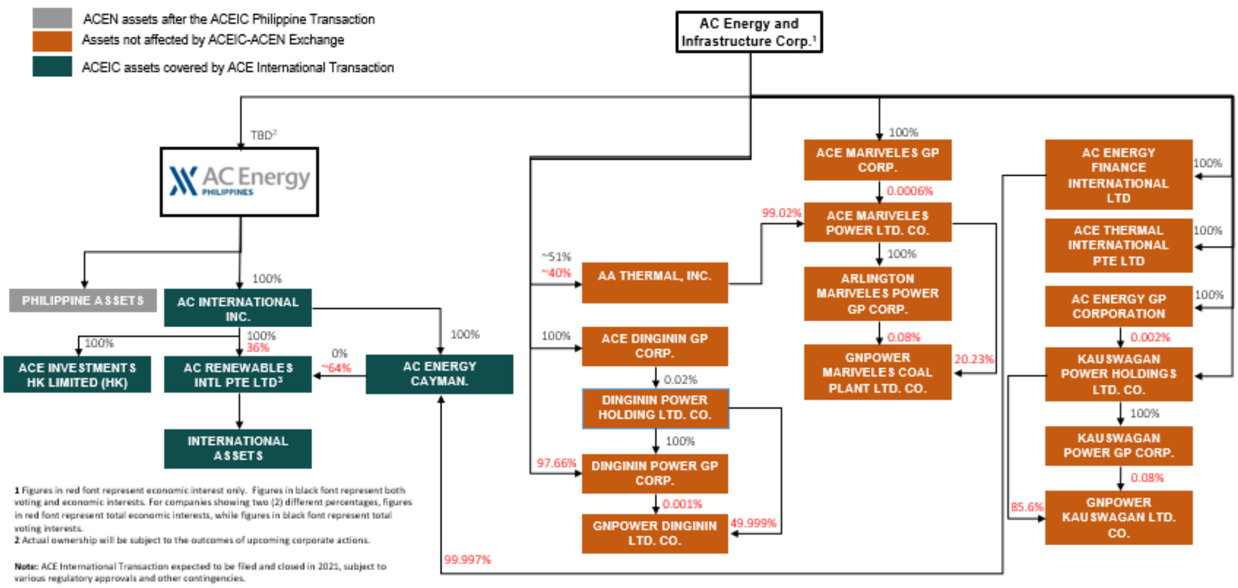
The pooling of the Company's resources with ACEIC's team results to a dynamic team of professionals that can move quickly to take advantage of market trends and opportunities. This allows the Company to be actively involved from inception, development, execution and operations of its portfolio. When the project reaches commercial operations, the Company continues to take an active role in management and operations not only through board representation and extensive reserve matters but also in the day-to-day management by nominating key officers such as the CEO, CFO and/or COO.

The Company strengthens its capabilities by developing home-grown resources through training and project assignments, attracting high potential talents in the market, actively participating in employee engagement activities, linking rewards to performance and practicing sound compensation policies which is at par with the market. The transfer of ACEIC's development team acquired through the acquisition of VRC's development platform in 2016 enables the addition of organic project development capability in its competency index. Such acquisition enables the Company to develop projects end-to-end, from permits and feasibility studies all the way to construction and operations.

ACEIC International Transaction expected to further bolster the Company's existing strengths.

The infusion of international business and investments into the Company pursuant to the ACEIC International Transaction is expected to further bolster its existing strengths through the means specified below. While the agreements relating to the ACEIC International Transaction are expected to be executed within 2021, completion is subject to various regulatory approvals and other contingencies that may be significantly delayed, or which may not occur.

The following chart illustrates the Company's expected structure upon completion of the ACEIC International Transaction:



a. *Portfolio of projects across geographies, technologies and regulatory regimes provides stable cash flows, diversification and a strong platform for growth*

Following the ACEIC International Transaction, the Company may benefit from a portfolio approach to its investments, providing the Company with a blend of seasoned and new operating projects that provide stable cashflows underpinned by attractive, long-term contractual arrangements. The Company believes that this diversity in business model (combination of bilateral contracts, spot sales and FIT contracts), fuel types, geographies and regulatory regimes will provide a stable platform which the Company is able to leverage for renewable capacity expansion and international growth.

The ACEIC International Transaction is expected to increase the Company's Net Attributable Capacity in operating or under construction renewable assets composed of the following as of 30 September 2020 (in gross capacity):

Operating projects

a. 637MW Salak Darajat Geothermal Plant in Indonesia
b. 75MW Sidrap Wind Farm in Indonesia
c. 330MWdc Ninh Thuan Solar Farm in Vietnam
d. 80MWdc Dak Lak and Khan Hoa, Solar Farms in Vietnam
e. 40MW Mui Ne Wind Farm (Phase 1) in Vietnam

Projects under construction

a. 210MW Quang Binh in Vietnam
b. 40MW Mui Ne Wind Farm (Phase 2) in Vietnam
c. 75MWdc Ninh Thuan Solar Expansion in Vietnam
d. 60MW Lac Hoa & Hoa Dong Wind Farm in Vietnam
e. 88MW Ninh Thuan Wind Farm in Vietnam
f. 140MWdc Sitara Solar Farm in India
g. 70MWdc Paryapt Solar Farm in India

Upon completion of the ACEIC International Transaction, the Company's Net Attributable Capacity is expected to increase by 898MW (as of 30 September 2020 on a pro forma basis) all coming from renewable sources. In addition to the existing portfolio of operating assets and assets under construction, the transaction is expected to allow the Company access to a robust and visible pipeline of projects in Australia, Vietnam, Indonesia, India, and Myanmar to help ACEN to achieve a Net Attributable Capacity of over 5,000MW in renewables by 2025.

b. *Visible path to growth based on strong pipeline of international projects in partnership with recognized and accomplished power industry developers, operators and investors*

The Company believes in the value of strategic partnerships of the companies it will acquire following the ACEIC International Transaction. In addition to pursuing attractive investment opportunities together with the sector's most established names, the Company's commitment to its objectives, visible track record of success in achieving growth and the ability to forge partnerships in various market segments has made it a partner of choice.

The Company's various partnerships provide it with the ability to source high quality projects efficiently and with local market expertise. Collectively, the Company's current partnerships provide visibility to over 1,000MW of expected gross capacity that are targeting financial close between 2020 to 2021 across various technologies in the Philippines, Vietnam, Australia, India, Myanmar, and other countries, helping drive the Company towards its goal of achieving 5,000MW of Net Attributable Capacity in renewables by 2025.

c. *Well-positioned to benefit from a rapidly growing region that is increasingly embracing renewable energy to address its long-term energy needs*

Through the ACEIC International Transaction, the Company will have selected highly attractive markets in the Asia Pacific region in which to pursue growth, particularly in the renewable energy space. The current operating projects and development platforms are in Indonesia, Vietnam, Australia, and India.

Similar to the Philippines, Indonesia's nominal GDP growth has been driving activity in the country, with GDP growing at 7.4% CAGR from 2008 to 2019 (U.S.$1,119 billion in 2019), according to the World Bank. From 2008 to 2018, power generation grew by 6.4% CAGR to 295,448GWh based on information from the International Energy Agency ("IEA"), underpinned by strong economic growth and the government's electrification efforts. Renewable power is expected to play a significant role in further supply expansion as the government targets new and renewable energy sources to account for 23% of total energy generation by 2025 and 31% by 2050 based on the 2018 Rencana Umum Penyediaan Tenaga Listrik or General Plan for Electric Supply issued by the Ministry of Energy and Mineral Resources of Indonesia. To support this growth, several renewable initiatives have been introduced or are under review, such as favourable tariff for solar and wind, income tax and importation incentives.

Vietnam offers one of the most attractive renewable energy markets in the region due to its large population and rapid nominal GDP growth of 9% CAGR from 2008 to 2019 (U.S.$262 billion in 2019), according to the World Bank. From 2007 to 2018, electricity consumption grew by 11.1% CAGR driven by strong economic growth and the country's rapidly expanding manufacturing sector, based on information from the Ministry of Industry and Trade of Vietnam. According to Revised National Development Master Plan for 2021-2030 (PDP 8), the Vietnam government is targeting to more than double its installed capacity from 55GW at the end of 2019 to 138GW in 2030 and 222GW in 2040. Further, the government is targeting to increase the share of electricity produced from solar and wind energy projects as well as gas-fired power plants. The three sources combined is planned to make up 47% of the system in 2030, and 60% in 2040. PDP 8 is also seen cancelling or delaying nearly half of the remaining pipeline of coal-fired capacity in bid to focus towards focusing on more sustainable energy sources. As of October 2020, the new power development plan for 2021-2030 with a vision for 2045 is still under development and has yet to be finalized.

Australia continues to be one of the world's most stable economies due to its consistent output and activity. In 2019, the World Bank reports the country's GDP to reach U.S.$1.4Tn, representing a CAGR of 2.2% from 2008 to 2019. GDP performance continued to be driven by a low unemployment rate, and constant infrastructure investments. During the same period, Australia's population increased by a CAGR of 1.4% to reach 25 million people. In line with the economic statistics, Australia's power generation capacity has increased by a CAGR of 1.2% from 2008 to 2019 to reach 49,712MW. Being a mature and developed market, Australia offers stability with growth driven by the national directive to shift towards renewable energy sources and the increasing cost competitiveness of renewable technology. Australia has an established renewable market underpinned by the Renewable Energy Act 2000. With the support of positive regulatory framework and the country's strong renewable projects pipeline, Australia's non-hydroelectric renewable market capacity is expected to grow 7.2% annually during 2018 to 2027 especially with the decommissioning of coal-fired power plants that begun in 2012.

From 2012 to 2017, there were twelve coal-fired power plant closures across Queensland, New South Wales, Victoria, and South Australia with a total capacity of 5,589MW. Further, according to the Australian Energy Market Operator's ("AEMO") Integrated System Plan ("ISP") for 2020, it is expected that 15 GW of coal-fired generation will reach the end of its technical life and retire by 2040. In addition, the Government of Australia has set a Renewable Energy Target ("RET") that aims to achieve a minimum of 20% of energy generated from renewable sources by 2020. The RET is made up of two schemes: (1) The Largescale Renewable Energy Target and (2) The Small-scale Renewable Energy Scheme. The first scheme provides the creation and expansion of renewable energy power stations while the second scheme creates financial incentives for individuals and small businesses to install eligible small-scale renewable energy sources. The Largescale Renewable Energy Target was set at 33TWh renewable electricity generation by 2020. The annual target will remain at 33,000TWh until the scheme ends in 2030. The Clean Energy Finance Corporation ("CEFC") was established by the Australian Government under the Clean Energy Finance Corporation Act 2012, CEFC co-finances and invests, directly and indirectly in renewable energy and energy efficiency projects. After two years of large scale investment in renewable energy of aggregate 15,700MW of new capacity, predominantly in wind and solar projects, the Clean Energy Council reported in September 2019 that it has achieved its 20% renewable energy composition goal.

In addition to the markets set out above, the Company continues to evaluate and assess opportunities in other markets in Asia Pacific that meet the Company's strategic framework and financial criteria. The Company continues to explore additional opportunities in other attractive locations including India, Myanmar, Korea, and Taiwan.

Business Strategies

The Company's goal is to reach 5,000MW in Net Attributable Capacity in renewables by 2025 and plans to implement the following strategies:

Invest in strategic energy assets for sustainable growth.

Beyond growing the size of the portfolio, the Company recognizes that balancing the portfolio and investing in strategic assets is key to strengthening and growing the business. A balanced portfolio that is matched to market demands and customer requirements and well positioned to maximize future growth are critical.

From the original 396MW Net Attributable Capacity held by the Company, the ACEIC Philippine Transaction and the acquisitions and investments increased it to 990MW of Net Attributable Capacity in operation and under construction as of 30 September 2020. The operating assets transferred under the ACEIC Philippine Transaction are fully contracted or have feed-in-tariffs in the case of renewables and are targeted to provide steady cash flows to the Company. The Philippine projects under construction and development which were part of the transfer also provide huge potential for growth for the Company.

Part of this strategy is the consolidation of ownership interests in SLTEC under ACEN with the stake of ACEIC included in the ACEIC Philippine Transaction and the acquisition by the Company of the 20% stake equivalent to 49MW Net Attributable Capacity previously held by Marubeni Corporation's subsidiary, Axia Power, in 2019. SLTEC is a key supplier to the Company's electricity supply business, and the consolidation of SLTEC will allow the Company to better manage its supply portfolio vis-à-vis key customer contracts. With this, the Company has a full suite of thermal and renewable plants that are well-positioned to serve baseload and mid-merit demand, and diesel engines for peaking requirements and ancillary services.

In 2019, the Board approved 270MW of greenfield solar and peaking projects in Luzon, and signed agreements to purchase additional equity interests in NLREC, Sacasol and Islasol to increase Net Attributable Capacity by 147MW.

Further in 2020, the Board also approved the infusion of ACEIC's international portfolio comprised of operating and projects under construction in Indonesia, Vietnam, and India through the ACEIC International Transaction. It also provides access to an international pipeline of assets in the Asia Pacific Region. Upon completion, the ACEIC International Transaction is expected to increase the Net Attributable Capacity of the Company by an additional 898MW as of 30 September 2020.

Upon completion of the Company's investment and acquisition activities, the ACEIC Philippine Transaction, and the ACEIC International Transaction, the Company is expected to have a portfolio of Philippine and international assets with a Net Attributable Capacity of 1,887MW from its operating and projects under construction as at 30 September 2020 on a pro forma basis.

From its current achieved portfolio of Philippine and international projects, the Company established a goal of reaching 5,000MW of Net Attributable Capacity in renewables by 2025 in line with the Group's commitment to sustainable investment and vision to be a leader in renewable energy. This target may be pursued through organic growth under its energy development platform ACE Endevor, through partnerships and through acquisitions.

Strengthen team and enhance organizational capabilities.

To deliver on the Company's 5,000MW vision by 2025, it will be building on a combined platform with over a 500-person strong team with significant experience in development and operations. Strengthening and developing this team will be critical to the achievement of the Company's targets.

The development organization under ACE Endevor, the Company's energy development platform, is tasked with developing new greenfield projects as well as looking at expansion opportunities in existing plants. For the operations teams on the other hand, the key priority is the improvement of plant availability and efficiency, to make sure that the Company's existing plants are optimized to meet customer demand. The Company's management has experience starting from a project's inception and development to its ultimate execution and operations. The Company's continued active role in the management and operations ensures tracking of the project's performance and results.

As part of the Ayala Group, the Company benefits from the group and management's experience in corporate governance, management and delivering results. The Company's board members and management include key representatives from the Ayala Group. The Ayala Group believes that corporate governance is essential for the achievement of an organization's goals. To this end, the Ayala Group has set in place a comprehensive set of oversight controls to put management decisions in check and ensure that it conforms to regulatory requirements and leading practices.

Strengthen the balance sheet.

The Company recognizes the need to strengthen its balance sheet to put it in a better position to capture growth opportunities and compete effectively in the highly competitive Philippine power industry.

The Company has recently increased its authorized capital stock and strengthens its capital base through the ACEIC Philippine Transaction. This leads to 1.93x increase in its capital base, giving it a bigger debt capacity and expanding its sources of funding. The proposed stock rights offering intends to further strengthen the Company's balance sheet and provide much needed funding for the goal of 5,000MW Net Attributable Capacity in renewables by 2025.

The Company also adheres to ACEIC's prudent standards with regards to financing and risk management.

ACEIC's good credit history and strong relationship with its bank partners and its parent also benefits the Company with the financing support to mobilize and deploy financial resources as needed in its development and acquisition activities.

Bring in strategic partners with development and exploration expertise.

The Company continues to improve on its in-house expertise by developing home-grown resources through training and project assignments, and attracting high potential talents in the market. The ACEIC Philippine Transaction further augments the Company's capability as it integrates to create a 500-strong team. Together with this in-house expertise, the Company looks for strategic partners that can complement the Company's capabilities, skills and strengths.

Taking on from the success of ACEIC in leveraging strategic partnerships, the Company looks at existing and potential partners with project development and/or operation expertise to accelerate the growth of its portfolio and fast track its exploration activities.

Invest in accordance with globally-accepted sustainability norms and frameworks.

The Group aligns itself with the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below two degrees Celsius. Consistent with the Ayala Group's commitment to the UN Sustainable Development Goals, ACEIC is additionally focused on protecting the wider environment and creating value for the communities it serves. As such, the Group launched its maiden Green Bond in early 2019, and along with it, the development of its Environment and Social (E&S) Policy and management system.

This policy statement serves to guide the Group's priority environmental and social goals through 2030:

1. Achieving a Low Carbon Portfolio by 2030;
2. Aspiring for excellence in environmental management; and
3. Fulfilling our commitment to the community.

Capitalize on the ACEIC International Transaction to realize goals.

The Company seeks to capitalize on the ACEIC International Transaction as follows in order to realize its goals. While the agreements relating to the ACEIC International Transaction are expected to be executed within 2021, completion is subject to various regulatory approvals and other contingencies that may be significantly delayed, or which may not occur.

a. Focus on large scale renewable energy projects in high growth markets

ACEIC targets a Net Attributable Capacity of 5,000MW of renewables by 2025. To achieve this target, the Company focuses on large scale renewable energy projects in the Philippines to take advantage of the country's sound macroeconomic fundamentals and robust power sector growth, as well as in Indonesia, Vietnam, Australia, India, Myanmar, and other high growth markets in the Asia Pacific.

Regionally, a key imperative for ACEIC is to identify and focus on high growth, scalable markets that can support up to 1 GW of renewable energy capacity within the Asia Pacific region. To this end, ACEIC has currently identified Vietnam, Indonesia, Australia, and India, as its next core markets outside the Philippines, and has partnered with international developers UPC Renewables and The Blue Circle, and reputable local partners such as the BIM Group, the AMI Group, and Star Energy. ACEIC also recently entered into Myanmar opportunistically through a JV partnership with Yoma Strategic Holdings Ltd. ACEIC has also formed a JV with UPC Renewables partnership to develop up to 1GW of new solar capacity in the region with initial focus in India, Taiwan and Korea. These markets and partnerships will benefit the Company as part of the ACEIC International Transaction.

Indonesia shares numerous favourable investment thematics with the Philippines. Like the Philippines, Indonesia is a rapidly growing economy (7.4% nominal GDP CAGR from 2008 to 2019, according to the World Bank) with a large population (270 million in 2019). Over the same period, power consumption grew at 6.7% CAGR to 275,200GW, based on information from the IEA. Renewable energy is expected to play a much more important role in the country's overall fuel mix, with the government targeting new and renewable energy sources to account for 23% of total energy generation by 2025. The Company seeks to utilize renewable energy initiatives that are being introduced to support the government's renewable energy target, such as feed-in-tariffs for solar and wind and tax incentives.

Vietnam, similarly, is a rapidly growing, underpenetrated market with a large population. From 2008 to 2019, Vietnam's nominal GDP grew by 9% CAGR with a population of 96 million as at 2018, based on information from the World Bank. The government has a significant growth target for the sector—over 265TWh of generation by 2020 and over 572TWh by 2030. Renewable energy is seen as a key driver to supplying this need, with the revised PDP 7 targeting up to 12GW of solar and 6GW of wind projects by 2030. Renewable energy incentives are already in place and continue to evolve, such as feed-in-tariffs, land incentives, import tax exemptions and corporate income tax deductions.

The Australia power market offers a different investment proposition over developing markets such as the Philippines, Indonesia and Vietnam. While GDP growth and is lower than those in ACEIC's other markets at 3% from 2008 to 2019 (based on information from the World Bank), the market offers a mature and ecosystem with a large industrial base and established renewable energy policies underpinned by the Renewable Energy Act of 2000. The country is pushing to advance its renewable energy agenda with non-hydro renewable market capacity expected to grow 7.2% per annum from 2018 to 2027 as the country continues to retire older, conventional power assets.

In view of the continuously improving renewable energy tailwinds available in many regional markets, the Company will continue to opportunistically seek out new attractive markets with viable long-term renewable energy potential.

b. Combine in-house expertise and further strategic partnerships with best-in-class developers to efficiently identify, develop, construct, and operate energy projects

ACEIC continues to improve on its in-house expertise by developing home-grown resources through training and project assignments, and attracting high potential talents in the local and international markets. Together with this in-house expertise, ACEIC pursued strategic partnerships with developers who are familiar with regional markets, have technical expertise, and have complementary skills and strengths with ACEIC. These partnerships allow the Company to access markets and projects that would not have been available to the Company had it pursued project development on its own. These in-house capabilities and partnerships will benefit the Company as part of the ACEIC International Transaction.

ACEIC has partnered with UPC Renewables, a US-based renewable energy developer with over 20 years of global experience in the construction and operations of wind and solar energy projects. UPC Renewables has developed over 3,500MW of wind and solar projects, has presence across 12 countries and has built 70 projects with approximately U.S.$5.0 billion of project debt and equity deployed.

ACEIC began its partnership with UPC Renewables in 2013 in the NLR Project. Subsequent to this, ACEIC and UPC Renewables expanded their partnership by developing and constructing the Sidrap Wind Project.

In 2018, UPC Renewables and ACEIC, through AC Renewables International, established a joint venture, UPC-AC Energy Renewables Australia, which saw ACEIC invest U.S.$30 million for a 50% equity stake and provide a U.S.$200 million facility to fund the partnership's equity needs. UPC-AC Energy Renewables Australia is developing the Robbins Island and Jim's Plain wind projects and the NE Solar Farm located in Australia, which in total potentially combine for up to 1,700MW of renewable energy capacity.

In 2019, UPC-AC Energy Renewables Australia also acquired the 2x125MW Baroota Pump Hydro project and the 300MW Bridle Solar Farm. Also in 2019, UPC Renewables and AC Renewables International established a new joint venture, UPC-AC Energy Solar Limited, for the construction of over 1,000MW in the next few years, with initial focus on India, South Korea and Taiwan.

In Southeast Asia, ACEIC has forged ties with The Blue Circle, the BIM Group, the AMI Group, Star Energy, The Electricity Generating Company ("EGCO") of Thailand and the Yoma Group for various wind, solar and geothermal projects. Through The Blue Circle, ACEIC is participating in the development of The Blue Circle's pipeline of projects across Southeast Asia. Through the partnerships with BIM Group and AMI Group, ACEIC is participating in several solar and wind projects in Vietnam. Through Star Energy and EGCO, ACEIC is participating in the operation of the 637MW Salak-Darajat Geothermal Projects in West Java, Indonesia. Through its joint venture with the Yoma Group, ACEIC intends to participate in the development of micro power plants and mini-grids that provide electricity to off-grid rural communities and telecommunications towers in Myanmar.

Description of Properties

ACEN owns the following fixed assets as of 30 September 2020:

In thousands

Properties	Location	Value
Land and land improvements	Bacnotan, La Union; Norzagaray, Bulacan; San Lorenzo, Guimaras; Manapla, Negros Occidental; Bangui, Ilocos Norte; Calaca, Batangas; Palauig, Zambales; San Marcelino, Zambales	₱1,476,342
Building and improvements	San Lorenzo Guimaras; Norzagaray, Bulacan; Bangui, Ilocos Norte	7,235,827
Machinery and equipment	San Lorenzo Guimaras; Norzagaray, Bulacan; Bacnotan La Union; Iloilo; Bangui, Ilocos Norte; Bais, Negros Oriental; San Carlos, La Carlota, Manapla Negros Occidental; Calaca, Batangas; Subic, Zambales	23,189,338
Transportation equipment	Makati City; Guimaras; Norzagaray, Bulacan; Subic; Bacnotan, La Union; Bangui, Ilocos Norte; Calaca, Batangas	66,513
Tools and other miscellaneous assets	Makati City; San Lorenzo, Guimaras; Bacnotan, La Union; Calaca, Batangas	343,347
Office furniture, equipment and others	Makati City; San Lorenzo, Guimaras; Bacnotan, La Union; Norzagaray, Bulacan; Bangui, Ilocos Norte; Bais, Negros Occidental	176,969
Construction in Progress	Bangui, Ilocos Norte; Bais, Negros Occidental; Pililia, Rizal; Calaca, Batangas; Palauig, Zambales; Alaminos, Laguna	4,292,889
Total Cost		**₱36,781,225**
Less: Accumulated depletion, depreciation, amortization and impairment loss		₱5,899,594
Net book value		**₱30,881,631**

The land and land improvements include lots in Norzagaray, Bulacan and Bacnotan, La Union where the power plants are located. In San Lorenzo Wind Farm in San Lorenzo, Guimaras, most parcels of land were acquired which approximate 605,800 sqm., but some lots were entered as finance lease. Also included in land and land improvements are the 33.7 has. land in Barangay Puting Bato and Sinisian, Calaca, Batangas owned by SLTEC, the 63.8 has. land in Barangay Sta. Teresa, Municipality of Manapla, Negros Occidental owned by MSPDC, and the 25.3 has. located in Barangay Baruyen, Bangui and Laoag City owned by NPDC. The Group further acquired ownership of 64.217 has. of land in Barangay Salaza, Palauig, Zambales as part of the ACEIC Philippine Transaction. Land also includes 276.854 has. of land in San Marcelino, Zambales under its subsidiary BCHC.

The Company's subsidiary, GWC, entered into various easements and right of way agreements with various land owners to support the erection of transmission lines to be used to connect its 54MW wind farm project in Guimaras. These agreements contain a lease as the arrangements convey the right to use the item and GWC has control over the utility of the asset. Also, GWC has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset, among others, which indicates that it does not transfer substantially all the risks and rewards from the various land owners to the company incidental to the ownership of the parcels of land. GWC's wind farm with carrying value of ₱3.96 billion included under "Machinery and equipment" account is mortgaged as security for the ₱1.41 billion term loan as at 30 September 2020.

The Company's subsidiary, One Subic, has a lease agreement with the Subic Bay Metropolitan Authority for a parcel of land and electric generating plant and facilities where it has determined that the risks and rewards related to the properties are retained with the lessor (*e.g.*, no bargain purchase option and transfer of ownership at the end of the lease term).

Machinery and equipment includes a 52MW Bunker C-Fired power plant in Bulacan, the 21MW Bunker C-Fired power plant in La Union, capitalized equipment for the Subic power plant, Power Barges 101 and 102 in Iloilo, the 54MW wind farm in Guimaras, the 52MW wind farm in Ilocos Norte, 18MWdc solar power plant in Bais, Negros Oriental, 45MWdc solar power plants in San Carlos, Negros Occidental, 80MWdc solar power plants in La Carlota and Manapla Negros Occidental, Islasol and Sacasol, and SLTEC coal plant. This includes cost of construction, plant and equipment and other direct costs.

Transportation equipment, mining equipment, office furniture and equipment are used by officers and personnel based in Makati, Guimaras, La Union, Bulacan, Subic, Iloilo and Lapu-Lapu City.

For the next 12 months, the Company will acquire land, machinery and equipment, furniture and fixtures, office equipment and transportation equipment which will utilize the Company's funds or bank loans. Total cost of the expenditures is not yet available.

Executive Summary

ACEN posted ₱15.2 billion in revenues from electricity sales, rental income, dividend, income, and other income for the nine months ended 30 September 2020, a 28.52% increase from ₱11.9 billion in the same period last year. On the other hand, consolidated cost of sales and general and administrative expenses decreased by 5.8% to ₱11.4 billion for the period ended 30 September 2020. The Company completed a turn around and achieved a net income of ₱3.02 billion for the period ended 30 September 2020 from a net loss of ₱216.98 million due to increased profitability and lower cost of power.

In March 2018, ACEN affiliate MGI began commercial operations of the 12MW Line 2 expansion of its geothermal power plant located in Sto. Tomas Batangas. In 2019, the Maibarara geothermal plant produced a net output of 226 GWH of renewable energy, a substantial increase over 162 GWh in the previous year, and ended the year with total expanded capacity of 32MW from both Lines 1 and 2.

In July 2018, ACE Enexor and its partners notified the DOE of their withdrawal from SC 51 over offshore and onshore blocks in Eastern Visayas, deeming it impossible to complete exploration efforts within the remaining term of the contract. Moreover, the Company thought it prudent to also withdraw from SC 69 which covers an offshore area in Central Visayas due to vigorous opposition of local stakeholders to exploration activities. The Company accordingly recognized a loss on the write off in 2018 of its share in accumulated exploration costs for both service contracts. However, the Company, through its subsidiary Palawan55, commenced advanced geophysical studies under SC 55 as it remains optimistic of petroleum prospectivity of the area where subcommercial gas was discovered in 2015.

In February 2019, PHN disclosed the signing of an agreement on the sale of approximately 51.48% of outstanding shares in the Company held collectively by PHN and PHI to ACEIC. ACEIC was ACEN's partner in the SLTEC coal plant venture. ACEIC, which is fully committed to the energy sector, is in the best position to grow the Company and views ACEN as a strategic fit into its own business.

On 24 June 2019, aside from ACEIC acquiring the 51.48% combined stake of PHI and PHN in ACEN, ACEIC also acquired an additional 156,476 ACEN Shares under the mandatory tender offer which ended on 19 June 2019 and subscribed to 2.632 billion ACEN Shares. Upon closing of the transactions with PHI and PHN on 19 June 2019, ACEIC owned 66.34% of the outstanding voting Shares of the Company. As the parent company of ACEN, ACEIC has general management authority with corresponding responsibility over all operations and personnel of ACEN. The management of the Company includes planning, directing, and supervising all the operations, sales, marketing, distribution, finance and other business activities of the Company as provided in the management contract effective until 1 September 2023.

At the ASM held on 17 September 2019, as the Company marked its 50th year in the business and following the acquisition of ACEIC's ownership in the Company, the Company's management was formally transferred from the PHINMA group to the Ayala Group, in particular to ACEIC.

On 12 November 2019, the Company and ACEIC executed an Amended and Restated Deed of Assignment effective as at 9 October 2019 for the issuance of 6,185,182,288 Shares of ACEN in exchange for various onshore operating and development companies owned by ACEIC. The ACEIC Philippine Transaction was approved by the Board of Directors of the Company on 9 October 2019 and was subject to the approval of (a) the PSE as to the listing of the shares issued by the Company in exchange for the assets of ACEIC, and (b) the BIR as to the qualification of the transaction as a tax-free exchange. The Amended and Restated Deed of Assignment was further amended and restated on 14 May 2020 and the subscription by ACEIC and increase in authorized capital stock of the Company were approved by the SEC on 22 June 2020. On 18 December 2020, the PSE issued a Notice of Approval approving the listing of the said Common Shares, together with the listing of up to 2,267,580,434 Common Shares pursuant to the Offer, subject to the fulfilment of the conditions in the Notice of Approval.

Consolidation with ACEIC

On 18 March 2020, the Company's Board approved the issuance of additional primary shares of the Company stock in favor ACEIC, in exchange for property consisting of shares owned by ACEIC in its wholly owned subsidiary AC Energy International, which holds ACEIC's international renewable energy portfolio. The determination of the final issue price and the number of additional shares to be issued to ACEIC was delegated to the Executive Committee, provided that the issue price and number of shares fall within the fair range of values determined by the third party independent valuator, FTI Consulting. The transaction is subject to further Board and regulatory approvals and is expected to be completed in 2021.

Both ACEN and AC Energy International were valued by an independent third-party valuer FTI Consulting, which is accredited by both the SEC and the PSE. As at 31 December 2019, the third-party valuer put the combined value of AC Energy International and ACEN at approximately ₱89.6 to 104.5 billion. On 11 November 2020, the Board of Directors in its regular meeting approved the engagement of FTI Consulting as fairness opinion provider and other consultants for purposes of reissuing an independent valuation to the Company for the ACEIC International Transaction.

The combined platform will have a Net Attributable Capacity of around 1,500MW in operations and under construction, of which 60% is from renewable energy.

Portfolio of Assets

ACEN holds investments in and operates its portfolio of power projects through its subsidiaries, associates and joint ventures. The following tables set forth selected data on the Company's power generation portfolio in operation and under construction as of 30 September 2020 and upon completion of the implementation of the ACEIC Philippine Transaction.

Plant/ Project Name	Location	Project type	Net dependable capacity (MW)	Effective Economic Interest (%)[1]	Net Attributable capacity (%)[2]	COD
OPERATING ASSETS						
Renewable Energy						
GWC	Guimaras, Philippines	Wind	54	100%	54	2014
NLREC[3]	Ilocos Norte, Philippines	Wind	81	67%	54	2014
Islasol	Negros Occidental, Philippines	Solar	80	60%	48	2016
Sacasol	Negros Occidental, Philippines	Solar	45	100%	45	Phase AB: 2014; Phase CD: 2015
NPDC[3]	Ilocos Norte, Philippines	Wind	52	68%	35	Phase 1: 2005 Phase 2: 2008 Phase 3: 2014
Montesol[3]	Negros Occidental, Philippines	Solar	18	100%	18	2016
Maibarara Geothermal Plant	Batangas, Philippines	Geothermal	32	17%	8	Unit 1 (20MW): 2014 Unit 2 (12MW): 2018
South Negros Biopower Project[3]	La Carlota, Negros, Philippines	Biomass	22	7%	2	2021 target
North Negros Biopower Project[3]	Manapla, Negros, Philippines	Biomass	22	6%	1	2021 target
San Carlos Biopower Project[3]	San Carlos, Negros, Philippines	Biomass	19	7%	1	2021 target
Thermal Energy						
SLTEC[3]	Batangas, Philippines	Coal	244	100%	244	Unit 1: 2015 Unit 2: 2016
OSPGC	Olongapo City, Philippines	Diesel	108	100%	108	1994 (NPC-SPC)
BPGC	Bulacan, Philippines	Diesel	48	100%	48	1998
Power Barge 101	Iloilo, Philippines	Diesel (power barge)	24	100%	24	1981 (NPC)
Power Barge 102	Iloilo, Philippines	Diesel (power barge)	24	100%	24	1981 (NPC)
CIPP	La Union, Philippines	Diesel	20	100%	20	2013[3]
UNDER CONSTRUCTION						
Renewable Energy						
Alaminos Solar Farm	Alaminos, Laguna	Solar	120	100%	120	2021 target
Palauig Solar Farm	Palauig, Zambales	Solar	60	100%	60	2021 target

Plant/ Project Name	Location	Project type	Net dependable capacity (MW)	Effective Economic Interest (%)[1]	Net Attributable capacity (%)[2]	COD
Thermal Energy						
Ingrid Peaking Plant	Pililia, Rizal	Diesel	150	50%[4]	75	2021 target[5]

Notes:
(1) Effective economic interest refers to the Company's economic interest directly and/or indirectly held in the project.
(2) Net Attributable Capacity refers to the product of the Company's effective economic interest in the relevant power project multiplied by net capacity of the relevant power project.
(3) On 14 May 2020, the Company and ACEIC executed the Second Amended and Restated Deed of Assignment effective as at 9 October 2019, whereby ACEIC transferred and conveyed to the Company its rights and interest in various projects in the Philippines.
(4) On 23 July 2020, the Company and ACE Endevor, the Company's wholly-owned subsidiary, signed a shareholder's agreement with Axia Power, a subsidiary of Marubeni Corporation. Under the shareholder's agreement, Axia Power will acquire 50% of the shares and 50% of the economic rights in Ingrid.
(5) Company intended to provide ancillary services to NGCP. Commercial operations date subject to effectivity of ASPA agreement.

Thermal Plants in Operation

CIPP

Background. CIPP was incorporated and registered with the SEC on 2 June 1998 primarily to construct, erect, assemble, commission, operate, maintain and rehabilitate gas turbine and other power generating plants for the conversion of coal and other fuel into electricity, and transmit and distribute thereof to Carmelray Industrial Park II in Calamba, Laguna. The 21MW diesel bunker C-fired power plant used to supply power to locators in the industrial park but in April 2009, CIPP sold its distribution assets resulting in the cessation of the company's operations and the separation of substantially all of its employees effective 31 January 2010. On 22 February 2010, the ACEN Board approved the acquisition of CIPP, and on December 2010, the transfer of the plant from Carmelray Industrial Park II to Brgy. Quirino, Bacnotan, La Union. The transfer was completed in December 2012 and resumed operations in January 2013.

Power Offtaker / Energy Sales. On 26 June 2013, CIPP entered into a PAMA with ACEN valid for 10 years for ACEN to administer and manage the entire capacity and net output of One Subic in consideration of energy fees to be paid by ACEN to CIPP. Fixed capacity fees paid to CIPP are recorded as revenue from sale of electricity on the basis of the applicable terms of the PAMA. CIPP has an existing approved non-firm ASPA with NGCP and revenues from sale of electricity through said ancillary services is recognized monthly based on the capacity scheduled and/or dispatched.

Operations Review. In January 2013, CIPP resumed commercial operations in La Union. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of CIPP Power Plant by selling or trading the entire capacity.

As of 30 September 2020, the project's average availability factor for the year ended 31 December 2019 and for the nine months ended 30 September 2020 were both at 99%.

One Subic

Background. One Subic was incorporated and registered with the SEC on 4 August 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. On 18 November 2010, ACEN and One Subic entered into a PAMA wherein ACEN administers and manages the entire generation output of the 116MW diesel power plant in Subic, Olongapo City. The

PAMA became effective on 17 February 2011 and shall be valid throughout the term of the lease agreement with SBMA. On 12 May 2014, the Company purchased from Udenna Energy Corporation the entire outstanding shares of stock of One Subic. On 19 June 2017, the SEC approved the amendment of One Subic's Articles of Incorporation for the change in the primary purpose to include exploration, discovery, development, processing, and disposal of any and all kind of petroleum products.

Power Offtaker / Energy Sales. One Subic has an existing PAMA with ACEN under which ACEN is given the right to administer and manage the net output of One Subic's Power Plant in consideration of energy fees to be paid by ACEN to One Subic. Capacity and energy recovery fees paid to One Subic are recorded as revenue from sale of electricity based on the PAMA. One Subic Power Plant has an existing approved non-firm ASPA with NGCP. The One Subic Diesel Power Plant provides dispatchable reserve services to NGCP, as they are fast start generators that are readily available for dispatch when called by NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs.

Operations Review. One Subic started commercial operations in 17 February 2011. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of One Subic Power Plant by selling or trading the entire capacity.

As of 30 September 2020, the project's average availability factor for the year ended 31 December 2019 and for the nine months ended 30 September 2020 were at 68% and 94%, respectively.

Lease Agreement with SBMA. One Subic entered into a Facilities Lease Agreement with SBMA for a parcel of land, power generating plant and facilities, with a right of first offer to purchase the plant, subject to the terms and conditions in the Facilities Lease Agreement, exercisable prior to the end of the lease. The lease was originally entered on 20 July 2010 and valid for five years. The agreement was later on amended on 18 June 2013 to extend the term of the lease to 19 July 2020 with an option to renew for another five years. On 3 April 2018, the agreement was further amended to extend the term of the lease until 19 July 2030.

Bulacan Power

Background. BPGC (formerly PHINMA Power Generation Corporation) was incorporated and registered with the SEC on 18 March 1996 and is primarily engaged in power generation. In October 2006, the PEMC approved BPGC's application for registration as trading participant for both generation and customer categories in the WESM. Both ACEN and BPGC obtained membership in the WESM allowing both to participate in electricity trading managed by PEMC, including selling of excess generation to the WESM. On 26 December 2013, BPGC entered into a PAMA with ACEN valid for 10 years for the administration and management by ACEN of the entire capacity and net output of BPGC starting 2014 in consideration of energy fees to be paid by ACEN to BPGC.

Offtaker / Energy Sales. On 10 December 2012, the NGCP and BPGC executed an ASPA for the latter to provide dispatchable reserves ensuring reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five years upon the effectivity of the provisional approval or final approval issued by the ERC. By the ERC Order dated 25 February 2013, the ERC provisionally approved the application filed by NGCP and BPGC allowing BPGC to provide ancillary services to NGCP in January 2015.

Under the PAMA with ACEN dated December 26, 2013, ACEN has the sole and exclusive right to dispatch all of the capacity and the output of the BPGC's Power Plant, where any fees paid in connection with the capacity of BPGC's Power Plant, including ancillary services to NGCP, belong to ACEN as the sole administrator and manager. However, effective 26 March 2018, the amended PAMA allows BPGC to retain the ancillary fees and no longer paid to ACEN.

Operations Review. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of BPGC by selling or trading the entire capacity of its diesel power plant.

Thermal Projects in Operation

SLTEC

Background. On 29 June 2011, the Company entered into a joint venture with ACEIC to form SLTEC, which would undertake the construction of a 244MW clean coal power plant in Calaca, Batangas. Each of the Company and ACEIC had 50% ownership of SLTEC until the entry of Axia Power, a subsidiary of Marubeni Corporation, through the purchase of the Company's 5% interest and ACEIC's 15% interest in SLTEC in December 2016. On 4 November 2019, ACEIC assigned its right to purchase the 20% ownership stake of Axia Power in SLTEC in favor of the Company.

Offtaker / Energy Sales. ACEN purchases all the power generated by the power plant in accordance with a 15-year exclusive power purchase agreement with SLTEC to sustain and support the electricity supply business of the Company. SLTEC and ACEN subsequently terminated the power purchase agreement and entered into an Administration and Management Agreement on 4 October 2019 whereby ACEN has the exclusive right to administer, control, and manage the net dependable capacity and net available output of the 2x135MW power plant. ACEN entered into a PSA with Meralco on a fixed price peso contract until 2029 using SLTEC as one of its sources of supply. The PSA has been approved by the ERC on 13 May 2020 for the baseload and on 1 June 2020 for the mid-merit.

Operations Review. The project officially commenced in December 2011, with the first unit of the plant starting its commercial operations in April 2015, and the second unit in February 2016. As of 30 September 2020, the project's average availability factor for the years ended 31 December 2018, 2019, and for the nine months ended 30 September 2020 were at 62%, 66%, and 87%, respectively.

Power Barges 101 and 102

Background. Power Barges 101 and 102 were commissioned in 1981 and directly owned by the Company. Each power barge is a barge-mounted bunker-fired diesel generating power station with Hitachi diesel generator units and a gross capacity 32MW.

Power Barges 101 and 102 started providing dispatchable reserve services to the Visayas grid in 2018. As of 31 October 2020, Power Barges 101 and 102 both have net capacities of 24MW, while Power Barge 103 which previously had a net capacity of 18MW is undergoing rehabilitation. As these power barges are more than 24 years old, ACEN intends to improve its availability, capacity, and reliability by undergoing continuous maintenance and rehabilitation of the power barges.

Offtaker/ sales. Power Barges 101 and 102 have existing approved non-firm ASPAs with the NGCP. Both power plants provide dispatchable reserve services to NGCP, as these are fast start generators readily available for dispatch when called by NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs.

Operations review. ACEN has qualified personnel performing the day-to-day operations of the power barges. ACEN observes scheduled shutdowns to conduct major mechanical, electrical, and control and instrumentation maintenance activities. As part of its obligations under its respective ASPAs, each Power Barge are required to be available but will only operate as needed.

Availability Factors of both projects are as follows:

	For the year ended 31 December 2019	For the nine months ended 30 September 2020
Power Barge 101	88%	81%
Power Barge 102	74%	65%

Thermal projects under construction

Ingrid Peaking Plant

On December 2019, the Company has commenced construction 150MW diesel power plant in Brgy. Malaya, Pililia, Rizal, to be an ancillary service provider to the NGCP, through its wholly-owned subsidiary, Ingrid. Ingrid was incorporated and registered with the SEC on 7 June 2018, with the primary purpose to own, operate, maintain, and rehabilitate energy systems and projects. The Company is targeted to sign an ASPA with NGCP and thereby start commercial operations in 2021.

Renewable Energy Projects in Operation

Guimaras Wind

Background. GWC was incorporated and registered with the SEC on 2 September 1994 to engage in developing and utilizing renewable energy, and pursuing clean and energy-efficient projects. GWC was awarded by the DOE WESC No. 2009-10-009, pursuant to which it developed the 54MW San Lorenzo Wind Farm in Guimaras, Iloilo.

On 20 May 2013, the DOE confirmed the Declaration of Commerciality of the GWC's 54MW San Lorenzo Wind Project in San Lorenzo, Guimaras under WESC No. 2009-10-009. The DOE confirmation affirms the conversion of said WESC from Pre-Development to Commercial Stage. On 7 October 2014, GWC started delivering power to the grid from the commissioning operations of the first three units of wind turbine generators. On 16 February 2015, GWC received from the DOE the confirmation of Commercial Operation starting 27 December 2014 for its 54MW San Lorenzo Wind Project.

Power Offtaker / Energy Sales. Pursuant to Section 7 of the RE Law and Section 5 of the RE Law IRR, the ERC adopted and promulgated the FIT Rules. Eligible plants are entitled to the appropriate FIT administered and paid by the TransCo. On 10 June 2015, the wind farm was issued a Certificate of Endorsement for FIT Eligibility by the DOE. On 1 December 2015, GWC received its COC- FIT from the ERC which entitles the company to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning 27 December 2014, for a guaranteed period of 20 years until 26 December 2034. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱8.59/kWh.

Operations Review.GWC started delivering power to the grid on 7 October 2014 during the commissioning operations of the first three units of wind turbine generators. The 54MW wind energy plant started Commercial Operations on 27 December 2014.

The availability and capacity factor of the Guimaras Wind Farm are as follows:

	For the year ended 31 December 2019	**For the nine months ended 30 September 2020**
Availability Factor (%)	95	95
Capacity Factor (%)	19	19

Operations and Maintenance. GWC entered into an Operation and Maintenance Agreement for Wind Turbine Generators with Gamesa Eolica-Unipersonal Philippine Branch ("Gamesa") as the Contractor dated 15 February 2013, where the latter warrants to the company that the annual average availability of the wind farm be no less than 97%. If the annual average availability of the San Lorenzo Wind Farm is less than the availability warranty, Gamesa will pay GWC liquidated damages.

Maibarara Geothermal

Background. On 19 May 2010, the Company, PetroGreen Energy Corporation ("PetroGreen"), and PNOC Renewables Corporation ("PNOC RC") signed a joint venture agreement, a wholly-owned subsidiary of publicly-listed PetroEnergy, to form MGI. MGI, with the following shareholding interests: PetroGreen - 65%; the Company - 25%; and PNOC RC - 10%., would develop and operate the Maibarara Geothermal Power Project ("Maibarara Thermal Project") pursuant to the geothermal renewable energy service contract awarded by the DOE to PetroEnergy, PetroGreen's parent company, and subsequently assigned by PetroEnergy to MGI. On 27 August 2019, the Company and MGI executed an Amendment to the Unit 1 Electricity Supply Agreement ("ESA") and Unit 2 ESA where the electricity fee rate structure was amended and the electricity supply period was amended until 25 June 2039.

Operations Review. Unit 1 and Unit 2 of Maibarara Project commenced commercial operation on 8 February 2014 and on 9 March 2018, respectively.

Operations and Maintenance. MGI has qualified personnel performing the day-to-day operations of the Maibarara Project. MGI observes scheduled shutdowns to conduct major mechanical, electrical, and control and instrumentation maintenance activities.

The ACEIC Philippine Transaction

On 9 October 2019, ACEIC assigned its rights, interests, and obligations in the following companies to the Company as payment for its subscription to unissued shares and shares to be issued out of the increase in the authorized capital stock of the Company.

Montesol

Background. In 2015, ACEIC entered into a subscription and shareholders' agreement with VRC (formerly "Bronzeoak Clean Energy") for the development, construction and operation of the Montesol Project, a solar power farm located in Bais City, Negros Oriental. This project is owned and operated by Montesol. The first phase of the project was for an 18MWdc solar power plant with a total project cost of ₱1.3 billion, which was completed in February 2016 and is currently dispatching its full capacity to partially meet the energy requirements of Dumaguete City and Cebu City. The Company believes that there is further potential for the expansion of the initial 18MWdc solar power plant to up to 40MWdc.

Power Offtaker / Energy Sales. On 26 May 2015 and 15 October 2015, the Montesol Project secured the certificates of registration with the DOE and BOI, respectively, as a renewable energy developer of solar energy resources. On 3 June 2016, the DOE certified the Montesol Project as an eligible project under the FIT system. On 14 July 2016, the ERC issued a provisional authority to operate in favour of Montesol and on 8 December 2016 qualified this to a provisional authority to operate as a renewable energy generation company, thereby entitling it to a FIT Rate of ₱8.69/kWh for a period of 20 years from 13 March 2016. On 6 February 2017, the Company received final authority by way of its COC-FIT from the ERC and recognized revenues from energy sales using the FIT Rate.

Pursuant to Section 7 of the RE Law and Section 5 of the RE Law IRR, the ERC adopted and promulgated FIT rules. Eligible plants are entitled to the appropriate FIT Rate for its energy sales, which is administered and paid by the TransCo. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱10.12/kWh.

Operations Review. The Montesol Project started commercial operations in February 2016 initially at WESM prices until the receipt of the COC allowing the company to retroactively recognize revenue from generation starting from March 2016 at FIT Rate.

The capacity factor of the Montesol Project for the years ended 31 December 2018, 31 December 2019, and the nine months ended 30 September 2020 were at 16%, 15%, and 16%, respectively.

Operations and Maintenance. The Montesol Project utilizes photovoltaic technology to convert sunlight to electricity using 68,160 modules and 16 inverters. On 20 April 2016, Montesol signed a technical consultancy and services agreement with Conergy Asia & ME PTE Ltd, an Operations and Maintenance Agreement with Physics Research Sales and Services Corp., O&M Coordination Agreement and a Wrap Agreement and Waiver of Defenses under the Offshore Contract and O&M Contract for the operation and maintenance of the plant for five years from the issuance of the certificate for the Performance Acceptance test for Montesol as defined in the offshore supply contract it signed with Conergy Asia & ME PTE Ltd.

Montesol then signed another Operations and Maintenance Agreement with PRSS dated 1 November 2019 for the operation and maintenance of the plant for another two years from the date of the agreement.

ACE Renewables

ACE Renewables was incorporated and registered with the SEC on 6 April 2005 as a holding company with the primary purpose to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of property of every kind and description, shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of an corporation or corporations, domestic or foreign. ACE Renewables is a shareholder in NLREC and in ACE Endevor.

Viage

Viage was incorporated and registered with the SEC on 22 August 2005 as holding company to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind in particular, shares of stock, voting trust certificates, bonds, debentures, notes, evidences of indebtedness association, domestic or foreign, including those of the Government of the Philippines, or any of its instrumentalities, without being a stockbroker or dealer. Viage is a shareholder in NPDC.

Northwind

Background. In March 2011, ACEIC acquired a 50% effective stake in NPDC, which owns and operates the Northwind Project, which was then a 33MW wind farm located in Bangui Bay, Ilocos Norte. The wind farm currently has total of 26 wind turbines and is the first commercial wind farm ever established in Southeast Asia. Commercial operations started in June 2005 with 15 wind turbines (Phase 1) followed by an additional five turbines in August 2008 (Phase 2) and another six turbines in September 2014 (Phase 3), increasing the project's generation capacity to 51.9MW.

ACEIC acquired an additional 17.8% stake in NPDC in 2016. This increased ACEIC's effective ownership interest from 50.0% to 67.8%.

Power Offtaker / Energy Sales. The Northwind Project delivers all its generation to the national grid via its own 57 kilometer 69kV transmission line from its plant site in Bangui, Ilocos Norte to the substation of the NGCP in Laoag City, Ilocos Norte.

The tariff on the generation of Phases 1 and 2 is a FIT Rate of ₱5.76/kWh specific to the company, approved by the ERC in its decision dated 30 June 2014. The FIT Rate is valid for 20 years less the actual years of operation as provided for under the FIT Rules.

The tariff on the Phase 3 turbines is the national FIT Rate of ₱8.53/kWh and is valid for a period of 20 years. Annual adjustment to the FIT Rate is provided for under the FIT Rules. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱6.92/kWh and ₱9.90/kWh for Phases 1 and 2, respectively.

Operations Review. Phases 1 and 2 use Vestas turbines and have a total 33MW of capacity and while Phase 3 uses Siemens turbines and have a total 18.9MW of capacity.

The table below is a summary of selected operating data of the Northwind Project:

		For the year ended 31 December 2018	**For the year ended 31 December 2019**	**For the nine months ended 30 September 2020**
Phase 1 & 2	Availability Factor (%)	90	91	94
	Capacity Factor (%)	28	23	20
Phase 3	Availability Factor (%)	96	93	94
	Capacity Factor (%)	34	25	25

Operations and Maintenance. After the expiration of the O&M warranty on Northwind Project's Phase I and II turbines in 2010 and 2013 respectively, the turbines had been maintained and operated by NPDC personnel. However, major repairs and software upgrades are outsourced to Vestas.

In 2013, NPDC signed a five-year Service and Availability Agreement ("SAA") with Siemens, covering the same period as the O&M warranty for Phase III. Under the SAA, Siemens warrants that the measured average availability ("MAA") of the project shall not be less than the warranted average availability ("WAA") of 95%. Should the MAA fall below 95%, Siemens shall pay NPDC damages. The SAA also provides for an incentive if the MAA exceeds the incentive threshold of 97%.

Upon expiration of the SAA on 25 September 2019, Siemens and NPDC executed a 10-year Long Term Full Service Agreement with the same WAA and incentive threshold, which will be extended to 15 years. In January 2020, NPDC executed an Umbrella Agreement by and among Siemens, NLREC and NPDC combining the MAA for the 33 Siemens turbines of the two windfarms (Northwind Project and NLR Project). Under the Umbrella Agreement, Siemens warrants a combined WAA of 98% during high wind months of October to March and 95% during low wind months of April to September. Should the MAA be less than the WAA, Siemens shall pay NLREC and NPDC damages. If the MAA exceeds the incentive threshold of 98.5% during high wind months or 95.5% during low wind months, NLREC or NPDC shall pay an incentive to Siemens.

Philippine Wind

PWHC was incorporated and registered with the SEC on 12 November 2009 as a holding company for renewable energy corporations. It is the parent company of NLREC, which owns and operates the 81MW wind farm in Barangay Caparispisan, Pagudpod, Ilocos Norte or the Northwind Project, through the Investment Framework Agreement and Shareholders' Agreement dated 12 July 2013 among ACEIC, UPC Philippines Wind Holdco I B.V., and PINAI.

PWHC owns 100% ownership interest in Ilocos Wind, a shareholder in NLREC.

Ilocos Wind

Ilocos Wind was incorporated and registered with the SEC on 16 December 2009, and owns 28.7% of NLREC.

NLR Wind

Background. In July 2013, ACEIC signed an Investment Framework Agreement and shareholders' agreement with UPC Philippines Wind Holdco I B.V., a wholly-owned company of UPC Renewables and PINAI. Under the agreements, the parties agreed to develop wind farm projects in Ilocos Norte through Northern Luzon UPC Asia Corp. as their joint venture company (now named NLREC)

Under the Investment Framework Agreement, an initial equity investment was agreed upon for the NLR Project, which was the first 81MW wind farm project in Caparispisan, Pagudpod, Ilocos Norte, and had a total project cost of approximately U.S.$220 million. ACEIC funded 64% of the project's equity, with PINAI funding 32% and UPC Renewables funding 4%.

The NLR Project started commercial operations on 11 November 2014. On 11 December 2014, the DOE through the issuance of a certificate of endorsement certified the project as an eligible project under the FIT system.

In September 2015, ACEIC sold a portion of its ownership stake in NLR to Luzon Wind Energy Holdings BV. Subsequent to such sale, ACEIC remains the single largest shareholder in NLR with a 25.7% voting interest.

On 5 November 2019, ACEIC, through its subsidiary ACEN, signed a share purchase agreement with PINAI for the acquisition of PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in NLREC.

Power Offtaker / Energy Sales. The power generated by the NLR Project is supplied to the NGCP via its 62 kilometers, 115 kV transmission line from the project site to the NGCP substation in Laoag City, Ilocos Norte.

In April 2015, NLR received the FIT COC from the ERC entitling the wind farm to a FIT Rate of ₱8.53/kWh for a period of 20 years. The FIT Rate covers the period from 11 November 2014 to 10 November 2034. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱9.90/kWh.

Operations Review. The wind farm is comprised of 27 wind turbines with individual capacity of 3MW each. The table below is a summary of selected operating data of the NLR Project:

	For the year ended 31 December 2018	**For the year ended 31 December 2019**	**For the nine months ended 30 September 2020**
Availability Factor (%)	94	94	96
Capacity Factor (%)	38	31	28

Operations and Maintenance. On 11 July 2013, the company signed a service maintenance and availability agreement ("SMAA") with Siemens, its supplier of WTGs, to provide and carry out certain service and maintenance activities for the WTGs to support the company's day-to-day operations of the WTGs and retain Siemens to provide an availability warranty.

Under the SMAA, Siemens performs its services in accordance with the annual maintenance service plan reviewed and accepted by NLREC. The annual maintenance plans are prepared no later than 60 days prior to the commencement date and updated 60 days prior to the expiration of the previous plan year or as necessary to reflect on-going maintenance issues. Each annual maintenance service plan includes breakouts of Siemens' plan for providing the services. Services include maintenance and inspection, waste management during the performance of services and remote monitoring of the WTGs on a 24-hour a day, seven days a week basis. Siemens also warrants that the MAA of the project shall not be less than the WAA of 96%. Should the MAA fall below 96%, Siemens shall pay NLR damages. The SMAA also provides for an incentive if the MAA exceeds the incentive threshold of 97%.

The SMAA was amended on 26 June 2015, changing the term of the agreement, from the commencement date to the fifth annual anniversary of the WTG Commissioning Completion date to 15 January 2015 to 15 January 2020 and the daily fee paid to Siemens from ₱4,990 to ₱5,448.

A further amendment was executed on 20 April 2018 amending the Availability Test Procedure.

Upon expiration of the SMAA, Siemens and NLREC executed a 15-year Long Term Full Service Agreement on 24 January 2020. NLR also executed an Umbrella Agreement by and among Siemens, NLREC and NPDC combining the MAA for the 33 Siemens turbines of the two windfarms (NLR Project and Northwind Project). Under the Umbrella Agreement, Siemens warrants a combined WAA of 98% during high wind months of October to March and 95% during low wind months of April to September. Should the MAA be less than the WAA, Siemens shall pay NLREC and NPDC damages. If the MAA exceeds the incentive threshold of 98.5% during high wind months or 95.5% during low wind months, NLR or NPDC shall pay an incentive to Siemens.

Islasol

Background. On 18 December 2019, ACEN signed a share purchase agreement with PINAI for the acquisition of PINAI's ownership interest in Islasol. On 28 February 2020, the PCC approved the transaction. On 23 March 2020, closing occurred and the purchase price in the amount of ₱1.6 billion was paid by Giga Ace 3, Inc. ("GigaAce3"), ACEN's wholly-owned subsidiary and the entity designated by ACEN to purchase the PINAI's shares in Islasol. ACEN's ownership of the company increased to 100% upon completion of the transaction. At present, Islasol owns a 32MWdc solar farm in La Carlota City, Negros Occidental ("Islasol II") and a 48MWdc solar farm in Manapla, Negros Occidental ("Islasol III"). Islasol II and Islasol III began their commercial operations on 29 March 2016 and 8 March 2016, respectively, and are currently dispatching their full capacity to the grid. Islasol II uses a mix of JA Solar and Astronergy 260W solar panels, while Islasol III uses JA Solar panels ranging from 265W to 275W.

On 22 May 2020, Islasol signed with ThomasLloyd a subscription agreement for 33,691 Redeemable Preferred Shares E in Islasol at a subscription price of ₱2,780,224,857.21, to be issued out of the increase in Islasol's authorized capital stock. Following the issuance of the shares to ThomasLloyd and a programmed partial redemption of GigaAce 3's Islasol shares, ThomasLloyd's and ACEN's (through GigaAce 3 and VRC) ownership interests in Islasol will be at 34% and 66%, respectively.

Power Offtaker / Energy Sales. Islasol II is connected to the Bacolod-San Enrique 69 kV line, while Islasol III is directly connected to NGCP's Cadiz substation. On 13 January 2017, the ERC granted Islasol II provisional authority to operate and issued its COC on 5 June 2017. For Islasol III, the ERC granted a provisional authority to operate on 29 July 2016, which was extended on 23 January 2017. Islasol III's COC was eventually issued on 10 July 2017.

Operations Review. The availability factor and capacity factor of the Islasol I and II are as follows:

	For the year ended 31 December 2019	For the nine months ended 30 September 2020
Availability Factor (%)	99	98
Capacity Factor (%)	17	17

Operations and Maintenance. Both Islasol II and Islasol III use photovoltaic technology to convert sunlight to electricity with Islasol II utilizing 123,096 modules and 32 inverters, while Islasol III utilizes 179,040 modules and 45 inverters. On 12 January 2016, Islasol signed a technical consultancy and services agreement with Conergy Asia & ME PTE Ltd, an Operations and Maintenance Agreement with Physics Research Sales and Services Corp., O&M Coordination Agreement and a Wrap Agreement and Waiver of Defenses under the Offshore Contract and O&M Contract for the operation and maintenance of the plant for five years from the issuance of the Certificate for the Performance Acceptance Test for Islasol as defined in the offshore supply contracts it signed with Conergy Asia & ME PTE Ltd.

Sacasol

Background. In 2019, ACEN signed a share purchase agreement with PINAI for the acquisition of PINAI's ownership interest in Sacasol. On 13 February 2020, the PCC approved the transaction. On 23 March 2020, closing occurred and the purchase price in the amount of ₱3.0 billion was paid by Giga Ace 2, Inc., ACEN's wholly-owned subsidiary and the entity designated by ACEN to purchase the PINAI's shares in Sacasol. ACEN's ownership of the company increased to 100% upon completion of the transaction.

Located in San Carlos City, Negros Occidental, Sacasol AB (a 22MWdc solar farm) and Sacasol CD (a 23dc MW solar farm) began operating commercially on 15 May 2014 and 6 September 2015, respectively, with both solar farms currently dispatching full capacity to the grid. The Sacasol solar farms use a combination of Astronergy 270W PV solar modules and JA Solar 245W PV Modules.

Power Offtaker / Energy Sales. Sacasol AB and Sacasol CD are connected to the San Carlos-Cadiz 69 kV line. Sacasol AB has been awarded a guaranteed FIT Rate of ₱9.68/per kWh, subject to adjustment as may be approved by the ERC, for 20 years. For Sacasol CD, the awarded guaranteed FIT Rate is ₱8.69/per kWh, also subject to adjustment as may be approved by the ERC, for 20 years. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱11.28/kWh and ₱10.12/kWh for Sacasol AB and Sacasol CD, respectively.

Operations Review. The availability factor and capacity factor of Sacasol solar farms are as follows:

	For the year ended 31 December 2019	**For the nine months ended 30 September 2020**
Availability Factor (%)	99	98
Capacity Factor (%)	17	17

Operations and Maintenance. Both Sacasol AB and Sacasol CD use photovoltaic technology to convert sunlight to electricity. Sacasol AB utilizes 83,208 modules and 22 inverters, while Sacasol CD utilizes 88,946 modules and 22 inverters. On 25 September 2015, Sacasol signed a technical consultancy and services agreement with Conergy Asia & ME PTE Ltd, an Operations and Maintenance Agreement with Physics Research Sales and Services Corp., O&M Coordination Agreement and a Wrap Agreement and Waiver of Defenses under the Offshore Contract and O&M Contract for the operation and maintenance of the plant for five years from the issuance of the Certificate for the Performance Acceptance Test for Sacasol as defined in the offshore supply contract it signed with Conergy Asia & ME PTE Ltd.

South Negros Biopower, North Negros Biopower, and San Carlos Biopower

Background. On 20 March 2018, AC Energy International and Zabaleta & Co. entered into a share purchase agreement for acquisition of 21,484 common shares in Isla Bio, which represents a 42.97% voting interest. Isla Bio is the entity that holds interests in three biomass plants in Negros Occidental province that are under construction, namely the: (1) 19MW (net) San Carlos BioPower Project, (2) 22MW (net) South Negros BioPower Project and (3) 22MW (net) North Negros BioPower Project.

The biomass plants are conceptualized to be highly efficient power plants capable of combusting a range of locally available biomass to generate power by a steam turbine-driven generator utilizing tried and proven technologies while ensuring environmental compliance. Biomass, including but not limited to, agricultural residue such as sugarcane trash and coconut husks/shells, as well as wood and grasses, will be the main fuel utilized in such plants.

South Negros Biopower, North Negros Biopower, and San Carlos Biopower have substantially completed construction and are targeting to achieve commercial operations within 2021.

Renewable Energy Projects Under Construction

Alaminos Solar Farm

In May 2020, the Company has commenced construction of its 120MWdc solar power farm project to be located in the Municipality of Alaminos, Laguna, through its wholly-owned subsidiary, SolarAce1, with project completion expected by May 2021. The project uses Seraphim monocrystalline panels and is expected to sell its output to ACEN's RES Business upon completion.

Palauig Solar Farm

In July 2020, the Company has commenced construction of its 60MWdc solar farm located in the Municipality of Palauig, Zambales, through its wholly-owned subsidiary Gigasol3, with project completion expected by April 2021. The project uses Seraphim monocrystalline panels and is expected to sell its output to ACEN's RES Business upon completion.

Renewable Energy Development Platforms

ACEN is scaling up its renewable energy platforms and existing partnerships with a strong pipeline of projects in the Philippines and through the transfer of ACEIC's international portfolio (see ACEIC International Transaction) and targets to reach financial close for various renewable projects with an expected gross capacity of over 5,000MW in the next five years.

ACE Endevor

AC Endevor was incorporated and registered with the SEC on 10 November 2014 to engage in all aspects of exploration, assessment, development and utilization of renewable and other energy resources and storage of electricity. ACEIC acquired 100% of the ownership interests in ACE Endevor in March 2017 with the intent to make ACE Endevor its project development, management and operations platform.

ACE Endevor currently provides operations and management support to renewable energy companies that include Sacasol, Islasol and Montesol.

ACE Endevor wholly owns VRC, PWPC, Gigasol2, LCC Bulk Water, MCV Bulk Water, SCC Bulk Water, HDP Bulk Water, Solienda, and SJLD.

ACE Endevor also has an ownership interest in Isla Bio, the parent company of SCBP, SNBP, and NNBP, and in Ingrid and Ingrid Power 3 Holdings, Inc.

Visayas Renewables

VRC was incorporated and registered with the SEC on 24 June 2015 with a primary purpose to evaluate, examine, license, purchase, promote, develop, engage, and market in whole or in part in the manufacture and sale of electric current, biofuels and other utilities of any kind and character.

It has ownership interests in Sacasol, Islasol and Montesol.

Pagudpud Wind

PWPC was incorporated and registered with the SEC on 9 December 2009 as a holding company for renewable energy and other corporations. PWPC is the parent company of BWPC, which is the project company for the proposed Balaoi-Caunayan wind farm in Ilocos Norte.

Bayog Wind

BWPC was incorporated and registered with the SEC on 13 January 2010. BWPC holds WESC Nos. 2010-02-038 and 2014 06-073 issued by the DOE for the development, construction, ownership and operation of wind farms in the towns of Balaoi and Caunayan in Ilocos Norte. Pursuant to these WESCs, BWPC intends to develop the proposed Balaoi-Caunayan wind farm with a target capacity of up to 160MW.

The implementation of the Balaoi-Caunayan wind farm project is governed by the Investment Framework Agreement and the Shareholders' Agreement executed by and among BWPC, ACEIC, AC Energy International, UPC Philippines HoldCo II B.V., and Pagudpud Wind Power Corp. in November 2018. In 2019, AC Energy International transferred all of its ownership in PWPC to ACE Endevor, and ACE Endevor executed a Deed of Accession to accede to the agreements executed in relation to the Balaoi-Caunayan wind farm project.

Gigasol2

Gigasol2 was incorporated and registered with the SEC on 13 March 2017 to engage in the business of exploring, developing, and utilizing renewable energy projects in the Philippines. In 2018, Gigasol2 acquired 100% ownership of AC Laguna Solar, Inc., AC La Mesa Solar, Inc., AC Subic Solar Inc., Gigasol1, Inc., Gigasol3, SolarAce1, and SolarAce2 Energy Corp. It also acquired 100% ownership of Bataan Solar Energy, Inc., and Santa Cruz Solar Energy, Inc. in 2019.

AC La Mesa Solar

AC La Mesa Solar, Inc. was incorporated and registered with the SEC on 20 September 2016 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining and rehabilitating energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities. It is a wholly-owned subsidiary of Gigasol2.

It is the holder of Solar Energy Service Contract No. 2017-05-396, pursuant to which it has the exclusive right to explore, develop, and utilize solar energy resources within a certain area in Quezon City.

Bataan Solar

Bataan Solar Energy, Inc. was incorporated and registered with the SEC on 27 July 2016 with the primary purpose to carry on the business of operating, managing, maintaining, and rehabilitating solar energy systems, including bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities. It is a wholly-owned subsidiary of Gigasol2.

It is the holder of Solar Energy Service Contract No. 2017-06-410, pursuant to which it has the exclusive right to explore develop, and utilize solar energy resources within a certain area in the Municipality of Mariveles in the Province of Bataan.

Negros Island Biomass

Isla Bio was incorporated and registered with the SEC on 11 November 2016 as a holding company for renewable energy projects. On 20 March 2018, AC Energy International acquired a 42.97% voting interest in Isla Bio. Isla Bio holds interests in three biomass plants in Negros Occidental that are under construction, namely the: (1) 20MW plant of SCBP located in San Carlos City, (2) 25MW plant of SNBP located in La Carlota City, and (3) 25MW plant of NNBP located in the Municipality of Manapla.

Other Energy Projects

Ingrid Power

Ingrid was incorporated and registered with the SEC on 7 June 2018, with the primary purpose to own, operate, maintain, and rehabilitate energy systems and projects. It is a wholly-owned subsidiary of ACEIC. Ingrid is currently developing a 150MW diesel power plant in Brgy. Malaya, Pililia, Rizal, to be an ancillary service provider to the NGCP.

Other Businesses

Retail Electricity Supply Business

The Company began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on 20 September 2007. The WESM serves as a platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. On 19 November 2012, the Company secured its RES license from the ERC under RES License No. SL-2012-11-009 to supply electricity to the Contestable Market. On 20 November 2019, the ERC issued to the Company RES License No. 11-2019-0057RS valid until 19 November 2022.

As of 30 September 2020, the Company holds around 194MW of retail customer contracts.

Bulk Water Supply Business

ACE Endevor owns 100% ownership interests in bulk water supply companies SCC Bulk Water, HDP Bulk Water, LCC Bulk Water, and MCV Bulk Water. The companies entered into water supply contracts for the provision of water to the power generation plants of SCBP, San Carlos Bioenergy, Inc., SNBP, and NNBP, respectively, in Negros Occidental.

Land Lease and Development

The Company, through its subsidiaries, owns 100% ownership interests in Solienda. and SJLD and ~66% of MSPDC. These companies enter into various contracts with the Company’s projects to assist in the management and maintenance, among others, of select renewable projects.

Solienda

Solienda was incorporated and registered with the SEC on 29 November 2016 to deal and engage in land lease and real estate business. On 5 December 2016, San Julio Realty, Inc. assigned to Solienda the absolute and irrevocable title, rights and interest in the contract of lease, and the subsequent amendment agreements, with San Carlos Sun Power, Inc., Sacasol and SCBP.

San Julio Land

SJLD was incorporated on 20 June 2014 with a primary purpose to deal and engage in land and real estate business, to hold, own, develop, manage, administer, purchase, lease, encumber, construct, alter in whole or in part, or otherwise deal in and dispose of, for itself or for others, for profit, all kinds of real estate projects, including, but not limited to, residential, commercial, industrial, as well as utilities, with or for persons and entities an under such terms and conditions as may be permitted by law; to enter into joint ventures and other similar arrangements in the furtherance of such land and real estate business. SJLD has ownership interest in MSPDC.

Manapla Sun Power

MSPDC was incorporated and registered with the SEC on 16 December 2014 with a primary purpose to engage in the business or renewable energy such as, but not limited to biomass, mini-hydro or solar power and ancillary business, and to own, lease, operate, manage or develop public or private lands. In March 2017, ACEIC, acquired 66.2% of MSPDC. MSDPC is the landowner of and the lessor for Islasol's solar farm in Manapla, Negros Occidental.

Petroleum Exploration

ACEN, by itself and through its subsidiary, ACE Enexor, is a minority investor in various consortia engaged in petroleum exploration, development and production.

Petroleum exploration involves the search for commercially exploitable subsurface deposits of oil and gas through geological, geophysical and drilling techniques. A petroleum discovery is made when significant amounts of oil and/or gas are encountered in a well and are flowed to the surface. Following a discovery, additional wells (appraisal or delineation wells) are drilled to determine whether the petroleum accumulation could be economically extracted or not. If the results are positive, the oil or gas field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines and others.

The Company applies for or acquires interest in selected petroleum service contracts covering areas usually in the exploration phase. Due to the high risk and capital intensive nature of the business, the Company normally participates in several consortia and takes significant but minority interest. Subject to results of technical and risk-economic studies prior to exploratory drilling, the Company may farm out or dilute its interest in exchange for financial consideration and/or non-payment of its pro-rata share of exploration drilling costs. If a petroleum discovery is made, the Company will fund its share of appraisal drilling and economic studies. Upon delineation of a commercial discovery, financing for up to 70% of field development costs is available in the international market.

As projects are mostly in the exploratory stage, the Company derives insignificant or no revenues from petroleum production. At this time, the Company believes it has sufficient petroleum projects on hand given its resources and risk tolerance.

Product and Distribution

The principal products of petroleum production are crude oil and natural gas. Crude oil is usually sold at market price in its natural state at the wellhead after removal of water and sediments, if any. Depending on the location of the oil field, the oil produced may be transported via offshore tankers and/or pipeline to the refinery. Natural gas may be flared, reinjected to the reservoir for pressure maintenance, or sold, depending on the volume of reserves and other considerations. Natural gas is commonly transported by pipeline. However, if the deposit is very large and the market is overseas, the gas may be liquefied into liquefied natural gas (LNG) and transported using specialized tankers.

Competition

While competition for market of petroleum does not have a significant bearing in the operations of the Company, ACEN's competitors compete on two fronts, namely: 1) petroleum concession and 2) investment capital.

DOE awards petroleum contracts to technically and financially capable companies on a competitive bidding basis. Thus, the Company competes with foreign firms and local exploration companies such as PNOC Exploration Corporation, The Philodrill Corporation ("Philodrill"), Oriental Petroleum and Minerals Corporation ("Oriental"), and Petroenergy Resources Corporation ("PetroEnergy") for acquisition of prospective blocks. While there is competition in the acquisition of exploration rights, the huge financial commitments associated therewith also provide opportunities for partnership, especially between local and foreign companies. Under a service contract, a substantial financial incentive is given to consortia with at least 15% aggregate Filipino equity. Thus, many foreign firms invite local exploration companies to join their venture to take advantage of said benefit and vice versa.

ACEN and other listed companies also compete for risk capital in the securities market. This may be in the form of initial public offerings, rights offerings, upward change in capitalization and other vehicles. These domestic companies may also seek full or partial funding of projects from foreign companies through farm-out of interest (dilution of equity in exchange for payment of certain financial obligations).

ACEN is a recognized player in the local petroleum industry. The Company is comparatively financially robust and has low level of debt. The technical expertise of its staff is recognized by its foreign partners and the DOE. In view of these strengths, ACEN remains a significant competitor in the local exploration and production industry.

Petroleum Service Contracts and Agreements

Under a service contract, a private enterprise that seeks to develop domestic oil and gas resources is deemed as a contractor that must provide all required services, technology and financing, and assume all exploration risks. In the event of commercial production, the service contractor is paid a stipulated service fee, in addition to reimbursement of validated investments.

Oil and gas exploration and production is a high-risk business. The worldwide commercial success rate is three percent, *i.e.* only one out of 30 exploratory wells results in a commercial discovery. It is also capital-intensive. Pre-drill geological and geophysical studies may run up to a few millions of dollars. The cost of a single offshore exploratory well could exceed U.S.$30 million, whereas field development costs could reach hundreds of millions of dollars. To manage exploration risks, oil exploration firms usually form consortia or joint ventures.

The Company is at present a co-contractor in two service contracts with the Philippine government. A service contract grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. In the event of commercial production, the Government and the contractor share in the profit. Service contracts grant the contractor an exploration period of seven years, with an option to extend for a limited number of years. If the reserves found are deemed commercial, the service contract allows a production period of 25 years, with an option to extend.

The Company's oil and gas operations are in the exploratory stage.

Contracts where ACE Enexor has participating interests, as of 30 September 2020, are as follows:

Contract	Location	Working Interest	Issue Date	Commercial Terms	Partners	Work Program 2019
SC 6 Block A	Northwest Palawan	7.78%	1 Sept 1973	A	Philodrill Corp., PetroEnergy Resources, Philex Petroleum, Forum Energy Philippines, Anglo Philippine Holding, Alcorn Petroleum and Minerals Operator: Philodrill Corp	Completed seismic interpretation and mapping and integration of quantitative inversion results to resource evaluation. Ongoing technical studies over the northern part of the block. Ongoing farm-in negotiations for the development of Octon Oil Discovery.
SC 6 Block B	Northwest Palawan	2.475% Carried Interest;	1 Sept 1973	A	Philodrill Corp., Nido Petroleum Ltd., Oriental Petroleum and Minerals Corp., Forum Energy Philippines Corp., Alcorn Petroleum & Minerals Corp. Operator: Philodrill Corp.	On 12 April 2018, DOE approved the transfer of the 14.063% participating interest from ACE Enexor to SC 6B continuing parties. ACE Enexor retained its 2.475% Carried Interest in the block.
SC 55 (through subsidiary	Offshore West Palawan	75.00%	5 August 2005	A, B	Palawan55 Exploration & Production Corporation,	The DOE confirmed the entry of SC 55 into the Appraisal Period effective 26 April 2020.

Contract	Location	Working Interest	Issue Date	Commercial Terms	Partners	Work Program 2019
Palawan55)					Pryce Gases, Inc. Operator: Palawan55 Exploration & Production Corporation	The Consortium is currently undertaking Quantitative Interpretation Studies and Resource Assessment.

Note: A = Contractor provides all required services and technology funding. Contractor is entitled to a service fee out of production equivalent to 40% of net proceeds. Net proceeds would refer to the balance of gross income after deducting Filipino participation incentive allowance and operating expenses.

Note: B = The 75.00% interest in SC 55 is owned by Palawan55, a 69.35% owned subsidiary of ACE Enexor.

SC 6: Cadlao, Block A and B (Northwest Palawan)

SC 6 covers three blocks located in Offshore Northwest Palawan, namely: Block A with 108,000 hectares, and Block B with 53,300 hectares and the Cadlao production area.

SC 6 grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. The contractor assumes all exploration risks. In the event of commercial production, the Government and the contractor share in the profit on a 60:40 basis. The exploration period is seven years, extendible by three years. The production period is 25 years, extendible by 15 years. SC 6 was awarded on 1 September 1973 and is valid until 28 February 2024 subject to certain conditions.

The DOE granted a 15-year extension of the term of SC 6 over the Cadlao Production Area, Block A and Block B effective 1 March 2009. Under SC 6, once a production area is delineated, the contractor is allowed to retain an additional 12.5% of the original contract area. The production area was termed as Cadlao Production Area, whereas the retention areas, namely: Block A and Block B were delineated in 1988. The Cadlao oil field produced some 11 million barrels of oil from 1981 until 1990 when production was suspended due to economic reasons. At an average crude oil price of U.S. $20 per barrel, ACEN earned an estimated U.S. $3.6 million from its royalty interest in the Cadlao Production Area.

In 2010, ACEN assigned its 1.65% royalty interest in the Cadlao Production Area under SC 6 to Peak Royalties Limited (BVI) and recognized U.S.$1.325 million income equivalent to ₱58.50 million using the exchange rate on the date of the assignment from such transaction. Cadlao oil field commenced production in 1981. The field has been shut-in since 1990 when production was suspended to allow transfer of its dedicated floating production facility to another field.

Block A and Block B were retained from the original contract area in 1988, subject to performance of meaningful exploration work in either of the blocks in each contract year. Block A and Block B consortia have complied with this conditionality by drilling exploratory and appraisal wells, and conducting various geological and geophysical studies. An economically marginal field discovery ("Octon Discovery") was made in Block A, but such field has not been developed to this date.

SC 6A

On 9 May 1988, an Operating Agreement was entered into by and among Balabac, Oriental Petroleum and Minerals Corporation ("Oriental"), ACEN and Philodrill in respect of SC 6 Block A where Philodrill was appointed operator. This agreement is in full force and effect during the term of SC 6.

On 7 March 2007, SC 6 Block A consortium entered into a Farm-In Agreement with Vitol GPC Investments S.A. of Switzerland ("Vitol"). Under this agreement, Vitol shall undertake, at its sole cost and risk, geological, geophysical and engineering studies over a one year period. At the end of the study period, Vitol shall decide whether to acquire 70% participating interest in Block A. Vitol completed the first phase of its technical due diligence over Block A and concluded that development of the Octon Discovery hinges on tieback to Galoc production facilities. Following several extensions of the Farm-In Agreement, Vitol informed the consortium in November 2010 that it is not exercising its option to acquire interest in the block.

Pitkin Petroleum Plc. (U.K.) and the SC Block A consortium signed on 11 July 2011 a Farm-In Agreement and a Deed of Assignment assigning 70% interest in the block to the former. In exchange for the assignment of interest, Pitkin shall carry the consortium members in a 500 sq. km. 3D seismic program and the drilling of two wells. On 2 September 2013, the Palawan Council for Sustainable Development issued a Strategic Environmental Plan clearance for the programmed 500 sq. km. 3D seismic survey.

Pitkin, the Operator, completed on 7 November 2013, a 500 sq. km. 3D seismic survey pursuant to the Farm-In Agreement.

Pitkin notified the partners on 28 August 2014 that it shall not exercise its option under the Farm-in Agreement to drill a well in the block and will withdraw from the block. By 31 December 2015, Pitkin completed geological and geophysical work programs in fulfillment of its obligations under the first exploration phase. The remaining partners agreed to pursue the geological evaluation of the block.

The Company's interest reverted to 7.78% from 2.334% following the withdrawal of Pitkin Petroleum, and subsequent approval of the assignment of interest by the DOE on 24 June 2015.

On 28 August 2015, the consortium completed its work program consisting of geological and geophysical evaluation. On 3 November 2015, the DOE approved the 2016 work program consisting of specialized geophysical studies. The pertinent geophysical program commenced in November 2015 and was completed by 31 December 2016. On 20 December 2016, the consortium submitted to the DOE its proposed 2017 work program consisting of advanced geophysical studies. On 13 February 2017, the program was approved by the DOE. The work program of advanced seismic data reprocessing and quantitative seismic inversion study was completed in December 2017. The studies yielded significant improvement in the imaging of complex and deeper geological structures.

On 8 January 2018, the consortium submitted to the DOE its proposed 2018 work program composed of seismic interpretation and mapping and integration of quantitative inversion results that would serve as input to preliminary well design and cost estimates. The Consortium completed its CY 2018 work program and said undertaking have improved the resource evaluation of the mapped leads and prospects in the area.

On 18 December 2018, the Joint Venture approved and the Operator, Philodrill, submitted to the DOE the 2019 SC6A Work Program and Budget composed of geological and geophysical evaluation and engineering projects in the amount of U.S.$300,000. The document was approved by the DOE on 23 January 2019.

As of 30 September 2020, there is an ongoing farm-in negotiations for the development of the Octon Discovery.

Technical studies over the northern part of the block is in progress.

SC 6B

The SC 6 Block B consortium members, excluding Nido Petroleum, signed on 4 February 2011 a Farm-In Agreement with Peak Oil and Gas Philippines Limited (Australia), Blade Petroleum Philippines Limited (Australia) and Venturoil Philippines Inc. Under said Agreement, the Farm-Inees (Peak, Blade and Venturoil) have the option to acquire 70% of the farmors' participating interests, upon their completion of an agreed technical work program. In the event the Farm-Inees exercise their option, they will shoulder all the forward costs of the farmors up to the production of first oil in the block. Following the exercise of the option by the Farm-Inees, the Parties signed on 2 December 2011, an Amended Deed of Assignment transferring 64.5316% participating interest of the farmors to Peak, Blade and Venturoil. However, the DOE disapproved in 22 July 2013 the Deed of Assignment due to the failure of the Farm-Inees to demonstrate the required financial capacity.

On 13 September 2013, DOE approved the work program and budget for SC 6 Block B for the fifth year of extension period. Geological and geophysical program commenced in October 2013 and was completed in February 2014.

The consortium formulated a work program for the next five years of the extension period which started on 1 March 2015. Partners submitted, for the DOE's approval, a three-year work program consisting mainly of geophysical studies with a corresponding budget amounting to U.S.$724,000. The geophysical studies were completed by the third quarter of 2016.

To improve the viability of the primary prospect, the consortium requested the DOE to reconfigure the contract area to include an adjoining block, which hosts an oil field where production had been suspended.

The partners in SC 6 Block A and B and their respective participating interests are as follows:

SC 6 Block A

PetroEnergy	16.670%	
Philodrill	51.650%	(Operator)
Anglo	11.110%	
ACE Enexor	**7.780%**	
Forum	5.560%	
Philex Petroleum	5.560%	
Alcorn	1.670%	

The Company's interest reverted to 7.78% from 2.334% following the withdrawal of farminee, Pitkin Petroleum, and subsequent approval of the assignment of interest by the DOE on 24 June 2015.

SC 6 Block B

Nido Petroleum Phils. Pty. Ltd.	7.812%	
Phoenix	28.125%	
ACE Enexor	**2.475%***	*Carried Interest*
Philodrill Corp.	21.875%	(Operator)
Oriental A	14.063%	
Basic Petroleum & Minerals Inc.	7.0310%	
Cosco (exAlcorn)	7.0310%	

> Note: 14.063% is the original interest of ACE Enexor in SC 6 Block B. The farm-out to Peak, Blade and Venturoil which would have reduced ACE Enexor's interest by 70% did not materialize because the proposed Farm-in of the three companies (Peak, Blade and Venturoil) were disapproved by the DOE.

On 20 February 2017, ACE Enexor gave notice to the consortium of relinquishment of its 14.063% participating interest in SC 6 Block B and the Operating Agreement, but said relinquishment shall not include its 2.475% carried interest. The retained carried interest would entitle ACE Enexor for a share in the gross proceeds from any production in the block, once all exploration costs have been recovered.

On 12 April 2018, DOE approved the transfer of interest from ACE Enexor to SC 6B continuing parties.

SC 55 (West Palawan)

SC 55 was awarded by the DOE on 5 August 2005. The exploration period is valid for seven years, extendible for three years, and the production period is valid for 25 years. The original members of the consortium and their corresponding interests were Otto Energy (Operator) with 85% and ACEN with fifteen percent (15%). ACEN has a Participation Agreement with the predecessor's interest of Otto Energy which provides that the latter will shoulder ACEN's share of costs up to the drilling of the first exploratory well. In addition, ACEN has the option to acquire 5% interest from Otto Energy after the drilling of the first well under the SC.

SC 55 covers 900,000 hectares in offshore West Palawan. It is a deep-water block in the middle of a proven regional oil and gas fairway that extends from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan. At that time, the block was deemed to have one giant prospect (with at least 500 Million barrels mean resource potential) and a number of leads. The consortium committed to undertake a work program consisting of a new 400 km 2D seismic survey, processing and interpretation of 200 km of vintage 2D seismic data and 358 km of gravity and magnetic data, within the first 18 months of the contract term. The partners have successive options to drill up to four wells during the balance of the seven-year exploration period.

The DOE approved the consortium's entry into the 2nd Sub Phase of the exploration period, which entails a commitment to drill one ultra-deep water well. Processing and interpretation of 954 km of 2D seismic date acquired in June 2007 were already completed, but due to no availability of a suitable rig, the DOE approved the consortium's request to swap work commitments for the 2nd and 3rd Sub Phases of the exploration period to allow the drilling of the first commitment well by 4 August 2010 instead of 4 August 2009.

The consortium requested and the DOE agreed to the substitution of a 2D 3D seismic program for one ultra-deep water well commitment under the 3rd Sub Phase of the exploration period (from 5 August 2009 to 5 August 2010), and deferment of the mandatory partial relinquishment of the contract area until completion of the proposed substitute 2D 3D seismic program. The consortium further requested and the DOE approved a one year extension of the 3rd Sub Phase to 5 August 2011 following execution by Otto Energy of a Farm-In Option Agreement with BHP Billiton Petroleum (Philippines) Corporation of Canada ("BHP Billiton") which provided for BHP Billiton's funding of a new 3D seismic survey over the area.

On 3 June 2010, Palawan55 signed an Option Agreement with Frontier Gasfields Pty. Ltd. of Australia which granted the latter the option to acquire the 5% interest that Palawan55 has the option to acquire from Otto Energy after the drilling of the first well in the area.

On 3 February 2011, Palawan55 signed an agreement with Otto Energy assigning Palawan55's 8.18% participating interest to the latter in exchange for a carry in the costs of a second well in the block, should Otto Energy elect to participate in said well. Estimated budget for drilling the second well is U.S.$65 million or ₱2.86 billion at an exchange rate of U.S.$1 = ₱44.

In December 2011, BHP Billiton acquired 60% participating interest in SC 55 from Otto Energy and committed to drill one deep water well at its sole cost within the 4th Sub Phase.

The consortium elected to enter the 4th Sub Phase which entails a commitment to drill one deep water well by 5 August 2012.

The revised work schedule is shown below:

Sub Phase	Date	Work program
4	August 2011 - August 2013	One (1) deepwater well
5	August 2013 - August 2014	One (1) deepwater well

The DOE granted a one-year extension of the 4th Sub Phase until 5 August 2013 to enable BHP Billiton to procure a suitable drilling rig that could drill an identified deepwater prospect. On 3 May 2013, BHP Billiton filed a force majeure notice with the DOE due to significant delays in obtaining a clearance from the Palawan Council for Sustainable Development ("PCSD") for the drilling of the Cinco1 well.

On 4 June 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco1 drilling to the Palawan Council for Sustainable Development ("PCSD"). The PCSD approved the issuance of the Strategic Environmental Plan Clearance ("SEP Clearance") for the drilling of Cinco1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD. As at 30 October 2013, BHP Billiton received the amended SEP Clearance and requested the DOE a 14-month extension of the current Sub Phase considering the length of the force majeure period.

In the first week of November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco1 well. In March 2014, the DOE approved the transfer of BHP Billiton's interest to Otto Energy Philippines, Inc. Otto Energy submitted a revised work program focusing on the drilling of the Hawkeye prospect. The DOE approved the new work program in April 2014 and revised the schedule of the remaining Sub Phases as follows:

Sub Phase	Work Program and Budget	Revised Work Schedule
4	Drill 1 deepwater well @ U.S.$3 MM	6 August 2011 – 23 December 2014
5	Drill 1 deepwater well @ U.S.$3 MM	23 December 2014 – 23 December 2016

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. The DOE approved the transfer of the 60% participating interest of BHP Billiton to Otto Energy Philippines, Inc. and the transfer of Operatorship to Otto Energy. The approval formalized the exit of BHP Billiton in SC55.

On 15 October 2014, Otto Energy requested the DOE a one-year extension of Sub-Phase 4 to 23 December 2015. The requested extension was approved by the DOE on 7 November 2014.

On 31 July 2015, Otto Energy commenced drilling of the Hawkeye-1exploratory well and on 17 August 2015 completed the drilling to a total depth of 2,920 meters. The well discovered gas which is deemed to be non-commercial. Otto Energy informed its partners of its decision to withdraw from the service contract.

On 22 December 2015, the consortium requested the DOE for a two-year contract moratorium and proposed technical studies that would assess the impact of the results of Hawkeye-1 on the remaining prospectively of the area. On 14 June 2016, the DOE extended the term of SC 55 until 23 December 2017.

On 21 November 2016, Otto Energy and Otto Energy Philippines notified the DOE of their withdrawal from SC 55. As at 3 March 2017, the transfer of interest from Otto Energy to the continuing parties was under processing by the DOE.

On 22 November 2017, Palawan55 notified the DOE of its willingness to assume its pro-rated, post-adjustment share (37.50%) of Otto Energy's outstanding training fund obligation in conjunction with the DOE's approval of the assignment of interests and favorable consideration for a reasonable extension of the moratorium period that would allow execution of the committed technical studies.

ACE Enexor's stake in SC 55 is held through Palawan55 Exploration & Production Corporation, an upstream oil and gas company. ACE Enexor owns 69.35% of Palawan55, while the remaining 30.65% is owned by ACEN.

On 26 March 2018, the DOE approved the transfer of participating interests from Otto Energy to the continuing partners, Palawan55, Century Red Pte. Ltd. and Pryce Gases, Inc. As a result of the transfer, the Palawan 55's 6.82% participating interest in SC 55 have been adjusted to 37.50%. The timeline of the moratorium period, with a commitment to conduct Quantitative Inversion Study, was also revised to reflect the transfer of interest. Further, the DOE formally confirmed Palawan55 as Operator of the block.

On 23 August 2018, Palawan55 awarded the 3D Marine PreSTM and PreSDM Reprocessing and Quantitative Inversion Services Contract to Down Under Geosolutions (Asia) Sdn Bhd. The project commenced on 10 September 2018. Seismic reprocessing of 1,000 sq. km. of 3D seismic data was completed.

Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the service contract is ongoing.

On 24 July 2019, the SC 55 Consortium notified the DOE of its decision to enter Sub-phase 5 effective 26 August 2019, without prejudice to the Consortium's option to enter the Appraisal Period no later than the said date. SP5 carries a commitment of drilling one ultra deep-water well.

On 9 August 2019, the SC 55 Consortium notified the DOE of its entry into the Appraisal Period of SC 55 effective 26 August 2019. The SC 55 consortium committed to drill one deep-water well within the first two years of the Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

On 20 September 2019, Century Red formally issued a Deed of Assignment assigning its 37.50% interest in SC 55 to Palawan55, subject to approval of the DOE.

On 13 February 2020, after careful review and evaluation, DOE found Palawan55 to be technically, financially and legally qualified and have approved the transfer of Century Red Pte. Ltd.'s entire 37.5% participating interests in SC 55 to Palawan55.

As a result thereof, the partners in SC 55 and their respective participating interests are adjusted as follows:

Palawan55	75.00%	Operator
Pryce Gases	25.00%	

On 13 April 2020, the DOE confirmed the entry of SC 55 into the Appraisal Period effective 26 April 2020 which carries a firm one (1) well drilling commitment within the first two years of said period.

On 28 August 2020, ACE Enexor's subsidiary Palawan55 received the DOE's approval of SC 55's Appraisal Period Work Program and Budget with the firm amount of U.S.$1,702,020.00. Further, the DOE stated that it expects the submission of the proposed budget for the drilling of one well after the drilling proposal has been approved by the DOE.

Material Permits and Licenses

The Company has SyCip Salazar Hernandez & Gatmaitan ("SyCip Law") as independent legal counsel to review and issue an opinion on matters relating to the material permits and licenses of the Company. Accordingly, SyCip Law has reviewed the material permits and licenses necessary for its business for this Prospectus. The permits and licenses of the Company examined by Sycip Law together with pertinent details are provided in Annex B. While the Company does not expect that any permits which are in the process of renewal or application will be withheld or delayed, there can be no assurance that third parties and the government will act on these promptly.

Employees

As of 30 September 2020, the Company has 619 total employees with 96 employed by the Company directly and 523 employed by the Company's subsidiaries.

The Company has no Collective Bargaining Agreement with its employees. No employees were on strike for the past three years nor are they planning to go on strike.

The relationship between management and employees has always been of coordination and collaboration. The Company believes that professionalism, open communication and upright engagement between management and employees are the effective ways to resolve workplace concerns.

Aside from compensation, the Company's employees are given medical, hospitalization, vacation and sick leave, and personal accident insurance benefits. There are also medical benefits from the Company that extends to employee's dependents. Also, the Company has a retirement fund based on statutory benefits. It is a funded, noncontributory, defined benefit pension plan covering all full-time employees of ACEN. The benefits are based on tenure and remuneration at the time of retirement.

Legal Proceedings

The Company believes that none of the legal proceedings to which the Group, or any member of the Group, is a party would materially affect its business. Neither the Company nor any member of the Group is currently involved in any arbitration proceedings that may have, or have had, a material adverse effect on its financial condition and no such proceeding is pending or threatened. This notwithstanding, the Company discloses the Power Barge 102 Oil Leakage discussed below.

To the best knowledge and/or information of the Company, the current Directors and the Executive Officers are not, except as otherwise disclosed in this Prospectus, presently or during the last five years, involved or have been involved in any material legal proceeding adversely affecting or involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere.

Power Barge 102 Oil Leakage

On 3 July 2020, the Company's Power Barge 102 located in Barrio Obrero, Iloilo City, discharged fuel oil. Initial findings reveal that the discharge is attributable to ignition of fuel oil in storage which ruptured the barge's fuel tank. The leakage was contained with the aid of the Philippine Coast Guard, Petron Corporation, and Global Business Power Corp. and skimming of the remaining floating residue was done with the aid of Shell Philippines. The Company engaged Harbor Star Shipping Services, Inc. to finish the clean-up of both the waters and the coastline. Households within the neighboring area were temporarily relocated in coordination with local government officials while their surroundings underwent clean-up.

On 4 July 2020, PB 102 received a Marine Pollution Inspection Apprehension Report ("IAR") from the Philippine Coast Guard ("PCG") for violation of paragraph 5(a)(1) of the PCG Memorandum Circular No. 01-2005 or the Revised Rules on Prevention, Containment, Abatement and Control of Oil Marine Pollution (M.C. 1-2005). PB 102 submitted its reply to the IAR on 24 July 2020. On 18 August 2020, PCG required Mr. Robert Gambito, in his capacity as Plant Manager, to appear before the PCG for the adjudication of the alleged violation under MC 1-2005. Mr. Gambito attended the hearing before the PCG on 19 August 2020, and another hearing on 3 September 2020.

In a letter dated 14 September 2020 issued by the Investigating and Adjudication Officer, Cdr Joe Luviz V. Mercurio of the Coast Guard District Western Visayas, Coast Guard Station Iloilo, ACEIC was imposed a fine of ₱10,000.00 for allegedly violating M.C. No. 1-2005. On 30 September 2020, ACEIC and the Company filed an Ad Cautelam Notice of Appeal and a Notice of Appeal, respectively, before the PCG Office of the Commandant.

On 6 July 2020, the Department of Environment and Natural Resources-Environmental Management Bureau, Region VI ("DENR-EMB") issued Notice of Violation No. 20-NOVW-0630-164 ("NOV") against the Company for violation of Section 27(a) of the Philippine Clean Water Act. The Company submitted its answer to the NOV on 16 July 2020.

On 28 July 2020, the Company received a Resolution dated 27 July 2020 issued by the DENR-EMB Region VI (the "Resolution"), in relation to the NOV, resolving to submit the case to the Pollution Adjudication Board for determination of the imposable fines under Section 27(a) of R.A. No. 9275 (Clean Water Act of 2004) and Section 4 of P.D. No. 979 (Marine Pollution Decree of 1976). This poses possible payment of fines to be determined by the Pollution Adjudication Board, in the range of (1) ₱10,000 to ₱200,000 per day from the time of the incident (July 3, 2020) until full recovery of the discharged fuel (July 13, 2020), for alleged violation of R.A. No. 9275; and (2) ₱50,000 to ₱1,000,000 or imprisonment of not less than one year but not more than six years, or both, for alleged violation of Section 4 of P.D. No. 979. On 12 August 2020, the Company filed its Motion for Reconsideration on the Resolution.

On 28 July 2020, Mr. Robert Gambito received a subpoena and a copy of the complaint-affidavit filed by the PCG with the Office of the City Prosecutor of Iloilo City ("OCP") against ACEIC, John Eric T. Francia (in his capacity as President), and Robert G. Gambito (in his capacity as Plant Manager), for violation of Section 107 of Republic Act No. 8550 as amended by Republic Act No. 10654, or The Philippine Fisheries Code of 1998. Mr. Gambito appeared before the OCP and filed his counter-affidavit on 19 August 2020. On 24 September 2020, a subpoena addressed to John Eric T. Francia was served at ACEIC's office in Makati City, together with a copy of the complaint-affidavit of the PCG. Mr. Francia's counsel requested for a 15-day extension from 9 October 2020, or on or before 24 October 2020 to file Mr. Francia's counter-affidavit, which the OCP granted. On 24 October 2020, Mr. Francia filed his counter-affidavit with the OCP by courier.

On 24 August 2020, the Bureau of Fire Protection ("BFP") filed a criminal case with the OCP against three personnel of Power Barge 102, namely, Rey Villareal, Jethon Villarias, and Adrianne Bodiola, for violation of Article 365 of the Revised Penal Code or Reckless Imprudence Resulting to Damage to Property. Jethon Villarias and Adrianne Bodiola received a copy of the BFP's Complaint-Affidavit and Subpoena on 17 September 2020 and 23 September 2020, respectively. The Subpoena required them to appear before the OCP on 14 September 2020 and to submit their counter-affidavit and other supporting documents.

Since Mr. Villarias and Mr. Bodiola received the Subpoena after the required appearance date by the OCP, their counsel, requested for an extension to file their respective counter-affidavits on or before 7 October 2020. On 6 October 2020, their counsel requested for further 5-day extension or until 12 October 2020 to file the counter-affidavits of Mr. Villarias and Mr. Bodiola. On 12 October 2020, Mr. Bodiola appeared before the OCP and filed his counter-affidavit. On the other hand, Mr. Villarias, through his counsel, requested for further 14-day extension or on or before 27 October 2020 to submit his counter-affidavit as Mr. Villarias was ordered to observe self-isolation protocol due to exposure to a COVD-19 positive case. On 26 October 2020, Mr. Villarias appeared before the OCP and filed his counter-affidavit. With respect to Mr. Villareal, his counsel filed a Manifestation on 12 October 2020 that Mr. Villareal has yet to receive his Subpoena and that he will be filing his counter-affidavit after receipt thereof.

On 18 December 2020, the OCP furnished another Subpoena addressed to Mr. Villarias, Mr. Bodiola, and Mr. Villareal through their counsel. The Subpoena required them to appear before the OCP on 21 December 2020 for a clarificatory hearing on the case. On 21 December 2020, Mr. Villarias, Mr. Bodiola, Mr. Villareal, together with their counsel appeared before the OCP. Following his appearance at the OCP, Mr. Villareal was given until 4 January 2021 to file his counter-affidavit. On 4 January 2021, Mr. Villareal appeared before the OCP and filed his counter-affidavit.

The Company believes that none of the foregoing legal proceedings would materially affect its business.

Material Contracts

As of 30 September 2020, the Company is a party to the following material contracts:

Solar Energy Service Contract No. 2017-04-378

On 18 July 2017, the Company entered into a Solar Energy Service Contract with the Republic of the Philippines, through the DOE, where the Company was appointed and constituted by the DOE as the party having the exclusive right to explore, develop, and utilize the solar energy resources within the contract area situated in the City of Lipa and Municipality of Padre Garcia, Province of Batangas. The Pre-Development Stage of the Service Contract shall be two years from the Effective Date, within which the Company may submit its Declaration of Commerciality. Upon the DOE's issuance of Certificate of

Confirmation of Commerciality, the Service Contract shall remain in force for the balance of 25 years from Effective Date, extendible for another 25 years.

Management Contract of the Company

The Company renewed its management contract with PHI as managing company on 20 November 2018. Under the management contract, the managing company had general management authority with corresponding responsibility over all operations and personnel of the Company. The renewal had a term of five years commencing on 1 September 2018. On 24 June 2019, PHI assigned all its rights, interest, and obligations under the management contract to ACEIC.

Share Purchase Agreement for PHINMA Solar

On 11 December 2018, the Company executed a Share Purchase Agreement with Union Galvasteel Corporation where the Company agreed to sell 50% of the Company's total shares in PHINMA Solar Energy Company ("PSEC") to Union Galvasteel Corporation.

On 3 July 2019, the Company sold all its shares in PSEC to PHN.

Deed of Absolute Sale with PHN

On 19 June 2019, the Company signed a Deed of Absolute Sale with PHN to purchase PHN's 32,481,317 Shares, representing 12.993% of the total outstanding capital stock, in ACE Enexor. The sale became effective on 24 June 2019 when the PSE authorized the special block sale, which was executed by the crossing of the Shares through the PSE.

Deed of Absolute Sale with PHI

On 19 June 2019, the Company signed a Deed of Absolute Sale with PHI to purchase PHI's 30,481,111 common shares, representing 12.192% of the total outstanding capital stock, in ACE Enexor. The sale became effective on 24 June 2019 when the PSE authorized the special block sale, which was executed by the crossing of the Shares through the PSE.

Subscription Agreement with ACEIC

On 24 June 2019, the Company issued 2,632,000,000 new Shares at the issue price equivalent to its par value of ₱1.00 per Share. With the Company's issuance of the Shares, ACEIC, which also bought PHN's and PHI's interests in the Company, became the majority stockholder of the Company.

Incorporation of New Companies

The subsidiaries of the Company incorporated the following companies in furtherance of its development activities:

New Company and Date of Incorporation	Capitalization	Principal Shareholder and Subscription	Primary Purpose
GigaWind1 Inc. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	Gigasol 2, Inc. – 99% 399,980 Common 3,600,000 Preferred	To carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas,

New Company and Date of Incorporation	Capitalization	Principal Shareholder and Subscription	Primary Purpose
			hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangements and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth herein.
GigaWind2 Inc. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	Gigasol 2, Inc. – 99% 399,980 Common 3,600,000 Preferred	-do-
SolarAce3 Energy Corp. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	Gigasol 2, Inc. – 99% 399,980 Common 3,600,000 Preferred	-do-
SolarAce4 Energy Corp. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	Gigasol 2, Inc. – 99% 399,980 Common 3,600,000 Preferred	-do-
Ingrid2 Power Corp. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	AC Energy Development, Inc. (now ACE Endevor) – 99% 399,980 Common 3,600,000 Preferred	To own, operate, manage, maintain, and rehabilitate energy system and projects, to provide services, including advisory and consultancy services, in relation to energy projects, and in such other activities related thereto; and to acquire and/or lease land, and franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purpose set forth herein.

New Company and Date of Incorporation	Capitalization	Principal Shareholder and Subscription	Primary Purpose
Ingrid3 Power Corp. 14 October 2019	1,600,000 Common at ₱1.00/share 14,400,000 Preferred at ₱1.00/share	AC Energy Development, Inc. (now ACE Endevor) – 99% 399,980 Common 3,600,000 Preferred	-do-
Giga Ace 1, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	To carry on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power plant, fossil fuel, renewable energy sources (including but not limited to hydro, wind, solar, biomass, geothermal, or ocean/tidal), and other viable sources of power; to develop, construct, install, build, commission, operate, own, maintain, rehabilitate, operate, manage, lease and transfer power generating plants and related facilities, for both renewable and non renewable energy sources, and other generating plants of any type and technology and related facilities; to engage in the business of a retail electricity supplier and energy consolidator or aggregator including sourcing, selling, brokering, marketing and aggregating of electricity to the end-user; and to provide related services such as those necessary or appropriate in connection with the foregoing, to such an extent and in such manner as may be permitted by applicable law and provided that it shall not operate as a public utility. Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.

New Company and Date of Incorporation	Capitalization	Principal Shareholder and Subscription	Primary Purpose
Giga Ace 2, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 3, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 4, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 5, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 6, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 7, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 8, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 9, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-
Giga Ace 10, Inc. 14 November 2019	100,000 Common at ₱1.00/share	ACEN – 74.99% 74,995 Common *30,000 Common shares pending transfer to ACEN	-do-

Deed of Assignment with ACEIC

On 4 November 2019, ACEIC and the Company signed a Deed of Assignment whereby ACEIC transferred its right to purchase the 20% ownership stake of Axia Power in SLTEC in favor of the Company.

Completion of the Company's acquisition of Axia Power's ownership stake in SLTEC is subject to satisfaction of certain conditions precedent.

Share Purchase Agreements with PINAI

On 4 November 2019, the Company signed a share purchase agreement with PINAI for the acquisition of shares in PWHC, which directly and indirectly owns ~67% of NLREC. On 28 January 2020, the PCC approved the NLR transaction. On 27 February 2020, the acquisition was completed and the final purchase price in the amount of ₱2.573 billion was paid by Giga Ace 1, Inc., the Company's wholly-owned subsidiary and the entity designated by the Company to purchase and hold the PWHC shares.

On 4 November 2019, the Company signed a share purchase agreement with PINAI for the acquisition of PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in NLR. On 13 February 2020, the PCC approved the Sacasol transaction. On 23 March 2020, closing for the Sacasol transaction occurred and the purchase price in the amount of ₱2.981 billion was paid by Giga Ace 2, Inc., the Company's wholly-owned subsidiary and the entity designated by the Company to purchase the PINAI's shares in Sacasol.

On 2 December 2019, the Company signed a share purchase agreement with PINAI for the acquisition of PINAI's ownership interest in Islasol and Sacasol. On 28 February 2020, the PCC approved the Islasol transaction. On 23 March 2020, closing for the ISLASOL transaction occurred and the purchase price in the amount of ₱1.629 billion was paid by Giga Ace 3, Inc., the Company's wholly-owned subsidiary and the entity designated by the Company to purchase the PINAI's shares in Islasol.

Subscription Agreement with Ingrid

On 18 December 2019, the Company signed a subscription agreement with Ingrid for the subscription by the Company to 50,000 Class A common shares and 5,651,000 Class A Redeemable Preferred Shares ("RPS") in Ingrid, at the subscription price of ₱4,900,000.00 for the common shares and ₱565,100,000 for the RPS. The Company has fully paid-in the common shares and paid 25% of the subscription of the RPS. Ingrid is developing a 300-MW diesel power plant in Pililia, Rizal. Construction of the first 150MW commenced in the first quarter of 2020. The issuance of the shares is subject to the necessary regulatory approvals for increase of Ingrid's authorized capital stock and creation of new shares.

Subscription Agreement with SolarAce1

On 10 January 2020, the Company signed a subscription agreement with SolarAce1 for the subscription by the Company to 6,000,000 Class A common shares and 180,000,000 Class A RPS of SolarAce1, with a total subscription price of ₱1,860,000,000.00. The Company has fully paid-in the common shares and paid 35% of the subscription of the RPS. SolarAce1 is developing a 120MWdc solar power farm project to be located in the Municipality of Alaminos, Laguna.

Subscription Agreement with GigaAce1

On 26 February 2020, the Company signed a subscription agreement with Giga Ace 1, Inc. ("GigaAce1") for the subscription by the Company to 75,000 common shares to be issued out of the unissued authorized capital stock of GigaAce1, and 43,069,625 common shares and 53,562,609 Class A RPS of GigaAce1 to be issued out of the increase in authorized capital stock of GigaAce1, with a total subscription price of

₱2,573,375,620. The Company has fully paid-in both for the common shares and Class A RPS. The subscription was used by GigaAce1 to fund the acquisition of the ownership interest of PINAI in PWHC.

On 3 March 2020, the Company signed a subscription agreement with GigaAce1 for the subscription by the Company to an additional 1,170,000 common shares and 32,500 Class A RPS of GigaAce1, with a total subscription price of ₱12,000,000.00. The Company has fully paid-in both for the common shares and Class A RPS. The subscription will be used by GigaAce1 to fund administrative and operating costs.

Subscription Agreement with GigaAce2

On 20 March 2020, the Company signed a subscription agreement with Giga Ace 2, Inc. ("GigaAce2") for the subscription by the Company to 3,041,096,860 common shares to be issued out of the increase in authorized capital stock of GigaAce2, with a total subscription price of ₱3,041,096,860.26. The Company has fully paid for the common shares. The subscription was used by Giga Ace 2 to fund the acquisition of the ownership interest of PINAI in Sacasol.

Subscription Agreement with GigaAce3

On 20 March 2020, the Company signed a subscription agreement with Giga Ace 3, Inc. ("GigaAce3") for the subscription by the Company to 1,662,654,537 common shares to be issued out of the increase in authorized capital stock of GigaAce3, with a total subscription price of ₱1,662,654,537.06. The Company has fully paid for the common shares. The subscription was used by GigaAce3 to fund the acquisition of the ownership interest of PINAI in Islasol.

Second Amendment and Restated Deed of Assignment

The Company and ACEIC executed on 14 May 2020 a Second Amended and Restated Deed of Assignment further amending the Deed of Assignment dated 9 October 2019 (the "Original Deed") and the Amended and Restated Deed of Assignment dated 12 November 2019 (the "Amended Deed"), with effect from the execution of the Original Deed on 9 October 2019, covering the issuance of 6,185,182,288 Shares in the Company in favor of ACEIC in exchange for ACEIC's shares of stock in its various Philippine subsidiaries and affiliates.

The Original Deed and the Amended Deed were further amended only (1) to update Schedule 1 thereof, to reflect the SEC's approval of the increase in the capital stock of ACE Endevor and ACE Renewables, (2) to include the stock certificate numbers of the shares of stocks to be transferred, and (3) to confirm the percentage ownership in Montesol being transferred, without changing the number of shares.

Subscription of ThomasLloyd in Islasol

On 22 May 2020, Islasol signed with ThomasLloyd a subscription agreement for 33,691 Redeemable Preferred Shares E in Islasol at a subscription price of ₱2,780,224,857.21, to be issued out of the increase in Islasol's authorized capital stock.

Following the issuance of the said shares to ThomasLloyd and a programmed partial redemption of GigaAce3's Islasol shares, ThomasLloyd's and the Company's (through GigaAce3 and VRC) ownership interests in Islasol will be at 34% and 66%, respectively.

Ingrid Shareholders' Agreement

On 23 July 2020, the Company and ACE Endevor, the Company's wholly-owned subsidiary, signed a shareholders' agreement with Axia Power, a subsidiary of Marubeni Corporation, for the development, construction and operation of the 150MW diesel power plant project in Pililia, Rizal (the "Ingrid Project"), which is expected to be operational in the first quarter of 2021. Under the shareholders' agreement, Axia Power will acquire 50% of the shares and 50% of the economic rights in the Company's subsidiary Ingrid, the special purpose vehicle of the Ingrid Project, while the Company will hold 50% shares and 45% of the economic rights, with ACE Endevor having a 5% share of the economic rights in the Ingrid Project. The plant will supply peaking and reserve power to the Luzon grid. On 1 December 2020, the Company received a copy of PCC Decision No. 20-M-017/2020 dated 24 November 2020 finding that the transaction "will not likely result in substantial lessening of competition" and resolving "to take no further action with respect to the proposed Transaction among Axia Power, ACE PH, Endevor and Ingrid Power."

Subscription Agreements Pursuant to 11 June 2020 Board Approval

On 27 July 2020, the Company signed the following subscription agreements with the special purpose vehicles for development projects used by the Group:

(1) Subscription to 75,000 common shares of Giga Ace 4, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(2) Subscription to 75,000 common shares of Giga Ace 5, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(3) Subscription to 75,000 common shares of Giga Ace 6, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(4) Subscription to 75,000 common shares of Giga Ace 7, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(5) Subscription to 75,000 common shares of Giga Ace 8, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(6) Subscription to 75,000 common shares of Giga Ace 9, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

(7) Subscription to 75,000 common shares of Giga Ace 10, Inc. to be issued out of the unissued authorized capital stock. The Company fully paid the ₱75,000.00 subscription in cash to be used to fund administrative and operating costs.

Waivers Obtained for Certain Loan Covenants of the Company

In view of additional loan drawdowns towards the end of 2019 in preparation for (a) the funding of new projects of the Company, particularly the 120MWdc solar power plant in Alaminos, Laguna and the installation of the 150MW initial phase of modular engines in the diesel plant in Pililia, Rizal, and (b) the acquisition of additional shares in NLREC, Sacasol and Islasol, the Company expected that it will not meet certain financial ratios for 2019 in some of its outstanding loan facilities with Philippine banks having an aggregate outstanding principal amount of ₱3.6 billion. To avoid triggering any breach under the terms of the relevant loan facilities, the Company sought and was granted by the lenders a waiver of the financial covenants on debt service coverage ratio and the debt to equity ratio of the Company for the 31 December 2019 testing.

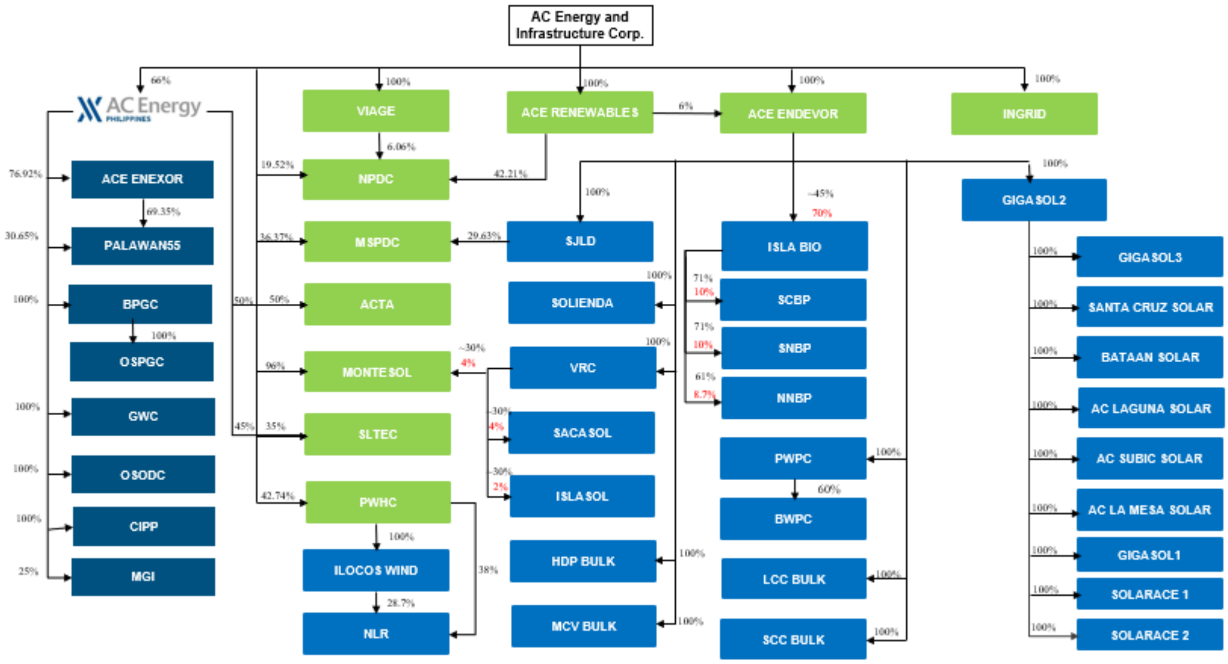
For the 31 December 2020 testing, the Company expected that it will again not meet certain financial ratios for 2020 in some of its outstanding loan facilities with Philippine banks having an aggregate outstanding principal amount of ₱1.68 billion. This was on account of additional loan drawdowns throughout 2020, necessitated by the delay in the planned capital infusion from the Rights Offer scheduled in 2020, to fund, in addition to the projects mentioned above for 2019, the 60MWdc solar power plant in Palauig, Zambales and the installment payment to acquire shares in SLTEC. To avoid triggering any breach under the terms of the relevant loan facilities, the Company sought and was granted by the lenders a waiver of the financial covenants on debt service coverage ratio, debt to equity ratio and current ratio of the Company for the 31 December 2020 testing.

The next date on which these ratios will be tested is at 31 December 2021 at which time the Company expects that it will be in full compliance with all the terms and covenants of each of these facilities.

CORPORATE STRUCTURE

The following chart illustrates the Company's material shareholders and Subsidiaries as of the date of this Prospectus. For a detailed breakdown of the Subsidiaries, see discussion under "***Associates***" beginning on page 167 of this Prospectus.

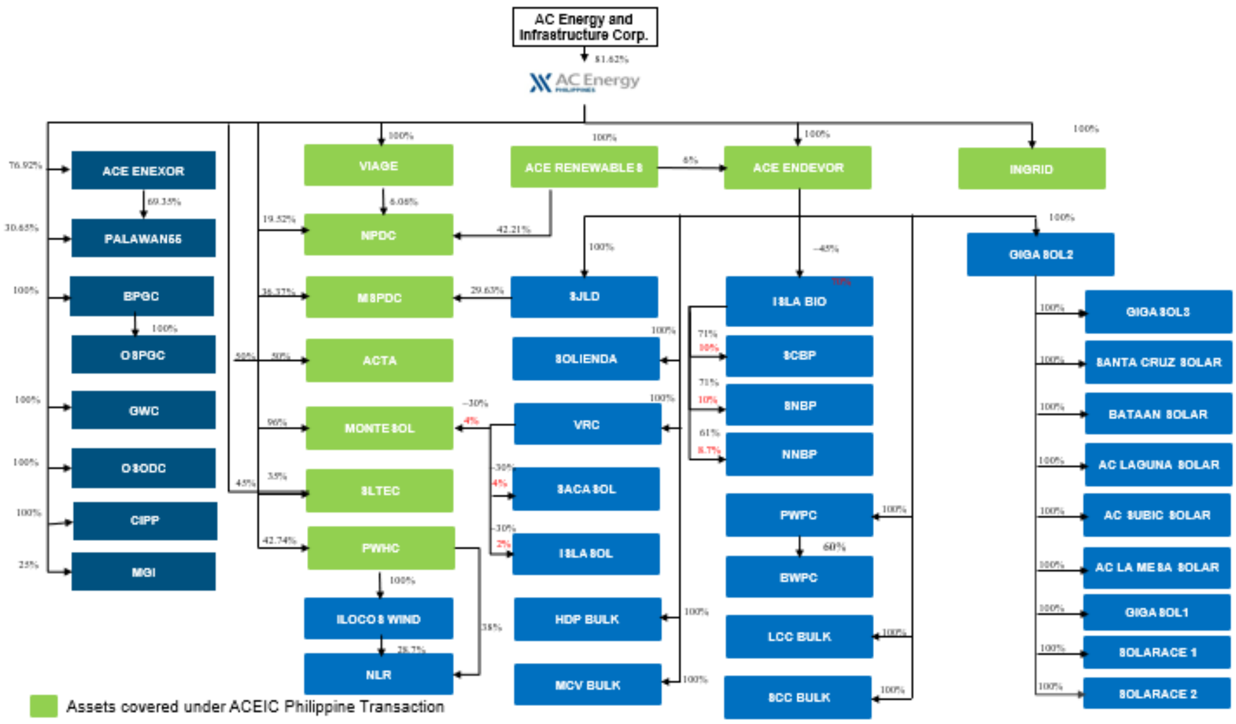
Organizational Structure before the ACEIC Philippine Transaction



Assets covered under ACEIC Philippine Transaction

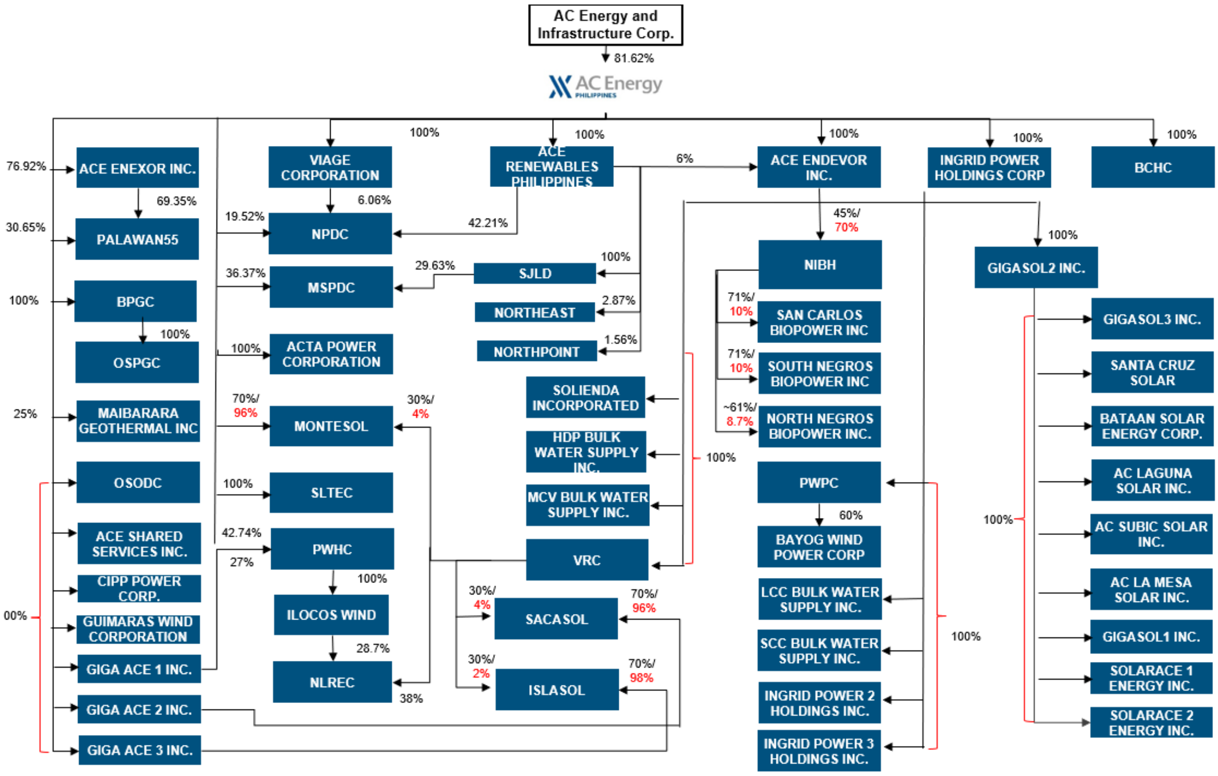
Note: Figures in red font represent economic interest only; figures in black font represent voting and economic interest

Ownership Structure after the ACEIC Philippine Transaction



Note: Figures in red font represent economic interest only; figures in black font represent voting and economic interest

Ownership Structure as at 30 September 2020



Notes:
(1) Figures in red font represent economic interest only; Figures in black font represent voting and economic interest
(2) Excludes Giga Ace 4 Inc, Giga Ace 5 Inc, Giga Ace 6 Inc, Giga Ace 7 Inc, Giga Ace 8 Inc, Giga Ace 9 Inc, Giga Ace 10 Inc which are 100% owned by ACEN
(3) Excludes Solar Ace 3 Energy Inc, Solar Ace 4 Energy Inc, Gigawind1 Inc, and Gigawind2 Inc which are 100% owned by Gigasol2 Inc.
(4) Excludes Amihan Renewables which is 100% owned by NLREC
(3) Completion of acquisition of Axia Power's 20% stake in SLTEC in 4Q2021

Associates

The following table presents certain information regarding the Company's Associates:

Associate	Percentage of Ownership 2019	Percentage of Ownership Post Consolidation*
Guimaras Wind Corporation	100.00%	100.00%
AC Enexor, Inc.	76.92%	76.92%
CIP II Power Corporation	100.00%	100.00%
Palawan55 Exploration & Production Corporation	30.65%	30.65%
Bulacan Power Generation Corporation	100.00%	100.00%
One Subic Power Generation Corporation	100.00%	100.00%
One Subic Oil Distribution Corporation	100.00%	100.00%
South Luzon Thermal Energy Corporation	45.00%	100.00%
ACTA Power Corporation	50.00%	100.00%
Maibarara Geothermal, Inc.	25.00%	25.00%
AC Energy Development, Inc.		100.00%
MCV Bulk Water Supply, Inc.		100.00%
LCC Bulk Water Supply, Inc.		100.00%
San Julio Land Development Corp.		100.00%
Ingrid 2 Power Corp.		100.00%
Ingrid 3 Power Corp.		100.00%
ACE Renewables Philippines, Inc.		100.00%
Viage Corporation		100.00%
Visayas Renewables Corp.		100.00%

Associate	Percentage of Ownership 2019	Post Consolidation*
Ingrid Power Holdings, Inc.		50.00%
NorthWind Power Development Corp.		67.79%
Monte Solar Energy Inc.		100.00%
Manapla Sun Power Development Corp.		66.22%
Philippine Wind Holdings Corp.		42.74%
Ilocos Wind Holding Co., Inc.		100.00%
North Luzon Renewable Energy Corporation		29.00% (through Ilocos Wind 38.00% (through PWHC)
Amihan Renewable Energy Corp.		38.00%
Pagudpud Wind Power Corp.		100.00%
Bayog Wind Power Corp		60.00%
SCC Bulk Water Supply, Inc.		100.00%
Solienda, Inc.		100.00%
HDP Bulk Water Supply, Inc.		100.00%
Gigasol 2, Inc.		100.00%
SolarAce 1, Inc.		100.00%
SolarAce 2, Inc.		100.00%
SolarAce 3, Inc.		100.00%
SolarAce 4, Inc.		100.00%
Gigawind 1, Inc.		100.00%
Gigawind 2, Inc.		100.00%
Gigasol 1, Inc.		100.00%
Gigasol 3, Inc.		100.00%
AC La Mesa Solar, Inc.		100.00%
AC Subic Solar, Inc.		100.00%
AC Laguna Solar, Inc.		100.00%
Bataan Solar Energy, Inc.		100.00%
Santa Cruz Solar Energy, Inc.		100.00%
Buendia Christiana Holdings Corp		100.00%
ACE Shared Services, Inc.		100.00%
Giga Ace 1, Inc.		100.00%
Philippine Wind Holdings Corp.		27.07%
Giga Ace 2, Inc.		100.00%
San Carlos Solar Energy, Inc.		70.00%
Giga Ace 3, Inc.		100.00%
Negros Island Solar Power, Inc.		60.00%
Giga Ace 4, Inc,		100.00%
Giga Ace 5, Inc,		100.00%
Giga Ace 6, Inc,		100.00%
Giga Ace 7, Inc,		100.00%
Giga Ace 8, Inc,		100.00%
Giga Ace 9, Inc,		100.00%
Giga Ace 10, Inc,		100.00%
Negros Island Biomass Holdings		45.12%
South Negros BioPower, Inc.		71.00%
San Carlos BioPower, Inc.		71.00%
North Negros BioPower, Inc.		61.00%

*See "***ACEIC Philippine Transaction***" on page 135 of this Prospectus. Based on voting rights.

Companies existing under ACEN prior to ACEIC Philippine Transaction

Guimaras Wind Corporation, formerly PHINMA Renewable Energy Corporation and Trans-Asia Renewable Energy Corporation. GWC was incorporated and registered with the SEC on 2 September 1994 to engage in the development and utilization of renewable sources of energy. It presently operates and maintains the 54MW Wind Farm in San Lorenzo, Guimaras.

ACE Enexor, Inc., formerly PHINMA Petroleum and Geothermal, Inc., Trans-Asia (Karang Besar) Petroleum Corporation, and Trans-Asia Petroleum Corporation (TAPET). ACE Enexor was incorporated and registered with the SEC on 28 September 1994 to engage in the business of oil exploration and well development. It was listed with the PSE on 28 August 2014 using TAPET as its ticker symbol. ACE Enexor is engaged in oil exploration and well development. On 31 May 2017, it amended its Articles of Incorporation to change its name from Trans-Asia Petroleum Corporation to PHINMA Petroleum and Geothermal, Inc., using "PPG" as its stock ticker symbol, to reflect the company's expansion into geothermal exploration. On 11 November 2019, it further amended its Articles of Incorporation to change its name to ACE Enexor, Inc., using "ACEX" as its stock ticker symbol, to reflect the change in ownership at ACEN.

CIP II Power Corporation. CIPP was incorporated and registered with the SEC on 2 June 1998 to construct, erect, assemble, commission, operate, maintain and rehabilitate gas turbine and other power generating plants. It was then registered with the PEZA on 23 June 1998, as an ecozone utilities enterprise. On 28 December 2006, the Company purchased 100% of the shares of stock of CIPP from Ascendas Utilities PTE Limited, a Singaporean corporation. CIPP operated a 21MW Bunker C-fired power plant in Carmelray Industrial Park II (CIP II) Special Economic Zone in Calamba City, Laguna and was the sole provider of power in the industrial park. In December 2010, CIPP's Board of Directors approved the transfer of the power plant from Laguna to Bacnotan, La Union. The power plant was successfully transferred to La Union and started commercial operations on 17 January 2013.

Palawan55 Exploration & Production Corporation. Palawan55 was incorporated and registered with the SEC on 16 November 2012 to engage in the business of exploration, prospecting, discovery, development, extraction, production and exploitation of crude oil, natural gas, natural gas liquids and other forms of petroleum, the products and by-products thereof and to process, manufacture, refine prepare for market, buy, sell, and transport or otherwise deal in same in crude, raw or refined condition. It is a 69.35% owned subsidiary of ACE Enexor. Palawan55 owns a 75% interest in SC 55. The corporation has not started its commercial operation.

Bulacan Power Generation Corporation, formerly PHINMA Power Generation Corporation and Trans-Asia Power Generation Corporation. BPGC was incorporated and registered on 18 March 1996 to build, construct, erect, own, equip, install, operate, maintain, sell, lease power generation plants, facilities, machineries, equipment and to sell any electricity generated by such power plants. ACEN formed then BPGC in a joint venture with Holcim (Philippines), Inc. ("Holcim") until the Company purchased Holcim's 50% stake in BPGC on 1 January 2013. It is involved in the operation and maintenance of a 52MW power generation plant, including the related facilities, machinery and equipment.

BPGC owns OSPGC, which was incorporated and registered with the SEC on 4 August 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. OSPGC started its operation on 17 February 2011. On 12 May 2014, BPGC purchased from Udenna

Energy Corporation the entire outstanding shares of stock of OSPGC, the lessee and operator of the 116MW Subic Diesel Generator Power Plant.

One Subic Oil Distribution Corp., formerly Trans-Asia Gold and Minerals Development Corporation. OSODC was incorporated and registered with the SEC on 2 July 2007 to engage in the business of mining and mineral exploration within the Philippines and other countries. Effective March 2009, OSODC suspended its exploration activities. On 20 September 2017, the SEC approved the change of name from "Trans-Asia Gold and Minerals Development Corporation" to "One Subic Oil Distribution Corp." and the amended primary purpose of OSODC, which is to engage in the fuel oil importation and distribution business. OSODC has not started commercial operations.

South Luzon Thermal Energy Corporation. SLTEC was incorporated and registered with the SEC on 29 July 2011 to engage in the business of owning, developing, constructing, operating, repairing and maintaining power generation plants, as well as generating, marketing and selling electricity, including the provision of services necessary or incidental thereto. It was initially owned 50/50 by ACEN and ACEIC until Axia Power, a subsidiary of Marubeni Corporation, purchased ACEN's 5% interest and ACEIC's 15% interest in SLTEC in December 2016. Subsequently, upon ACEIC's assignment of its right to purchase the 20% ownership stake of Axia Power in SLTEC in favor of the ACEN on 4 November 2019 and expected completion in the fourth quarter of 2021, ACEN will own 100% of SLTEC. It currently owns and manages a 2x135MW clean coal power plant in Calaca, Batangas. The first unit of the plant started its commercial operations in April 2015, and the second unit started in February 2016.

ACTA Power Corporation. ACTA was incorporated and registered with the SEC on 9 February 2012 to engage in the business of owning, developing, constructing, operating, repairing, and maintain power generation facilities of any kind, as well as generating, marketing and selling electricity. Through a joint venture with Ayala Corporation in February 2012, ACTA is currently owned 50/50 by the Company and ACEIC. ACTA has not started commercial operations.

Maibarara Geothermal, Inc. MGI was incorporated and registered with the SEC on 11 August 2010, to implement the integration development of the Maibarara geothermal field in Calamba, Laguna and Sto. Tomas, Batangas for power generation. It is a joint venture among PetroGreen (65%), PNOC RC (10%), and ACEN (25%). The first unit of the plant commenced commercial operation on 8 February 2014. The second unit was connected to the Luzon grid on 9 March 2018.

Companies transferred pursuant to the ACEIC Philippine Transaction

ACE Endevor, Inc., formerly AC Energy Development, Inc., San Carlos Clean Energy, Inc. ACE Endevor was incorporated and registered with the SEC on 10 November 2014 to engage in all aspects of exploration, assessment, development and utilization of renewable and other energy resources and storage of electricity. ACE Endevor is a wholly-owned subsidiary of ACEIC, through the latter's acquisition of the former in March 2017. It is ACEIC's renewable energy development, management and operations platform. ACE Endevor wholly owns LCC Bulk Water, MCV Bulk Water, and SJLD.

Gigasol2, Inc. Gigasol2 was incorporated and registered with the SEC on 13 March 2017 to engage in the business of exploring, developing, and utilizing renewable energy projects in the Philippines. On 12 July 2018, AC Energy International transferred to Gigasol2 100% ownership of AC Laguna Solar Inc., AC La Mesa Solar Inc., AC Subic Solar Inc., Gigasol 1 Inc., Gigasol 3 Inc., SolarAce 1, and SolarAce 2 Inc. Gigasol2 also holds the project holding companies SolarAce 3, Inc., SolarAce 4, Inc., Gigawind 1, Inc., and Gigawind 2, Inc., and owns PWPC which incorporated and registered with the SEC on 9 December

2009 as a holding company for renewable energy and other corporations. PWPC is the parent company of BWPC, which is the project company for the proposed Balaoi-Caunayan wind farm in Ilocos Norte.

HDP Bulk Water Supply, Inc. HDP Bulk Water was incorporated and registered with the SEC on 20 October 2017 to engage in the business of extraction, generation, supply and distribution of water. HDP Bulk Water supplies water to San Carlos Bioenergy, Inc. under a Water Supply Contract executed on 31 October 2006, which was assigned to HDP Bulk Water on 11 December 2017.

Ingrid Power Holdings, Inc. Ingrid was incorporated and registered with the SEC on 7 June 2018, with the primary purpose to own, operate, maintain, and rehabilitate energy systems and projects. On 23 July 2020, the Company and ACE Endevor, the Company's wholly-owned subsidiary, signed a shareholders' agreement with Axia Power, whereby Axia Power will acquire 50% of the shares and 50% of the economic rights in the Company's subsidiary Ingrid, the special purpose vehicle of the Ingrid Project, while the Company will hold 50% shares and 45% of the economic rights, with ACE Endevor having a 5% share of the economic rights in the Ingrid Project. Ingrid is currently developing a 150MW diesel power plant in Brgy. Malaya, Pililia, Rizal, to be an ancillary service provider to the NGCP.

Manapla Sun Power Development Corp. MSPDC was incorporated and registered with the SEC on 16 December 2014 with a primary purpose to engage in the business or renewable energy such as, but not limited to biomass, mini-hydro or solar power and ancillary business, and to own, lease, operate, manage or develop public or private lands. In March 2017, ACEIC acquired 66.2% of MSPDC. MSDPC is the landowner of and the lessor for Islasol's solar farm in Manapla, Negros Occidental.

Monte Solar Energy Inc. Montesol was incorporated and registered with the SEC on 25 July 2014 with the primary purpose to carry on the business of exploring, developing and utilizing renewable energy resources, such as but not limited to biomass, biogas, hydropower, wind, solar energy, including operating, managing, maintaining and rehabilitating solar energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies. Montesol owns and operates a 18MWdc solar power plant at Bais, Negros Oriental.

ACE Renewables Philippines, Inc. ACE Renewables was incorporated and registered with the SEC on 6 April 2005 as a holding company with the primary purpose to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of property of every kind and description, shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of an corporation or corporations, domestic or foreign. It is a wholly-owned subsidiary of ACEIC. ACE Renewables is a shareholder in NPDC, which developed the country's first commercial wind farm, and owns and operates the 52MW Bangui wind project in Bangui, Ilocos Norte.

Negros Island Biomass Holdings, Inc. Isla Bio was incorporated and registered with the SEC on 11 November 2016 as a holding company for renewable energy projects. On 20 March 2018, AC Energy International and Zabaleta & Co. entered into a share purchase agreement for the acquisition of 21,484 common shares in Isla Bio, which represents a 42.97% voting interest. On 1 October 2019, AC Energy International transferred its ownership in Isla Bio to ACE Endevor. Isla Bio is the entity that holds interests in three biomass plants in Negros Occidental that are currently under construction, namely the: (1) 20MW plant of San Carlos BioPower, Inc. in San Carlos City, (2) 25MW plant of South Negros BioPower Inc.

located in La Carlota City, and (3) 25MW plant of North Negros BioPower, Inc. located in the Municipality of Manapla.

North Luzon Renewable Energy Corp. NLREC was incorporated and registered with the SEC on 31 May 2006. NLREC is a partnership among ACEIC, UPC Philippines Wind, Mitsubishi Corporation's DGA, and PINAI. On 5 November 2019, ACEN acquired PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in NLREC. NLREC owns and operates an 81MW wind farm in Barangay Caparispisan, Pagudpod, Ilocos Norte, which started its commercial operations in 11 November 2014. NLREC owns Amihan Renewable Energy Corp., which was incorporated and registered with the SEC on 16 January 2017 for the primary purpose to develop, construct, own, and operate renewable energy projects, transmission lines and towers in the Philippines for the purpose of generation and sale of electric power, and in connection therewith, to construct , install erect, maintain, import or export edifices, structures, machinery and equipment necessary for the generation and sale of electric power; to employ (among others) technicians, experts and engineers in every branch of scientific skill and endeavor; to acquire, purchase, own, lease, and sub-lease real and other property; and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to conduct the foregoing purposes. Amihan Renewables has not started commercial operations.

Northwind Power Development Corp. NPDC was incorporated and registered on 15 June 2000 with a purpose to engage in the generation of electricity from renewable energy sources. NPDC developed the country's first commercial wind farm, owns and operates the 52MW Northwind Project in Bangui, Ilocos Norte. Phase I of the Northwind Project consists of 15 wind turbines and started commercial operation in June 2005. Phase II of the Northwind Project was completed in August 2008 and added five more wind turbines bringing total capacity to 33MW. Finally, Phase III of the Northwind Project added six more new wind turbines with a total installed capacity of 19MW and was completed in October 2014.

Philippine Wind Holdings Corp. formerly UPC Philippine Wind Holdings Corp. PWHC was incorporated and registered with the SEC on 12 November 2009 as a holding company for renewable energy corporations. It is the parent company of Ilocos Wind Energy Holding Corp. (a holding company incorporated and registered with the SEC on 16 December 2009) and NLREC, the latter owns and operates the 81MW wind farm in Barangay Caparispisan, Pagudpod, Ilocos Norte.

SCC Bulk Water Supply, Inc. SCC Bulk Water was incorporated and registered with the SEC on 9 September 2015, with the primary purpose to engage in the collection, purification and distribution of water in Negros Occidental. On 18 December 2017, AC Energy International acquired 100% interest in SCC Bulk Water. On 1 October 2019, AC Energy International transferred its ownership in SCC Bulk Water to ACE Endevor. It has obtained the contract for the supply and distribution of water to San Carlos Biopower, Inc.

Solienda Incorporated. Solienda was incorporated and registered with the SEC on 29 November 2016 to deal and engage in land lease and real estate business. On 5 December 2016, San Julio Realty, Inc. assigned to Solienda the absolute and irrevocable title, rights and interest in the contract of lease, and the subsequent amendment agreements, with San Carlos Sun Power, Inc.

Viage Corporation. Viage was incorporated and registered with the SEC on 22 August 2005 as holding company to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind in particular, shares of stock, voting trust certificates, bonds, debentures, notes, evidences of indebtedness association, domestic or foreign, including those of the Government of the Philippines, or any of its instrumentalities, without being a stockbroker or dealer. Viage is a shareholder in NPDC, which developed the country's first commercial wind farm, and owns and operates the 52MW Northwind Project in Bangui, Ilocos Norte.

Visayas Renewables Corp., formerly Bronzeoak Clean Energy Inc. VRC was incorporated and registered with the SEC on 24 June 2015 with a primary purpose to evaluate, examine, license, purchase, promote, develop, engage, and market in whole or in part in the manufacture and sale of electric current, biofuels and other utilities of any kind and character. It is currently a holding company co-owning shares in Sacasol, Islasol and Montesol.

Buendia Christiana Holdings Corp., BCHC was incorporated and registered with the SEC on 10 May 2019 as a holding company. On 12 December 2019, ACEN entered into a subscription agreement BCHC to subscribe to the increase in authorized capital stock of BCHC, thereby becoming a wholly-owned subsidiary of ACEN. BCHC is intended to be the landholding company of ACEN.

Companies integrated to ACEN after the ACEIC Philippine Transaction as at 30 September 2020

ACE Shared Services, Inc. ACE Shared Services was incorporated and registered with the SEC on 5 December 2019 for the primary purpose to provide a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/bookkeeping services (without engaging in the practice of accountancy), including but not limited to data entry, scanning, records management and data analysis; information technology services including but not limited to application hosting, maintenance, deployment, and technical support; procurement services including but not limited to data entry, contract preparation, contract administration services including data entry, contract preparation, contract monitoring; sales administration services including but not limited to billing and collection; human resources management including but not limited to payroll and claims processing and reimbursement; manpower related services and other related functions.

Giga Ace 1, Inc. Giga Ace 1 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 1 is the entity designated by ACEN to hold the PWHC shares acquired from PINAI.

Giga Ace 2, Inc. Giga Ace 2 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 2 is the entity designated by ACEN to hold the Sacasol shares acquired from PINAI.

Giga Ace 3, Inc. Giga Ace 2 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 2 is the entity designated by ACEN to hold the Islasol shares acquired from PINAI.

Giga Ace 4, Inc., **Giga Ace 5, Inc.**, **Giga Ace 6, Inc.**, **Giga Ace 7, Inc.**, **Giga Ace 8, Inc.**, **Giga Ace 9, Inc.**, and **Giga Ace 10, Inc.**, are all project holding companies incorporated on 14 November 2019 with the primary purpose to carry on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power plant, fossil fuel, renewable energy sources (including but not limited to hydro, wind, solar, biomass, geothermal, or ocean/tidal), and other viable sources of power; to develop, construct, install, build, commission, operate, own, maintain, rehabilitate, operate, manage, lease and transfer power generating plants and related facilities, for both renewable and non renewable energy sources, and other generating plants of any type and technology and related facilities; to engage in the business of a retail electricity supplier and energy consolidator or aggregator including sourcing, selling, brokering, marketing and aggregating of electricity to the end-user;

and to provide related services such as those necessary or appropriate in connection with the foregoing, to such an extent and in such manner as may be permitted by applicable law and provided that it shall not operate as a public utility. See "***Incorporation of New Companies***" in "***Material Contracts***" beginning on page 156 of this Prospectus.

INDUSTRY OVERVIEW

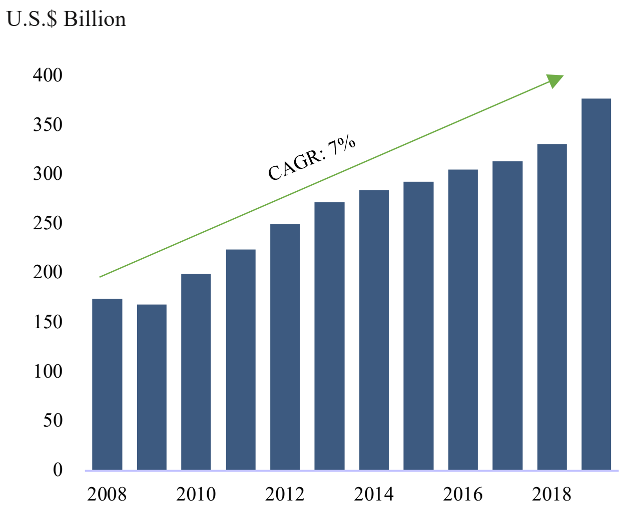
Certain information, market data, industry forecasts and other data used in this Prospectus were obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information are not guaranteed and have not been independently verified by the Issuer and the Joint Lead Underwriters. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer and the Joint Lead Underwriters make any representation or warranty, express or implied, as to the accuracy or completeness of such information. In addition, such information may not be consistent with other information compiled within or outside the Philippines.

The Philippine Economy

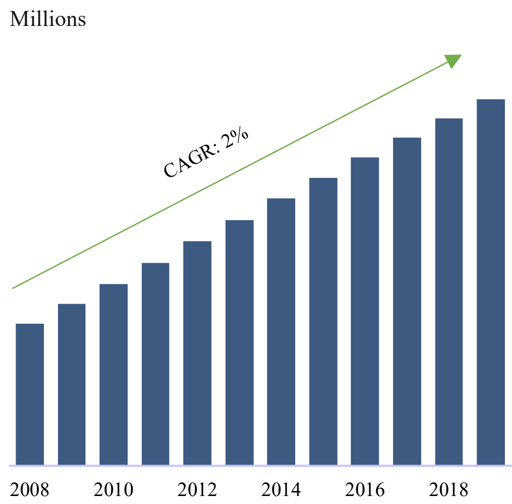
According to the World Bank, the Philippines' nominal gross domestic product ("GDP") reached U.S.$377 billion in 2019. The services sector continues to be the main growth driver and the economy was also supported by robust industrial, and agricultural activities.

Based on information from the BSP, there was a net inflow of foreign direct investment ("FDI") of U.S.$7.6 billion in 2019, the majority of FDI were directed to electricity, gas, steam and airconditioning supply, financial and insurance, real estate, and manufacturing industries. According to the World Bank, Philippines' population increased by 1.4% year-on-year to reach 108.1 million and life expectancy at birth improved to 71 years. Unemployment rate stood at 5.3%, representing a 7.0% improvement year-on-year.

Annual Nominal GDP (2008–2019)



Population (2008–2019)



Source: World Bank

The Philippine economy contracted by 11.5% year-on-year in the 3rd quarter of 2020, according to the Philippine Statistics Authority. This was lower than the 0.7% contraction recorded in the 1st quarter of 2020 and was higher than the 16.9% contraction recorded in the 2nd quarter of 2020. The contraction in GDP was attributed to decrease in manufacturing (-9.7%), construction (-39.8%), and real estate and ownership of dwellings (-22.5%). Of the major economic sectors, the Industry and Services sector both decreased during the period by 17.2% and 10.6%, respectively, while only agriculture, forestry, and fishing, financial and insurance activities and public administration and defense experienced a growth of 1.2%, 6.2% and 4.5% respectively. Expenditures also posted negative growth rates, with household consumption down by 9.3%, gross capital formation at -41.6%, and exports and imports at -14.7% and -21.7%, respectively. Conversely, government final consumption expenditure posted positive growth of 5.8%. However, the Philippine government believes that the economy is on the road to recovery as the Asian Development Bank (ADB) expects that the Philippine economy will start to rebound slowly in the second half of 2020, followed by a stronger growth in 2021. In its Asian Development Bank Outlook (ADO) 2020 Update, the ADB forecasts a 6.5% growth in the economy in 2021 as the outbreak is contained, the economy is further opened, and more government stimulus measures are implemented. Similarly, the World Bank, in its latest Philippines Economic Update report released on 8 December 2020, projects that economic growth is expected to return to above 5.9% in 2021 and 6.0% in 2022. Fitch Ratings' forecast of 2020 GDP contraction is now 8.0%. The Philippine economy had been growing at an average rate of 6.5% since 2012.

The BSP reported a 8.6% decline in net foreign direct investment for the first nine months of 2020 compared to 2019, declining to U.S.$2.4 billion from last year's U.S.$5.3 billion due the weak global outlook and investors' confidence following the COVID-19 pandemic. Equity capital placements originated from the Netherlands, Japan, United States and Singapore. BSP data also showed that net investments in equity capital increased as placements rose by 6.4% to US$1.4 billion from US$1.3 billion in the same period in 2020 and 2019, respectively.

The Philippine Electricity Market

The Philippine Electricity Market is divided into four major sectors: (i) generation, (ii) transmission, (iii) supply (through the WESM) and (iv) distribution. See discussion under "***Regulatory Framework***" on page 184 of this Prospectus.

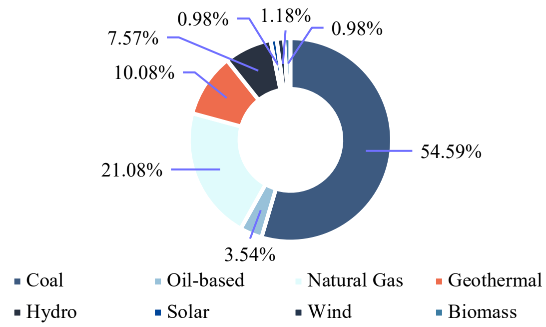
Philippine Power Sector

Power Supply and Demand Highlights
Source: Department of Energy

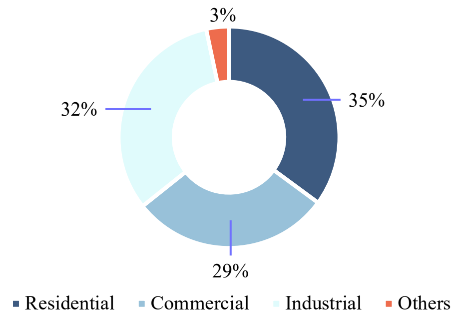
In spite of the slowdown in the growth of the Philippine economy in 2019 to 5.9% compared to 6.2% in 2018, the total electricity sales and consumption all over the country still posted a notable figure of 106,041GWh in 2019 from 99,765 GWh in 2018, equivalent to 6.3% growth from the previous year, and a 5.3% CAGR from 2008-2019.

Given its limited supply of natural resources, the Philippines relies on coal and oil imports for electricity generation. The Philippines Government awarded 22 solar projects and one wind project in 2019.

2019 Power Generation



2019 Power Consumption



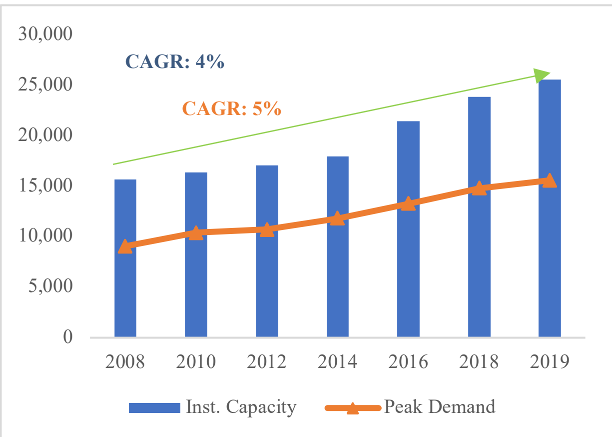
Source: Department of Energy

According to the DOE, power consumption increased by 5.4% year-on-year to 87,118 GWh, representing a 5.3% CAGR during 2008–2019. This was largely driven by the following sectors in order of power consumption volume:

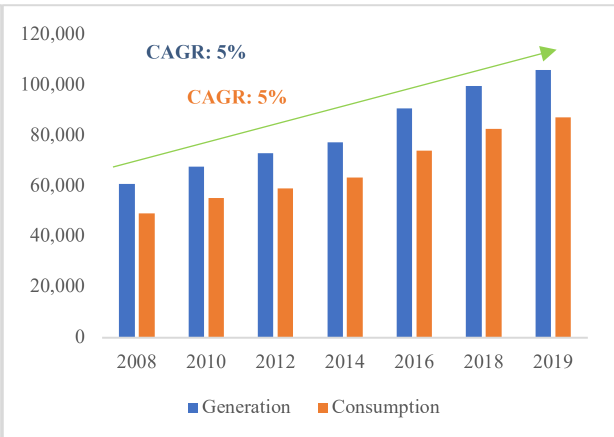
1. Residential, the most energy intensive sector, had power consumption increase by 8.1% year-on-year due to election-related activities and warmer temperature in the summer months;
2. Industrial, the second most energy intensive sector, had power consumption increase by 2.2% year-on-year from the 7.9% growth in 2018. The decline can be attributed to the slowdown in public construction at the start of 2019 as a result of the delayed approval of the government's 2019 budget and the 45-day public works ban due to the 2019 national and local elections on 13 May 2019; and
3. Commercial, the third most energy intensive sector, had power consumption increase by 6.1% year-on-year due election-related activities and the El Niño event throughout 2019 brought about by substantial utilization of cooling equipment.

In addition, the DOE also maintains a necessary reserve margin of up to 20% of excess peak demand. Breaching this barrier adversely affects spot prices.

Capacity and Peak Demand in MW (2008–2019)

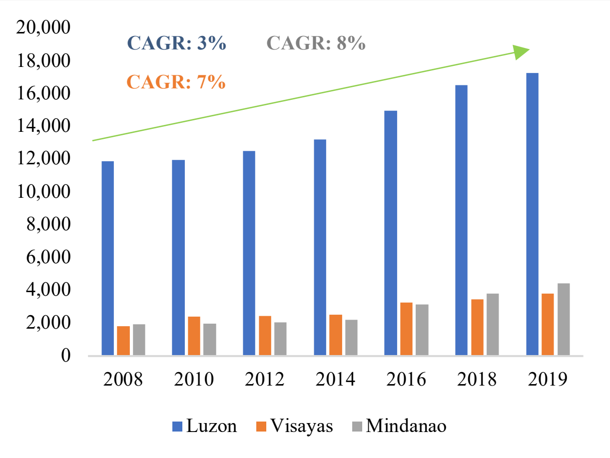


Power Generation and Consumption in GWH (2008–2019

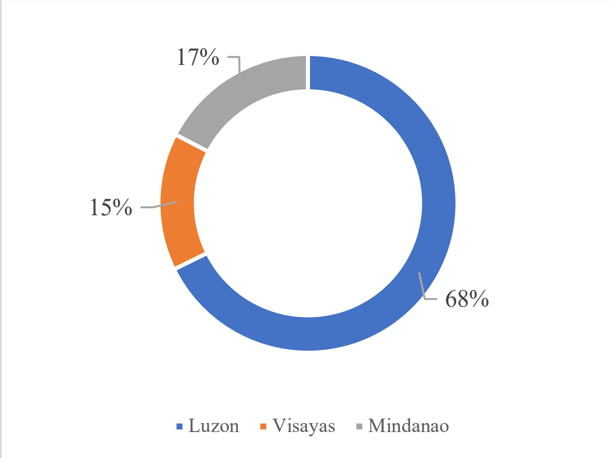


Source: Department of Energy

Capacity by Region in MW (2008–2019)



Share of Capacity by Region in MW (2019)



Source: Department of Energy

Power Demand

Source: Department of Energy

As of 2019, the Philippines total peak demand (representing total non-coincidental peak demand of Luzon, Visayas and Mindanao grids) was recorded at 15,581MW. The Luzon grid contributed 11,344MW or 73% of the total demand while Visayas and Mindanao each have a share of 14% (2,224MW) and 13% (2,013MW), respectively. In spite of the slowdown in the growth of the Philippine economy in 2019 to 5.9% compared to 6.2% in 2017, the total electricity sales and consumption all over the country still posted a notable figure of 106,041 GWh in 2019 from 99,765 GWh in 2018. Out of these total sales and consumption, 59,301 GWh or 55.9% was contributed by Private Investor Owned Utilities (PIOU's), while 23,213 GWh or 21.9% was from the Electric Cooperatives' contributions. Non-utilities and Other Services were 4,036 GWh (3.8%) and 568 GWh (0.5%), respectively. Total sales accounted to 87,118 GWh, corresponding to 82.2% share to total consumption.

2018 vs. 2019 Peak Demand per Grid (in MW)

Source: Department of Energy

Power Supply

Source: Department of Energy

The total power supply, in terms of installed capacity, grew by 7.2% from 23,815MW in 2018 to 25,231MW in 2019. A total of 1,674MW new capacities were added to the country's supply in 2019 which include coal-fired (1,559MW), oil-based (8MW), hydropower (31MW), biomass (52MW), and solar (25MW) power plants. In terms of share by grid, Luzon contributed additional capacity of 700MW or

41.8% of the newly installed capacities, with Visayas and Mindanao at 371MW or 22.3% and 602MW or 35.9%, respectively.

Fuel Type	Installed, MW		Dependable	
	2018	2019	2018	2019
Coal	**720**	**1,559**	**690**	**1,409**
Oil-Based	**87**	**8**	**83**	**6**
Natural Gas	**0**	**0**	**0**	**0**
Renewable Energy	**126**	**108**	**122**	**74**
Geothermal	12	0	12	0
Hydro	80	31	80	18
Biomass	34	52	30	36
Solar	0	25	0	20
Wind	0	0	0	0
TOTAL	**934**	**1,674**	**894**	**1,489**

Newly Operational Capacities per Technology, Philippines (in MW)
Source: Department of Energy

Coal still dominated the power mix from 52.1% in 2018 to 54.6% in 2019. The increase in coal generation was attributed to the entry of new coal-fired power plants across the country. However, renewable energy technologies decreased its total generation share to 20.8% due to the drop in generation of hydro and limited penetration of other technologies to the mix. Natural gas contributed 21.1% in the mix while oil-based technologies continued to have the least contribution in the power mix at 3.5%.

Capacities from committed power projects reached 5,767MW by the end of 2019. About 71.5% of these capacities are from coal-fired power projects that will provide baseload capacity in the system in the coming years. The indicative power projects capacity amounted to 42,815MW by the end of 2019. Coal-fired power projects contributed 24.4%, while 50.1% is expected to come from renewable energy technologies.

Electricity Sales and Consumption
Source: Department of Energy

Electricity sales and consumption in Luzon for 2019 reached a total of 77,687 GWh boosting the 2019 growth to 5.7% from 5.6% in 2018. The residential and commercial sector contributed the most to Luzon's overall growth rate. Luzon's share to the country's total electricity sales and consumption remained the largest at 73.3%.

The Mindanao grid recorded 13,805 GWh of electricity sales and consumption. The sustained accelerated growth in Mindanao resulted to 8.1% increase in 2019, relatively in pace with the year-ago rate of 8.2%. The Davao Region contributed the most share with 33.3% in total electricity sales and consumption, while Zamboanga Peninsula, Northern Mindanao, SOCCSKSARGEN, Caraga, and Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) contributed, 12.0%, 24.6%, 18.0%, 9.0% and 3.1%, respectively.

The Visayas grid grew to 14,549 GWh of electricity sales and consumption at a rate of 7.8% from 2018. In the previous years, a 4.3% growth rate was posted in 2018 and 5.0% in 2017. The boost in demand for electricity production can be attributed to the robust economic activities in major provinces, especially in Central Visayas which accounted for more than half of the energy consumption in the grid. Visayan Electric Company, Inc. (VECO), which serves the cities of Cebu, Mandaue, Talisay, Naga, and four municipalities of the greater part of Metro Cebu, contributed 3,714 GWh of electricity, a 10% increase in consumption from the previous year, making them the second largest distribution utility in the Philippines in terms of electricity sales.

TYPE OF DISTRIBUTION UTILITIES	LUZON	VISAYAS	MINDANAO	PHILIPPINES
Private Investors Owned Utilities (PIOU's)				
Residential	15,880	1,360	1,293	18,534
Commercial	19,531	654	604	20,789
Industrial	14,433	2,892	2,257	19,582
Others	196	111	90	397
Total Sales	**50,040**	**5,018**	**4,244**	**59,301**
Own-Use	65	11	5	81
System Loss	2,925	328	311	3,564
Total	**53,030**	**5,356**	**4,560**	**62,946**
Electric Cooperatives (EC'S)				
Residential	6,327	2,838	2,853	12,018
Commercial	2,381	1,233	1,073	4,687
Industrial	1,947	952	1,952	4,851
Others	763	455	438	1,657
Total Sales	**11,418**	**5,478**	**6,317**	**23,213**
Own-Use	23	10	15	48
System Loss	1,408	635	992	3,035
Total	**12,849**	**6,123**	**7,324**	**26,295**
Non-Utilities/Directly Connected	**3,334**	**540**	**162**	**4,036**
Other Services	**1,706**	**503**	**65**	**2,274**
Plant Station Used	**4,379**	**1,649**	**1,065**	**7,094**
Transmission Losses	**2,389**	**378**	**629**	**3,396**
Total Electricity Sales & Consumption (Main Grid)	**76,485**	**14,457**	**13,631**	**104,572**
Total Electricity Sales & Consumption (Off-Grid)	**1,202**	**93**	**175**	**1,470**
Total Electricity Sales & Consumption	**77,687**	**14,549**	**13,805**	**106,041**

2019 Electricity Sales & Consumption of Distribution Utilities, by Grid (in GWh)

Source: Department of Energy

Significant Incidents for 2019

Source: Department of Energy

In terms of significant incidents for 2019, Luzon grid experienced 46 yellow alerts and 16 red alerts occurrences. These were mainly attributed to the high demand coupled with the mild El Niño condition which further increased the demand and brought down the available capacity of hydroelectric power plants in the grid during the summer months. Other factors that contributed to the issuance of these alerts were the series of unplanned outages, and capacity deration of power plants. Furthermore, expected capacity from committed power projects were not able to ease the power situation due to their delayed commissioning. The red alert occurrences resulted in a series of automatic and manual load dropping incidents which led to the implementation of Interruptible Load Program.

Another notable incident in the Luzon grid was the 6.1 magnitude earthquake that occurred at 5:11 PM of 22 April 2019 with the epicenter located 18 kilometers east of Castillejos, Zambales. After the earthquake, several power plants and some transmission lines in central Luzon tripped leaving Luzon with 10,059MW available capacity which was insufficient to supply the system demand. Power in the affected areas were immediately restored, however, a few power plants were isolated due to sustained transmission line outages and equipment problems in the power plant facilities.

On the other hand, Visayas has been a recipient of many yellow alerts and a few red alerts in 2019, having 186 yellow alert notices and 10 red alert notices. These alerts usually occurred in the evening and were amplified on occasions where a significant amount of capacity is unavailable due to plant outages and reduction of output from solar plants. These alert were issued more frequently in 2019 due to increasing demand and the existing transmission line congestions experienced in the region.

Mindanao grid has been known for its over-supply capacity since the addition of coal-fired power plants in the region in 2016. In 2019, there were no recorded yellow and red alerts that disrupted the operation of the Mindanao grid, despite the occurrence of several natural calamities such as earthquakes and typhoons. However, there are still issues on the occurrences of Manual Load Dropping (MLD) in some regions in Mindanao due to the current bilateral dispatch protocol and the absence of the Wholesale Electricity Market (WESM) in the said grid. The mild El Niño in 2019 resulted in depletion of capacities from a few power plants while several Distribution Utilities failed to adjust their respective nominations, thus resulting in over-nomination and MLDs. WESM Mindanao is expected to address the issue once it comes online.

Outlook

The Government of the Philippines recognizes natural gas and renewables as sources for power generation of the future, however, coal power plants remain to be the most economical and immediately available in the short-term to meet the expected increasing demand for electricity.

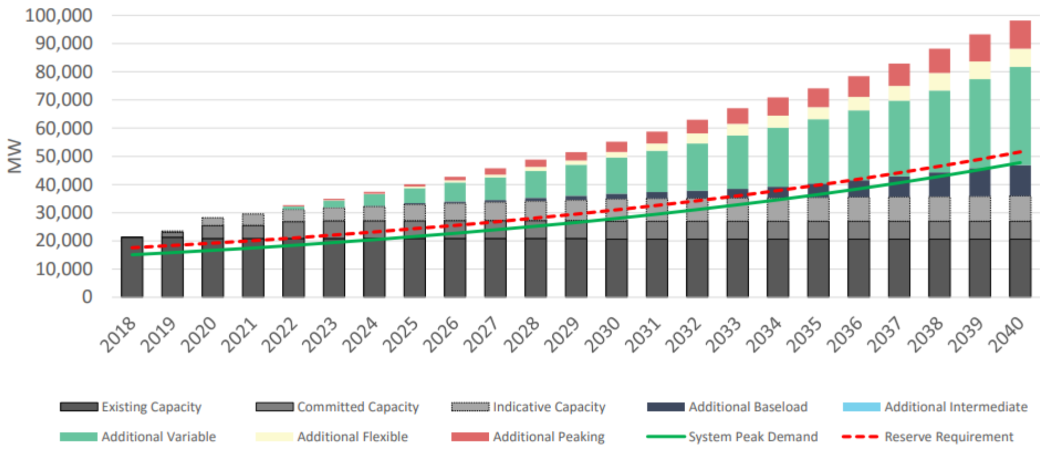
According to the DOE, renewable energy, in particular geothermal, biomass and hydro, is expected to account for over 30% of the Philippines' power supply by 2030. The development of renewable power sources will be facilitated by favorable Government policies, which includes their renewable target of 15 GW of installed renewable capacity by 2030 set by the National Renewable Energy Board ("NREB") with the DOE, and also the Feed-in-Tariff ("FIT") scheme.

The Philippines adopted the FIT in 2010 for eligible renewable power projects, including wind, solar, hydro, biomass and hybrid energy sources. Eligible renewable power plants are granted a 20-year entitlement. FIT is designed to accelerate the development of renewable energy by offering guaranteed payments on a fixed rate per KWh basis. However, subsidies will gradually decrease with the expected grid parity of solar and wind to be achieved by 2020 and 2025 for new projects respectively. In December 2017, the DOE released the Renewable Portfolio Standard ("RPS") system that requires a defined list of power market participants to source a minimum share of electricity from eligible renewable energy sources, and this will be reviewed and adjusted annually by the DOE. According to the DOE, the RPS is targeting 35% power supply from renewable energy by 2030. In October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix. To support this, the DOE signed a department circular providing the guidelines for the third Open and Competitive Selection Process ("OCSP3") in the awarding of Renewable Energy Service Contracts which covers potential geothermal and hydropower energy resource development and utilization, among others.

As a result of the COVID-19 pandemic, the Philippine government placed Luzon under enhanced community quarantine. During that period, power demand fell about 30%, reflecting the decline in power use by shuttered businesses. The Department of Energy had also requested that the industry defer bill collections by 30 days or until after the lockdown period ended on April 14. As such, the DOE revised the country's projected power demand and supply for the year, estimating that electricity demand will likely remain at the 2019 levels.

Despite this, the Independent Electricity Market Operator of the Philippines (Iemop) said that peak daily demand as of the first week of September reached its highest level since June at 10,563MW in Luzon due to increased economic activity. Further, the DOE has indicated that the residential sector would likely continue to grow as people opted to remain indoors.

Capacity and Peak Demand (2018–2040)



Source: Department of Energy

Retail Competition and Open Access

The EPIRA mandates the implementation of open access to distribution network so that the benefits of competition in the generation/supply sector could reach qualified consumers. The implementation of the retail competition and open access paved the way to the creation of the new segment in the power industry which is the RES.

Retail competition and open access allows contestable customers (*i.e.*, industries, commercial establishments and residential users) to choose their respective retail electricity supplier which could offer the most reasonable cost and provide the most efficient service. Further discussion on RCOA can be found under "***Regulatory Framework***" on page 184 of this Prospectus.

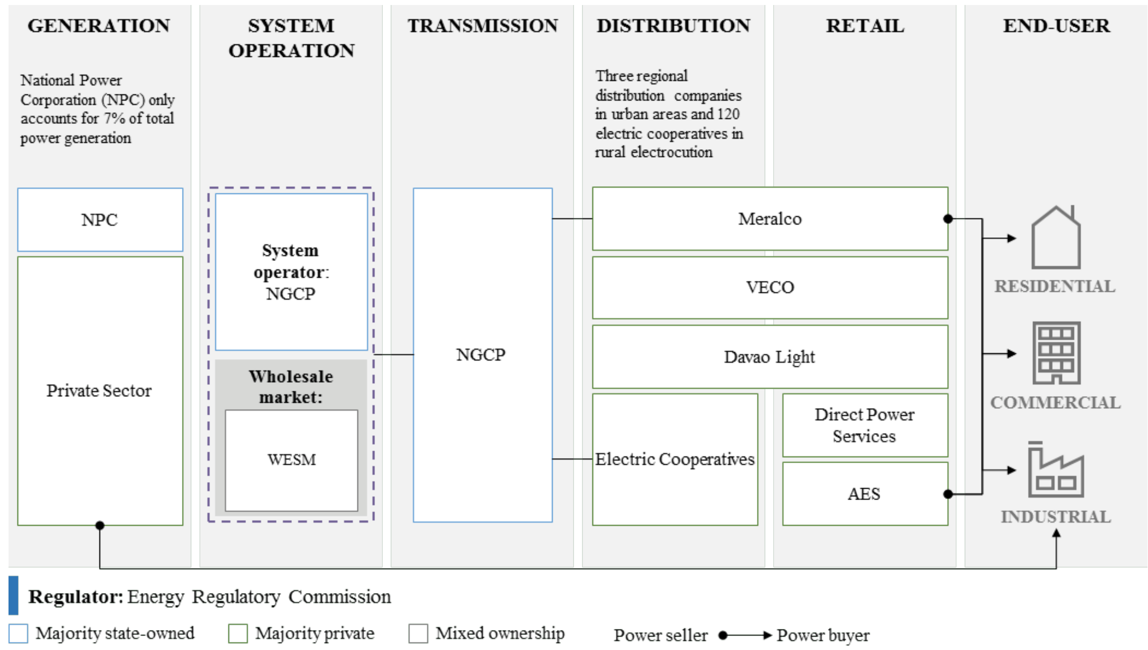
Primary Regulatory Agencies

There are two main energy bodies in the Philippines: (1) The Energy Regulatory Commission ("ERC"), which is an independent quasi-judicial regulatory body, and; (2) the Department of Energy ("DOE"), which is in charge of supervising the restructuring of the electricity industry. Both are governed by the Electric Power Industry Reform Act of 2001 ("EPIRA") to implement provisions of the Act.

The 1991 Foreign Investment Act ("FIA") regulates foreign investment into the Philippines. Within FIA are two negative lists known as the Foreign Investment Negative List which defines the percentage of foreign ownership depending on the nature of the underlying asset or business. Under the energy sector, up to 40% foreign ownership is permitted for the exploration, development and utilization of natural resources (exclusively renewables).

Further discussion on Primary Regulatory Agencies can be found under "***Regulatory Framework***" on page 184 of this Prospectus.

Market Structure



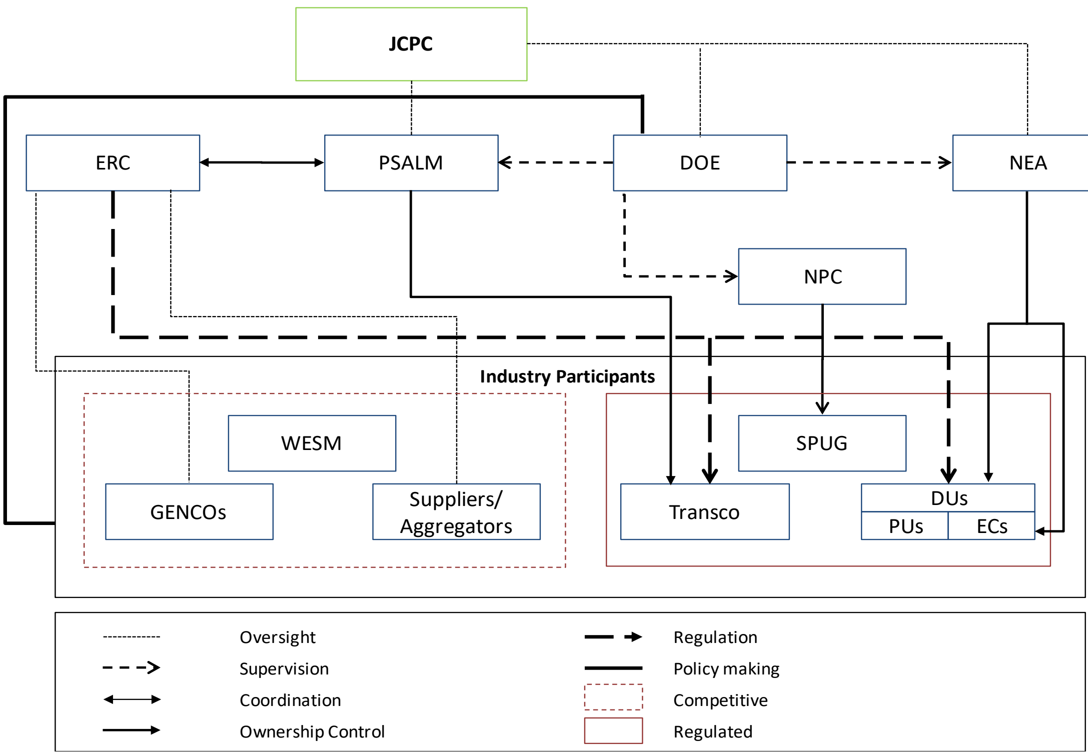
REGULATORY FRAMEWORK

The information in this section has been derived from various government and private publications or obtained from communications with various government agencies unless otherwise indicate and has not been prepared or independently verified by the Company, the Joint Lead Underwriters, or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside the Philippines.

Regulation of the Philippine Power Industry

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("EPIRA") established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations ("GOCCs"), the Power Sector Assets and Liabilities Management Corporation ("PSALM") and the TransCo.

The following diagram shows the current structure of the electric power industry under the EPIRA:



Note:
DUs: distribution Utilities
ECs: Electric Cooperatives
GENCOs: Any entity authorized by the ERC to operate electricity generation facilities
JCEC: Joint Congressional Energy Commission
PUs: Production Utilities

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Philippine government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (1) restructuring of the entire power industry to introduce competition in the generation sector,

(2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector.

With a view to implementing the EPIRA's 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 of the EPIRA (the "EPIRA IRR") on 27 February 2002.

The EPIRA IRR governs the relations among, 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, namely the DOE, NPC, National Electrification Administration ("NEA"), ERC and PSALM.

Primary Regulatory Agencies

Energy Regulatory Commission

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.

The ERC is an independent quasi-judicial regulatory body mandated to carry out (but not limited to) the following:

a. Promote competition and encourage market development;
b. Determine the pricing in the energy market;
c. Review and approve any plan for expansion or improvement of transmission facilities submitted by TransCo; and
d. Perform other regulatory functions as appropriate and necessary to ensure successful restructuring and modernization of the electric power industry.

Department of Energy

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

a. Preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
b. ensuring the reliability, quality and security of the supply of electric power;
c. exercise of supervision and control over all government activities pertaining to energy projects;
d. encouragement of private investment in the power industry sector and promotion of the development of indigenous and renewable energy sources for power generation;
e. facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
f. promotion of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
g. 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
h. establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

The DOE supervises the operation of the Wholesale Electricity Spot Market of the Philippine Electricity Market Corporation. The Philippines fosters a liberal competitive environment for market players under each segment within the power structure.

Joint Congressional Energy Commission

The Joint Congressional Energy Commission ("JCEC") created pursuant to the EPIRA consists of 14 members with the Chairmen of the Committee on Energy of the Philippine Senate and House of Representatives and six additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. On 12 April 2019, Republic Act No. 11285 or the Energy Efficiency and Conservation Act ("EEC") was signed into law. Under this law, the Joint Congressional Power Commission was renamed to the Joint Congressional Energy Commission ("JCEC").

The initial term of the JCEC was 10 years from the effectivity of the EPIRA, or only until 26 June 2011. However, since key structural changes introduced in the EPIRA have yet to be carried out as well as the need to oversee the implementation of the Renewable Energy Act, the Philippine Congress issued Joint Resolution No. 1 on 26 July 2010 (which was passed by the Senate and the House of Representatives on 6 June 2011 and approved by the President of the Philippines on 21 June 2011) extending the term of the JCEC for another period of 10 years from 26 June 2011.

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: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. 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

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, 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; and (iii) IPP-owned and -operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms.

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 agreements of NPC, which exclude the assets devoted to missionary electrification through the NPC Small Power Utilities Group ("SPUG"). 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 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 contracts with various suppliers and private distribution utilities, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the grid and/or buyers. Recovery by distribution utilities ("DUs") of their purchased power cost is subject to review and regulation by the ERC to determine reasonableness of the cost that are passed on to consumers. With the implementation of RCOA, generation rates, except those intended for the "Captive Market" (*i.e.*, a market of electricity end-users who may not choose their supplier of electricity), ceased to be regulated to a certain extent.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on 26 December 2013, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750KW and certified by the ERC to be such ("Contestable Market"). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, not required to secure national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, in order to operate, generation companies must obtain a COC from the ERC, as well as health, safety and environmental clearances from appropriate government agencies under existing laws. Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC's rule and regulations on market power abuse, cross-ownership and anti-competitive behavior.

Requirement of Public Offering for Generation Companies

Under Section 43(t) of the EPIRA, the ERC was mandated to issue rules and guidelines under which, among others, generation companies which are not publicly listed shall offer and sell to the public a portion of not less than 15% of their common shares of stock.

ERC Resolution No. 9, Series of 2011, adopted the rules to implement Section 43(t) of the EPIRA. Under the resolution, generation companies, among others, which are not publicly listed are required to sell to the public a portion of not less than 15% of their common shares of stock. If the authorized capital stock of a generation company is fully subscribed, such company must increase its authorized capital stock by 15% or sell or cause the sale of 15% of its existing subscribed capital stock in order to comply with the public offering requirement under the EPIRA.

According to Resolution No. 9, which took effect on 29 June 2011, any offer of common shares of stock for sale to the public through any of the following modes may be deemed as a public offering for purposes of compliance with the public offering requirement under the EPIRA: (1) listing on the PSE; and (2) listing of the shares of stock in any accredited stock exchange or direct offer of the required portion of a company's capital stock to the public. For generation companies registered with the BOI under the Omnibus Investments Code, the public offering requirement may be complied with by a direct offer of the required portion of the registered enterprise's shares of stock to the public or through its employees through an employee stock option plan (or any plan analogous thereto), provided such offer is deemed feasible and desirable by the BOI.

However, the offer of common shares through an employee stock option plan is not considered a public offering since the offer is limited only to the employees of the generation companies or the DUs and not to the general public. The offer to employees may be considered public offering only when the generation company or distribution utility is a registered enterprise under the Omnibus Investment Code. Further, the public offering requirement does not apply to: (i) self-generation facilities, (ii) generation companies and distribution utilities already listed on the PSE, (iii) generation companies and distribution utilities whose holding companies are already listed on the PSE, (iv) generation companies and distribution utilities which are organized as partnerships, and (v) electric cooperatives which have no common shares of stock.

On 4 June 2019, the ERC issued Resolution No. 4 amending Resolution No. 9, Series of 2011. The new resolution maintained the previous rule that companies already listed with the PSE are already deemed in compliance of the 15% public offering requirement. Under Resolution No. 4, Series of 2019, the following modes shall be deemed to be public offerings:

1. Listing on the PSE;
2. In accordance with the 2015 IRR of the SRC:
    a. Publication in any printed material distributed in the Philippines;
    b. Public presentations;
    c. Advertisements or announcements on radio, television, electronic communications, information communication technology, or any other forms of communications; and
    d. Distribution of flyers, brochures, or any offering material in a public or commercial place, or through prospective purchasers through the portal system, information communication technology and other means of information distribution.
3. Listing of any shares of stock in any accredited stock exchange or direct offer to the public or the employees of an entity registered with the BOI, when deemed feasible and desirable by the latter.

ERC Resolution No. 4, Series of 2019 also provides that generation companies under a Build-Operate-Transfer Scheme must comply with the 15% public offering requirement. Further, it requires that the sale of securities to the public must comply with the SRC and its IRR.

The public offering by existing companies shall be made within five years from the effectivity of ERC Resolution No. 9, Series of 2011, or until 29 June 2016. The five-year period was extended up to 29 June 2017 pursuant to ERC Resolution No. 18, Series of 2016. For new companies, however, the five-year period is counted from the issuance by the ERC of their respective COCs. The period for compliance has further been extended pursuant to ERC Resolution No. 10, Series of 2017 for another year, or until the resolution of the petition filed by the Private Electric Power Operators Association regarding the clarification on whether the registration of common shares at the SEC may be considered as a mode of public offering is resolved, whichever comes earlier. On 21 June 2018, the ERC issued Resolution No. 14, Series of 2018 which further extended the period for compliance until 29 December 2018.

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 operation of the electrical transmission systems throughout the Philippines. 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 ("Grid Code"). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. Since the transmission of electric power is a regulated common carrier business, the transmission wheeling charges of TransCo 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 subtransmission 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. NGCP was officially granted the authority to manage and operate the country's sole transmission system on 15 January 2009. Ownership of all transmission assets, however, remained with TransCo.

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 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.

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 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 ("CPCN") from the ERC to operate as public utilities.

All distribution utilities are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("Distribution Code"), the Distribution Services and Open Access Rules ("DSOAR") and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is subject to ERC approval. In addition, as a result of the Philippine government's policy of promoting free competition and open access, distribution utilities are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of 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.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised distribution utilities. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (*i.e.*, a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all suppliers of electricity to the Contestable Market 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.

With the implementation of the RCOA, a RES is allowed to enter into retail electricity supply agreements with Contestable Customers. This set-up encourages competition at the retail level. It has been planned that the threshold for retail competition will gradually increase over time, provided that retail electricity suppliers are sufficiently creditworthy to be suitable offtakers for generation companies.

Competitive Market Devices

Wholesale Electricity Spot Market

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of 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 establishment of the WESM facilitates a transparent and competitive electricity market for the country.

All generation companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

On 28 June 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules 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 18 November 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. The PEMC 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.

Retail Competition and Open Access

The EPIRA likewise provides for a system of RCOA 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 and wheeling charges. Conditions for the commencement of the open access system are as follows:

a. Establishment of the WESM;
b. approval of unbundled transmission and distribution wheeling charges;
c. initial implementation of the cross-subsidy removal scheme;
d. privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
e. transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

Prior to the implementation of the RCOA, the distribution utility exclusively procures energy on behalf of its customers, and delivers the energy through its distribution wires. With RCOA, competing RES will do the buying and selling of electricity, and have the distribution utility deliver the energy for them through the distribution utility's existing distribution wires. The Contestable Customers will have more choices in pricing and power supply contracting, thereby getting the best deal in terms of price and value for money.

The implementation of retail competition and open access is mandated by the EPIRA, subject to the fulfillment of certain conditions including, but not limited to, the establishment of the WESM, the unbundling of transmission and distribution wheeling charges, and privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas. 26 December 2011 was the commencement of the full operations of the competitive retail electricity in Luzon and Visayas. Initially, all electricity end-users with an average monthly peak demand of one MW for 12 months preceding 26 December 2011, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers and are, thus, enjoined to exercise such right to their full benefit.

On 17 December 2012, the ERC promulgated the transitory rules for the implementation of RCOA.

With the purpose of ensuring quality, reliable and affordable electricity under a regime of free and fair competition, the DOE and the ERC issued the following circulars and resolutions to promote customer choice and foster competition in the electricity supply sector:

a. **DOE Circular No. DC2015-06-0010** - *Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry* ("DOE Circular");

b. **ERC Resolution No. 05, Series of 2016** - *A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor* ("ERC Resolution No. 5");

c. **ERC Resolution No. 10, Series of 2016** - *A Resolution Adopting the Revised Rules for Contestability* ("ERC Resolution No. 10");

d. **ERC Resolution No. 11, Series of 2016** - *A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market* ("ERC Resolution No. 11"); and

e. **ERC Resolution No. 28, Series of 2016** - *Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 entitled Revised Rules for Contestability* ("ERC Resolution No. 28").

The above resolutions/circulars required electricity end-users with an average monthly peak demand of at least 1MW to secure retail supply contracts with licensed retail electricity suppliers on or before 26 February 2017.

On 21 February 2017, the Supreme Court issued a temporary restraining order ("TRO") against the enforcement of several orders and regulations promulgated by the ERC and the DOE in relation to RCOA, particularly those compelling Contestable Customers to enter into a retail supply contracts with any of the RES accredited by the DOE and the ERC by 26 February 2017.

Notwithstanding the TRO issued by the Supreme Court, electricity end-users with average peak demands of 1MW and 750 kW may still choose their retail electricity supplier on a voluntary basis.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that transmission and 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. The initial implementation of the cross-subsidy removal scheme was accomplished in 2001.

These arrangements are now in place, in satisfaction of the conditions for RCOA.

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy 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 removal for a period of 10 years, unless extended by law. Its application was extended for another 10 years by Republic Act No. 10150, which was approved in June 2011.

Implementation of the PBR

On 22 June 2009, the ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering Performance Based Regulation ("PBR") for the fourth entry points, 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 ("RORB") 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 which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility's efficiency factor. For each year during the regulatory period, a distribution utility's distribution charge is adjusted upwards or downwards taking into consideration the utility's efficiency factor 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.

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 EPIRA IRR, President Arroyo enacted Executive Order No. 100 on 3 May 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

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 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 COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial 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 for the Financial Standards of Generation Companies," which sets 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 coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements for the two most recent 12-months periods, if available, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, 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 a ground for the imposition of fines and penalties.

The ERC also governs the approval process for PSAs between distribution utilities and power suppliers. Under ERC Resolution No. 38, Series of 2006, Rule 20 (B), the ERC specified that the procedures for Applications for Approval of Power Supply Contract other than those covered by the Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Rates (ERC Res. No. 11, Series of 2005). Aside from the regulatory certificates from the SEC, BOI, DOE, and the like, the ERC also requires additional documentary support for PSA approval. For instance, they require financial data such as debt-to-equity ratios, project costs, annual interests, weighted average cost of capital, bank loans, to name a few. The ERC also requires a specification of the cash flow on the initial costs, operating & maintenance expenses, Minimum Energy Offtake, fuel costs, and the like. In addition, technical and economic characteristics of the generating plant such as the kWh generation (basis of maintenance allowance), installed capacity, mode of operation, and dependable capacity, also need to be presented for ERC approval.

Both resolutions specify that ERC must render a decision within 90 days from the date of filing of the application. If no decision is rendered within the 90-day period, the PSA shall be deemed approved, unless the extension of the period is due to extraordinary circumstances

Upon the introduction of RCOA, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Markets (which are 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 licenses and permits.

Retail rates charged by RES to Contestable Customers will not require ERC approval. Only the retail rates charged by Distribution Utilities to their Captive Customers will be subject to the approval of the ERC.

The Energy Efficiency and Conservation Act

The EEC was enacted to establish a framework for introducing and institutionalizing policies on energy efficiency and conservation.

Under the EEC, energy efficiency projects shall be included in the annual investment priorities plan of the Board of Investments ("BOI") and shall be entitled to incentives under Executive Order No. 226 or the "Omnibus Investments Code of 1987," and other applicable laws for ten years from the effectivity of the EEC. After the lapse of ten years, the inclusion of energy sufficient projects in the annual investment priorities plan shall be reviewed and may be extended by the BOI. Energy efficient projects are exempt from the nationality requirements under Article 32(1) of the Omnibus Investments Code of 1987, unless the project involved exploration, development and utilization of natural resources which is reserved to Filipino citizens, or corporations or association at least 60% of whose capital is owned by Filipino citizens as per Section 2, Article XII of the 1987 Constitution. Further, establishments that will implement or are implementing energy efficient projects are entitled to provision of awards and recognitions, and technical assistance from government agencies in the development and promotion of energy efficient technologies.

The following acts are prohibited under the EEC:

a. Failing to comply with energy labelling;
b. Removing, defacing, or altering any energy label on the energy-consuming product before the product is sold to the first purchaser, or leased to the first lessee;
c. Failing to provide accurate information or provision of false or misleading energy information as required to be submitted under the EECA;
d. Selling, leasing, or importing energy-consuming products that do not comply with the minimum energy performance;
e. Failing or willfully refusing to appoint or designate a Certified Energy Conservation Officer or

Certified Energy Manager;

f. Willfully refusing to submit to an on-site inspection by the DOE;
g. Failing or willfully refusing to submit any of the reports required;
h. Failing to comply with issued orders of the DOE in the discharge of its enforcement powers; and
i. Violating any provisions of the IRR, codes, and guidelines issued in accordance with the EECA.

The DOE is empowered to impose fines and penalties for the violation of the provisions of the EEC, its IRR, and other related issuances. The fines and penalties shall range from ₱10,000.00 to ₱1,000,000.00, without prejudice to criminal penalties and penalties under existing regulations. The responsible officers and employees of establishments who commit any of the prohibited acts listed above shall, upon conviction, suffer the penalty of imprisonment of one year to five years, or a fine ranging from a minimum of ₱100,000.00 to ₱100,000,000.00 or twice the amount of costs avoided for noncompliance, whichever is higher, or both, upon the discretion of the court. Any person who aids or abets the commission of the prohibited acts or causes such commission by another, shall be liable as a principal. In case of associations, partnerships, or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, or officer responsible for the violation.

The Renewable Energy Act of 2008

Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "RE Law") provides for the acceleration and development of renewable resources. It was signed into law on 16 December 2008 and became effective in January 2009.

Renewable energy developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the renewable energy component, for both power and non-power applications as certified by the DOE are entitled to the following general incentives:

a. Income tax holiday ("ITH") for the first seven years of its commercial operations. Additional investments in the project are entitled to additional income tax exemption on the income attributable to the investment. For this purpose, the discovery and development of new renewable energy resource is treated as a new investment and is therefore entitled to a fresh package of incentives. The entitlement period for additional investments shall not be more than three times the period of the initial availment of the income tax holiday.
b. Duty-free importation of renewable energy machinery, equipment and materials which are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities, within the first 10 years upon the issuance of a certification of an RE developer. DOE endorsement must be obtained before the importation and before any sale, transfer or disposition of the imported capital equipment, machinery or spare parts is made. There are additional conditions for sale, transfer, disposition made within the 10-year period from date of importation.
c. Special realty tax rates on equipment and machinery.
d. The net operating loss carry-over of the RE developer during the first three years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as a deduction for the next seven consecutive taxable years following the year of such loss.
e. RE developers shall enjoy a 10% corporate income tax rate after the expiration of its ITH.
f. Accelerated depreciation if the RE project fails to receive an ITH before full operation.
g. Zero-percent value added tax rate for sale of fuel or power generated from renewable sources.

Further, all RE developers are entitled to zero-rated value added tax on its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

h. Cash incentive for RE developers for missionary electrification.
i. Tax exemption of carbon credits.
j. Tax credit on domestic capital equipment and services.

The RE Law likewise provides incentives for manufacturers, fabricators and suppliers of locally-produced RE equipment and components duly recognized and accredited by the DOE and upon registration with the BOI.

Further, the RE Law provides a policy on FIT. The FIT scheme mandates electric power industry participants to source RE-derived electricity at a guaranteed fixed price (the "FIT Rate"). This scheme was primarily viewed as a way to entice the private sector players to hasten investment into the renewable power generation sector due to the urgent need of the Philippines to deploy additional capacity.

RE projects are governed by an RE Contract, a service agreement between the Philippine Government and an RE developer over an appropriate period of time as determined by the DOE in which the RE developer will have the exclusive right to explore, develop or utilize a particular RE area.

Feed-In Tariff

The ERC issued Resolution No. 16, Series of 2010 ("ERC Resolution No. 16-2010" or the "FIT Rules"), otherwise known as "Resolution Adopting the Feed-In Tariff Rules," which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT Allowance ("FIT-All").

The FIT Rules are specific for each emerging renewable energy technology and to be applied only to generation facilities which enter into commercial operation after effectivity of the FIT Rules or to such parts of such existing facilities which have been substantially modified or expanded as provided under the FIT Rules.

Under the FIT Rules, the FITs are specific for each eligible renewable energy plants ("Eligible RE Plants"), which are those power facilities with COCs issued to them that utilize emerging renewable energy resources or to such parts of such existing facilities that have been substantially modified or expanded, which enter into commercial operation after effectivity of the FIT Rules. These include facilities intended for their owners' use, which are connected to the transmission or distribution networks and are able to deliver to such networks their generation or parts thereof but FIT shall only be paid for such amount of electricity actually exported to the distribution or transmission network and not utilized for their own use.

The renewable energy plants which have started commercial operations after the effectivity of the RE Law and are not bound under any contract to supply the energy they generate to any distribution utility or consumer, may avail of the FITs from time to time they are certified by the ERC as eligible through an amendment of the COC issued to them and for a period of 20 years less the number of years they have been in operation. RE Plants, which have been in operation prior to the effectivity of the RE Law may be granted lower FITs specific to them upon application and hearing, and after a showing that:

a. Such FITs are indispensable for their continued operations;
b. There is no legal impediment for them to be allowed such FITs, such as the existence of a power supply agreement/power purchase agreement with any DU or End-User; and,
c. They have fulfilled such other requirements of the ERC.

FITs shall be established for each generation plant using: (i) wind energy resources; (ii) solar energy resources; (iii) ocean energy resources; (iv) run-of-river hydroelectric power resources; (v) biomass energy resources; and (vi) renewable energy components of technologies listed above of hybrid systems under the RE Law.

The FIT System applicable to renewable energy plants in on-grid areas are: (i) Technology-specific FITs; (ii) Fixed FITs but subject to adjustment to allow pass-through of local inflation and foreign exchange rate variations. FITs for peak and off-peak hours may be established for renewable energy technologies that can follow the dynamics of demand such biomass energy systems and hydropower, as may be recommended by NREB.

Eligible RE Plants shall be entitled to the applicable FITs to them for a period of 20 years. After this period, should these plants continue to operate, their tariffs will be based on prevailing market prices or whatever prices they should agree with an off-taker.

Electricity consumers who are supplied with electricity through the distribution of transmission network shall share in the cost of the FITs in part through a uniform charge (in ₱/kWh) referred to as the FIT-All and applied to all billed kWh. NGCP ensures that the FIT-All fund is sufficient to pay all renewable energy producers regularly.

Petroleum

The Company’s petroleum business is subject to the following laws, rules and regulations:

Section 2, Article XII of the 1987 Constitution

This constitutional provision reserves ownership to the State and declares non-alienable all lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources.

The State has full control of exploration, development, and utilization of natural resources but may enter into co-production, joint venture, or production-sharing agreements with Filipinos, or corporations or associations which are at least 60% owned by Filipinos, and only for a period of 25 years, renewable for another 25.

The President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law. The President shall notify the Congress of every contract entered into in accordance with this provision, within thirty days from its execution.

Presidential Decree (P.D.) No. 87, as amended, or The Oil Exploration and Development Act of 1972

P.D. 87, as amended, or “The Oil Exploration and Development Act of 1972” declares that the State should accelerate the discovery and production of indigenous petroleum through utilization of government and/or private resources, local and foreign, under arrangements calculated to yield maximum benefit to the Filipino people and revenues to the Philippine government, and to assure just returns to participating private enterprises, particularly those that will provide services, financing, and technology, and fully assume all exploration risks. The government may undertake petroleum exploration and production by itself or may indirectly undertake the same through Service Contracts. Under a service contract, service and technology are furnished by a contractor for which it would be entitled to a service fee of up to 40% of net production proceeds. Where the Government is unable to finance petroleum exploration or in order to induce the contractor to exert maximum efforts to discover and produce petroleum, the service contract would stipulate that, if the contractor furnishes service, technology and financing, the proceeds of the sale of the petroleum produced under the service contract would be the source of payment of the service fee and the operating expenses due the contractor. Operating expenses are deductible up to 70% of gross production proceeds. If, in any year, the operating expenses exceed 70% of gross proceeds from production, the unrecovered expenses may be recovered from the operations of succeeding years. Intangible exploration costs may be reimbursed in full, while tangible exploration costs (such as capital expenditures and other recoverable capital assets) are to be depreciated for a period of five or 10 years. Any interest or other consideration paid for any financing approved by the Government for petroleum development and production would be reimbursed to the extent of two-thirds of the amount, except interest on loans or indebtedness incurred to finance petroleum exploration.

Aside from reimbursement of its operating expenses, a contractor with at least 15% Filipino participation is allowed to recover a Filipino participation incentive allowance equivalent to a maximum of 7.5% of the gross proceeds from the crude oil produced in the contract area. Incentives to service contractors include (i) exemption from all taxes except income tax which is paid out of Government's share, (ii) exemption from all taxes and duties on importation of machinery, equipment, spare parts, and materials for petroleum operations, (iii) repatriation of investments and profits, and (iv) free market determination of crude oil prices. Finally, a subcontractor is subject to special income tax rate of 8% of gross Philippine income while foreign employees of the service contractor and the subcontractor are subject to a special tax rate of 15% on their Philippine income.

A service contract has a maximum exploration period of 10 years and a maximum development and production period of 40 years. Signature bonus, discovery bonus, production bonus, development allowance and training allowance are payable to the Government. Other pertinent laws and issuances include P.D. 1857, a law amending certain sections of P.D. 87, as amended, offering improved fiscal and contractual terms to service contractors with special reference to deep water oil exploration; *DOE Circular No. 2009040004*, a circular that establishes the procedures for the Philippine Contracting Rounds; *DOE Circular No. 200305006*, a circular that provides the guidelines to the financial and technical capabilities of a viable petroleum exploration and production company; *Executive Order (EO) No. 66* issued in 2002 which designated the DOE as the lead government agency in developing the natural gas industry; and *DOE Circular 200208005*, a circular setting the interim rules and regulations governing the transmission, distribution and supply of natural gas.

Republic Act No. 8371 or The Indigenous Peoples' Rights Act of 1997

Republic Act No. 8371 or The Indigenous Peoples' Rights Act of 1997 ("IPRA") requires the free and prior informed consent ("FPIC") of indigenous peoples ("IP") who will be affected by resource exploration and extraction activities. Under the IPRA, IPs are granted certain preferential rights to their ancestral domains and all resources found therein. Ancestral domains are defined as areas generally belonging to IPs, subject to property rights within ancestral domains already existing or vested upon the effectivity of the IPRA, comprising lands, inland waters, coastal areas, and natural resources, held under a claim of ownership, occupied or possessed by IPs themselves or through their ancestors, communally or individually, since time immemorial, continuously to the present, except when interrupted by war, force majeure or displacement by force, deceit, stealth, or as a consequence of government projects or any voluntary dealings entered into by the Government and private persons, and which are necessary to ensure their economic, social and cultural welfare.

Under the IPRA, no concession, license, lease or agreement shall be issued by any government agency without the certification precondition ("CP") from the National Commission on Indigenous People ("NCIP"). The CP states that the FPIC has been obtained from the concerned IPs. For areas not occupied by IPs, a certificate of non-overlap is issued instead by the NCIP. For areas occupied by IPs, the applicant and representatives from the NCIP will conduct consultations and consensus building to obtain the consent of IPs. The FPIC is manifested through a memorandum of agreement with IPs, traditionally represented by their elders. The CP is then issued by the NCIP stating that the FPIC has been obtained from the IPs concerned.

Environmental Matters

Philippine Clean Water Act

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act of 2004," was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

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.

Philippine Clean Air Act

Republic Act 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking. To implement this law, the Government is promoting energy security through policies on energy independence, sustainability, and efficiency. These involve:

a. increasing oil and gas exploration;
b. strengthening of the PNOC to spearhead the development of indigenous energy resources and building global partnerships and collaborative undertakings;
c. pursuing the development of renewable energy such as geothermal, wind, solar, hydropower, and biomass, and the vigorous utilization of the cleaner development mechanism and the emerging carbon market;
d. expanding the use of natural gas; and
e. adopting energy efficiency promotion strategies.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants The issuance of said permits seek 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.

The Philippine Environmental Impact Statement System

Projects relating to resource exploration and extraction are required to comply with the Philippine Environmental Impact Statement System ("EIS System"). The EIS System was established by virtue of P.D. 1586 entitled "Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures And For Other Purposes," issued in 1978. The EIS System requires all government agencies; government owned or controlled corporations and private companies to prepare an Environmental Impact Assessment ("EIA") for any project or activity that affects the quality of the environment. An EIA is a process that involves evaluating and predicting the likely impacts of a project (including cumulative impacts) on the environment and includes designing appropriate preventive, mitigating and enhancement measures to protect the environment and the community's welfare. An entity that complies with the EIS System is issued an Environmental Compliance Certificate ("ECC"), which is a document certifying that, based on the representations of the project proponent, the proposed project or undertaking will not cause significant negative environmental impacts and that the project proponent has complied with all the requirements of the EIS System.

To strengthen the implementation of the EIS System, the Office of the President of the Philippines issued Administrative Order ("A.O.") No. 42 in 2002, providing the streamlining of the ECC application processing and approval procedures. Pursuant to A.O. 42, the DENR promulgated DENR AO No. 200330, also known as the IRR for the Philippine EIS System, in 2003.

Under the IRR, only projects that pose potential significant impact to the environment would be required to secure ECCs. In determining the scope of the EIS System, two factors are considered, namely: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

Specifically, the criteria used to determine projects covered by the EIS System are as follows:

a. Characteristics of the project or undertaking
    i. size of the project;
    ii. cumulative nature of impacts compared to other projects;
    iii. use of natural resources;
    iv. generation of wastes and environment related nuisance; and
    v. environment related hazards and risk of accidents.
b. Location of the project
    i. vulnerability of the project area to disturbances due to its ecological importance endangered or protected status;
    ii. conformity of the proposed project to existing land use, based on approved zoning or on national laws and regulations; and
    iii. relative abundance, quality and regenerative capacity of natural resources in the area, including the impact absorptive capacity of the environment.
c. Nature of the potential impact
    i. geographic extent of the impact and size of affected population;

ii. magnitude and complexity of the impact; and
iii. likelihood, duration, frequency, and reversibility of the impact.

The ECC of a project not implemented within five years from its date of issuance is deemed expired. The proponent must reapply for a new ECC if it intends to still pursue the project. The reckoning date of project implementation is the date of ground-breaking, as stated on the proponent's work plan submitted to the Environmental Management Bureau ("EMB").

Petroleum service contractors are mandated to comply with all environmental laws and rules and regulations in all phases of exploration and production operations. ECCs or certificates of no coverage, if applicable, are obtained from the EMB of the DENR, in coordination with the DOE.

The exploration, production and sale of oil are subject to extensive national and local laws and regulations. The Company and its Associates may incur substantial expenditures to comply with these laws and regulations, which may include permitting costs, adoption and implementation of antipollution equipment, methods and procedures, and payment of taxes and royalties.

Under these laws, the Company could be subject to claims for personal injury or property damages, including damages to natural resources, which may result from the Company's operations. Failure to comply with these laws may also result in the suspension or termination of the Company's operations and subject it to administrative, civil and criminal penalties. Moreover, these laws could be modified or reinterpreted in ways that substantially increase the Company's costs of compliance. Any such liabilities, penalties, suspensions, terminations or regulatory changes could have a material adverse effect on the Company's financial condition and results of operations.

Environmental Compliance

The Company's operations are subject to evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations address, among other things, air emissions, wastewater discharges, generation, handling, storage, transportation, treatment and disposal of oil products, workplace conditions and employee exposure to hazardous substances.

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an EIS while project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the DENR, through its regional offices or through the EMB.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by the EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

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 that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

In order to address air pollution from mobile and stationary sources, equipment that emit or may emit air pollutants may only be operated upon obtaining a Permit to Operate from the DENR. An application for a Permit to Operate must be filed for each source emitting regulated air pollutants, but facilities having more than one source may group the sources under a single permit application.

Other Regulations on Water Pollution

Philippine maritime laws and regulations are enforced by two Philippine government agencies: the MARINA and the Philippine Coast Guard. Both are agencies under the Philippine Department of Transportation.

The MARINA is responsible for integrating the development, promotion, and regulation of the maritime industry in the Philippines. It exercises jurisdiction over the development, promotion, and regulation of all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing, and/or maintaining vessels, or component parts thereof, of managing and/or operating shipping lines, shipyards, dry docks, marine railways, marine repair ships, shipping and freight forwarding agencies, and similar enterprises.

To address issues on marine pollution and oil spillage, the MARINA issued: (i) Circular No. 2007-01 which mandated the use of double-hull vessels including those below 500 tons deadweight tonnage by the end of 2008 for transporting Black Products; and (ii) Circular No. 2010-01 for transporting White Products in certain circumstances by 2011.

The Philippine Coast Guard, in a 2005 Memorandum Circular, provided implementing guidelines based on the International Convention for the Prevention of Pollution from Ships, MARPOL 73/78. The guidelines provide that oil companies in major ports or terminals/depots are required to inform the Philippine Coast Guard through its nearest station of all transfer operations of oil cargoes in their respective areas. Furthermore, oil companies and tanker owners are required to conduct regular team trainings on managing oil spill operations including the handling and operations of MARPOL combating equipment. A dedicated oil spill response team is required to be organized to react to land and ship-originated oil spills.

Oil companies, oil explorers, natural gas explorers, power plants/barges and tanker owners are also required to develop shipboard oil pollution emergency plans to be approved by the Philippine Coast Guard.

Moreover, both the Clean Water Act and the Philippine Coast Guard Guidelines provide that the spiller or the person who causes the pollution has the primary responsibility of conducting clean-up operations at its own expense.

The Toxic Substances and Hazardous and Nuclear Waste Control Act

Republic Act No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," 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 by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

Ecological Solid Waste Management Act

Republic Act No. 9003 or "The Ecological Solid Waste Management Act of 2000" 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 same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste.

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.

Strategic Environment Plan for Palawan Act

A significant number of the Company's Petroleum Service Contracts is located in or in the surrounding areas of Palawan Province. While R.A. No. 7611 is a national law, it applies specifically to Palawan. RA No. 7611 has adopted Palawan's Comprehensive Framework Plan as a guide for the local government and other government agencies concerned in provincial development.

The main strategy of the SEP is implemented out in the following manner:

- Forest conservation and protection through the imposition of a total commercial logging ban in all areas of maximum protection and in such other restricted use zones as the Palawan Council for Sustainable Development (PCSD) may provide
- Protection of watersheds
- Preservation of biological diversity
- Protection of tribal people and the preservation of their culture
- Maintenance of maximum sustainable yield

- Protection of rare and endangered species and their habitat
- Provision of areas for environmental and ecological research, education and training
- Provision of areas for tourism and recreation

The law implements the Environmentally Critical Areas Network ("ECAN"), a graded system of protection and development control. This graded system covers tribal lands, forests, mines, agricultural areas, settlement areas, small islands, mangrove, coral reefs, seagrass beds and the surrounding sea. It divides Palawan into a terrestrial zone, coastal/marine zone and tribal lands. The first two are classified further into: a core zone, an area of maximum protection which shall be free of human disruption, and a buffer zone which consists of a restricted use area, which serves as the protective barrier to the core zone; a controlled use area wherein limited extractive activities are allowed and the traditional use area where land use has already been stabilized. For marine zones, the multiple use zone is the development area and serves as the buffer zone to the core. Fishery, mariculture, recreation, rehabilitation of small islands and mangrove ecosystem, education and research are allowed in this area.

Central to the law is the creation of the Palawan Council for Sustainable Development, which serves as governance, implementation and policy director of the SEP. It is composed of the Members of the House of the Representatives representing the province of Palawan, the Deputy Director General of the National Economic and Development Authority, the Undersecretary of Environment and Natural Resources, the Undersecretary for Special Concerns of the Department of Agriculture, the Governor of Palawan, the Mayor of Puerto Princesa City, the President of the Mayor's League of Palawan, the President of the Provincial Chapter of the Liga ng mga Barangay, the Executive Director of the Palawan council for Sustainable Development Staff.

Other Applicable Regulations

Foreign Investment Act

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "Negative List") signed on 29 October 2018. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

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. Likewise, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

Data Privacy Act

Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.,* personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in 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." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

The Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act ("PCA") authorizes the Philippine Competition Commission or the PCC to review mergers and acquisitions to ensure compliance with the PCA. The PCA, its Implementing Rules and Regulations, as amended, and the Rules on Merger Procedure (collectively, the "Merger Rules") provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.2 billion; and where the size of the ultimate parent entity, including the entities directly or indirectly controlled by the ultimate parent entity of either party exceeds ₱5.6 billion. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties to a fine ranging from 1% to 5% of the value of the transaction. Anti-competitive agreements, as defined under the law, are subject to penalties that include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities that engage in anti-competitive agreements, abuse their dominant position and conclude prohibited mergers and acquisitions. Treble damages may be imposed where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020. A transaction is considered "entered into" upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

a. both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and
b. the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

Local Government Code

The Local Government Code ("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 ("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.

LGUs exercise police power 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, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Revised Corporation Code of the Philippines

Republic Act No. 11232, or the Revised Corporation Code, was signed into law on 20 February 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

a. 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 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.

b. The Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.

c. Material contracts between the Corporation 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 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

d. 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; and

e. In case of transfer of shares of listed companies, the Commission 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 Commission.

The Revised Corporation Code refers to the PCA 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 PCA thresholds.

REGULATORY FRAMEWORK FOLLOWING THE COMPLETION OF THE ACEIC INTERNATIONAL TRANSACTION

Following the completion of the ACEIC International Transaction, certain projects of the Company may be subject to the laws and regulations of the relevant jurisdictions in which such projects are located.

Overview of Regulatory Framework for Wind Farm Power Plant Projects in Indonesia

Regulation Background

The relevant laws and regulations for a wind farm power plant project ("WFPP") in Indonesia include the following (each, as amended):

- Law No. 30 of 2009 on Electricity ("Law on Electricity");
- Law No. 32 of 2009 on Environmental Protection and Management ("Law on Environment");
- Law No. 25 of 2007 on Investment ("Law on Investment");
- Law No. 40 of 2007 on Limited Liability Company ("Law on Company");
- Law No. 41 of 1999 on the Forestry, as amended by Law No. 19 of 2004 and partly revoked by Law No. 18 of 2013 ("Law on Forestry");
- Law No. 2 of 2017 on Construction Services;

- Minister of Energy and Mineral Resources ("MEMR") Regulation No. 39 of 2018 regarding Electronically Integrated Business Licensing Services in the Field of Electricity ("MEMR Regulation 39-2018");
- Government Regulation No. 14 of 2012 on Power Supply Business Activities, as amended by Government Regulation No. 23 of 2014 ("Government Regulation 14");
- MEMR Regulation No. 50 of 2017 regarding the Utilization of Renewable Energy Sources for Electricity Supply, as amended lastly by MEMR Regulation No. 4 of 2020 ("MEMR Regulation 50-2017");
- MEMR Regulation No. 001 of 2006 on the Procedure of Purchase of Electricity and/or Lease of Network in Procurement of Electricity for Public Interest, as amended by MEMR regulation No. 004 of 2007 and partly revoked by MEMR Regulation No. 19 of 2017 and MEMR Regulation 50-2017;
- MEMR Regulation No. 27 of 2018 on Compensation for Land, Buildings and/or Plants Located under Electrical Transmission Network Free Spaces;
- Presidential Regulation No. 44 of 2016 on the List of the Lines of Business that are Closed to Investment and the Lines of Business that are Conditionally Open for Investment ("Negative List");
- Head of National Land Agency (*Badan Pertanahan Nasional* – "BPN") Regulation No. 17 of 2019 regarding Location Permits ("Head of BPN Regulation 17-2019")
- Minister of Environment and Forestry ("MOEF") Regulation No. P.38/MENLHK/SETJEN/KUM.1/7/2019 on Types of Planned Businesses and/or Activities Subject to Mandatory Environmental Impact Assessment ("Regulation 38-2019");
- MOEF Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 regarding the Guidelines on the Preparation and Assessment as well as Evaluation of Environmental Documents in the Implementation of Electronically Integrated Business Licensing Services ("MOEF Regulation 26-2018"); and
- MOEF Regulation No. P.27/MENLHK/SETJEN/KUM.1/7/2018 regarding the Guidelines on the Borrow and Use of Forestry Area, as amended by MOEF Regulation P.7/MENLHK/SETJEN/KUM.1/2/2019 ("MOEF Regulation 27-2018").

This section sets out the overall regulatory framework and the main business licenses applicable to WFPPs in Indonesia. This section is not intended to set out a comprehensive review of all of the different regulations, regulatory requirements or licenses/permits applicable to Indonesian WFPPs. Additional regulatory requirements (as well as the obligation to obtain additional technical and/or operational licenses) may apply based on the specific activities, operating procedures and utilized equipment of a project company. For example, specific construction activities, manpower arrangements, use or development of ancillary facilities (such as roads and ports) and hazardous waste arrangements are subject to separate regulatory requirements outside the scope of this section.

General Corporate Documents and Licenses

Based on the Law on Company, among the general corporate documents applicable for a newly established company involved in a WFPP is the Deed of Establishment and any amendments thereto, together with the relevant approval and notification receipts from the Minister of Law and Human Rights.

With regard to general business licenses, the relevant mandatory licenses include the company's tax related licenses.

Company Registration

Foreign investment companies (Penanaman Modal Asing or the "PMA company/ies") are allowed to engage in the business of electricity supply for the public interest and electricity power generation under the Law on Electricity but subject to the foreign ownership restrictions imposed under the Negative List.

A Business Registration Number (Nomor Induk Berusaha - "NIB") is an identity number for Indonesian business entities issued by the Online Single Submission ("OSS") system following the registration of such business entity in the OSS system. An NIB also serves as a company's Company Registration Certificate (Tanda Daftar Perusahaan), Importer Identification Number (Angka Pengenal Importir) and customs access right (nomor induk kepabeanan). Business entities with an NIB are also automatically registered with the national healthcare and employment social security schemes (Badan Penyelenggara Jaminan Sosial). The requirement to obtain an NIB through the OSS system also applies to business entities which were established prior to the establishment of the OSS system in 2018. The registration of an Indonesian PMA company is generally evidenced by its NIB.

Under the Law on Investment, a PMA company engaged in a WFPP must have an NIB with a classification of "electricity generation." The "electricity generation" business classification for WFPPs, in turn, is separated into three different categories under the Negative List, as follows:

a. electricity generation of less than 1MW (which is closed to foreign ownership);
b. electricity generation of 1MW to 10MW (which allows foreign ownership of up to 49%); and
c. electricity generation of more than 10MW (which generally allows for foreign ownership up to 95%).

Operational Licenses

Under the Law on Electricity, a company engaged in the development of a WFPP must secure an Electricity Supply Business License (Izin Usaha Penyedia Tenaga Listrik or the "IUPTL"), which is its main business license.

IUPTL

As a requirement for the supply of electricity to PLN, a project company is required to secure an IUPTL issued by MEMR (or by its delegated authority). The IUPTL is granted for up to 30 (thirty) years and can be extended.

Pursuant to MEMR Regulation 39-2018, MEMR, in the framework of electronically integrated business licensing services, has delegated to the OSS system its authority to grant several licenses, including IUPTLs. Therefore, an application to obtain an IUPTL must be submitted through the OSS system and the IUPTL will be issued by the OSS system for and on behalf of MEMR.

In order for an IUPTL issued through the OSS system to become effective, certain administrative and technical requirements are required to be complied with by the project company. These include, among others, MEMR approval of the selling price of electricity, a copy of the relevant PPA and evidence of the financial capabilities of the project company.

Operational Feasibility Certificate

After the commissioning test of a WFPP, MEMR Regulation 39-2018 requires the power plant to undergo inspection and testing for the purpose of obtaining an Operational Feasibility Certificate (Sertifikat Laik

Operasi) issued through the OSS system, which will certify the fitness of the electricity installation and formally recognize that the power plant is ready to commence operations.

Environmental and Forestry Licenses

Approval of AMDAL documents

Certain environmental approvals and permits are required to be secured with respect to the construction of a WFPP. In case of a WFPP with capacity of or more than 50MW, Regulation 38-2019 categorizes the construction thereof as an activity that requires an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup* or the "**AMDAL**"). The AMDAL is a document which consists of an Environmental Impact Assessment Report (*Analisa Dampak Lingkungan Hidup* or the "**ANDAL**"), an ANDAL Terms of Reference (*Kerangka Acuan Analisa Dampak Lingkungan Hidup* or the "**KA-ANDAL**"), an Environmental Management Plan (*Rencana Pemantauan Lingkungan* or the "**RPL**") and an Environmental Monitoring Plan (*Rencana Pengelolaan Lingkungan* or the "**RKL**").

The approval process of the AMDAL includes the project company's preparation and submission of a KA-ANDAL to the AMDAL Valuation Committee for approval. The AMDAL documents must then be prepared and eventually submitted to the MOEF or Head of Regional Government (Governor or Regent/Mayor), as applicable. The AMDAL approval will state that the business activities are feasible for the environment, the obligations of the project company and the validity of the approval, among others.

Environment License/Permit

Under the Law on Environment, every person required to secure an AMDAL approval is also obliged to secure an environmental license. Based on MOEF Regulation 26-2018, the OSS system will issue an Environmental Permit (with a specific commitment to complete an AMDAL) in accordance with the application made by the relevant project company through the OSS system. Once the Environmental Permit is issued by the OSS system and in order for the Environmental Permit to become effective, then the relevant project company must complete the AMDAL process.

Borrow and Use Permit of Forest Area, if applicable

Under the Law on Forestry, a Borrow and Use Permit is mandatorily required to be obtained if a project company is to carry out electricity business in an area which has been categorized as "production forest" or "protection forest" (together, the "**Forest Zones**"). A Borrow and Use Permit can be issued to a company conducting activity in a Forest Zone for the period equal to the period in the IUPTL and may be extended upon compliance with the relevant requirements under the Law on Forestry. The conditions attaching to a Borrow and Use Permit can be extensive (including the obligation to comply with financial and land compensation requirements). In accordance with MOEF Regulation 27-2018, an application to obtain a Borrow and Use Permit must be submitted by the management of the relevant project company (which has obtained an NIB) to the MOEF through the OSS system.

Land Arrangements

Location Permit

Under Head of BPN Regulation 17-2019, a Location Permit is required to be secured by the project company in order to be allowed to acquire a certain land area and apply for the relevant land title in respect of such land in accordance with Regional Spatial Layout Plan. A Location Permit will typically be based on a commitment from its holder to obtain additional approvals. If the land acquisition process cannot be completed within the initial period provided in the Location Permit (of up to 3 years), the Location Permit can be extended for a one (1) year period, provided the holder of the Location Permit has acquired at least 50% of the total land area specified in the Location Permit at the time of extension.

A PMA company can only acquire land within the area indicated in the Location Permit issued in its favor. Based on Head of BPN Regulation 17-2019, Location Permits are applied for and issued through the OSS system. For purposes of a WFPP, it is necessary that the Location Permit specifically allows for electricity business activities, among others, to be carried out on that land. The Location Permit is different from and separate to the actual underlying land title.

Land Utilization License

In addition to the Location Permit, regional governments may also require a company carrying on business within their jurisdiction to obtain a Land Utilization License (*Izin Peruntukkan dan Penggunaan Lahan* or the "IPPL"). The IPPL is granted to make sure that the business being carried out on the relevant land is in line with the relevant Regional Spatial Layout Plan.

Land rights applicable to a WFPP

While there are different kinds of registered land titles in Indonesia, the most relevant for an IUPTL holder is a 'right to build' (hak guna bangunan or the "HGB"). The HGB gives the holder the right to own and use land and to erect and/or possess buildings and installations on the land. HGB certificates are issued to evidence the ownership of this type of title. Usually, an HGB is for a period of up to 30 years and extendable for maximum periods of 20 years per extension.

Electricity Tariffs and Power Purchase Agreements with PLN

Pursuant to MEMR Regulation 50-2017, for Indonesian WFPPs, the relevant electricity sale pricing shall be determined as follows:

a. up to 85% of the local grid average national PLN electricity supply cost (biaya pokok penyediaan pembangkitan -"BPP"), if the local grid BPP is higher than the national BPP; or
b. based on mutual agreement between PLN and the independent power producer, if the local grid BPP is less than or equal to the national BPP.

The electricity price based on the above pricing mechanism must obtain an electricity price approval from MEMR which must be applied by PLN to the MEMR at the latest 5 business days as of the completion of the independent power producer procurement process. This process will be managed through the co-operation of PLN during the negotiation of the terms of the power purchase agreement.

Overview of Regulatory Framework for Renewable Solar/Wind Power Plant Projects in Vietnam

Relevant laws and regulations

General (applicable to all power projects)

- Investment Law No. 67/2014/QH13 dated 26 November 2014 passed by the National Assembly (as amended by Laws No. 90/2015/QH13 and No. 03/2016/QH14) (to be replaced by Investment Law no. 61/2020/QH14 dated 17 June 2020 as from 1 January 2021) ("Investment Law")

- Decree 118/2015/ND-CP dated 12 November 2015 as the implementing regulations of the Investment Law
- Electricity Law No. 28/2004/QH11 dated 3 December 2004 passed by the National Assembly (as amended by Law No. 24/2012/QH13 dated 20 November 2012) ("Electricity Law")
- Decree 137/2013/ND-CP dated 21 October 2013 implementing the Electricity Law (as amended by Decree No. 08/2018/ND-CP)
- National Power Master Plan VII (amended) for the period 2011—2020 approved by the Prime Minister under Decision 428/QD-TTg dated 18 March 2016 ("Power Master Plan VII"). Power Master Plan VII aims to increase solar power capacity from the current almost zero to 850MW by 2020 and 12,000MW by 2030
- Land Law No. 45/2013/QH13 dated 29 November 2013 passed by the National Assembly (as amended by Law No. 35/2018/QH14) ("Land Law")
- Decree No. 43/2014/ND-CP dated 15 May 2014 implementing the Land Law (as amended by Decree No. 01/2017/ND-CP)
- Construction Law No. 50/2014/QH13 dated 18 June 2014 passed by the National Assembly (as amended by Law No. 03/2016/QH14 dated 22 November 2016 passed by the National Assembly and by Law No. 35/2018/QH14) (to be replaced by Law on Amendment to Construction Law No. 62/2020/QH14 dated 17 June 2020 as from 1 January 2021) ("Construction Law")
- Decree 44/2015/ND-CP dated 6 May 2015 on detailed regulations on construction planning (as amended by Decree 72/2019/ND-CP)
- Consolidated Document No. 07/VBHN-BXD dated 22 November 2019 on detailed regulations on construction planning
- Decree 59/2015/ND-CP dated 18 June 2015 (as amended by Decree 42/2017/ND-CP and Decree 100/2018/ND-CP) on management of construction investment projects ("Decree 59")
- Consolidated Document No. 02/VBHN-BXD dated 20 July 2018 on management of construction investment projects
- Circular 03/2016/TT-BXD dated 10 March 2016 issued by the Ministry of Construction ("MOC") ("Circular 3") (as amended by Circular 07/2019/TT-BXD dated 7 November 2019)

Grid-connected solar power projects

- Circular 18/2020/TT-BCT dated 17 July 2020 issued by the Ministry of Industry and Trade ("MOIT") on project development and model power purchase agreements for solar power projects ("Circular 18")

Grid-connected wind power projects

- Decision No. 37/2011/QD-TTg dated 29 June 2011 issued by the Prime Minister on mechanism to support in development of wind power projects in Vietnam (as amended by Decision No. 39/2018/QD-TTg)
- Consolidated Document No. 05/VBHN-BCT dated 1 August 2019 issued by the MOIT on mechanism to support in development of wind power projects in Vietnam
- Circular No. 02/2019/TT-BCT dated 15 January 2019 issued by the MOIT on wind power project development and model power purchase agreements for wind power projects

Environment; Firefighting and Fire Prevention

- Law on Environmental Protection No. 55/2014/QH13 dated 23 June 2014 passed by the National Assembly ("Law on Environmental Protection")

- Decree 18/2015/ND-CP dated 14 February 2015 on environmental protection planning, strategic environmental assessment, environmental impact assessment and environmental protection plans
- Law on Firefighting and Fire Prevention No. 27/2001/QH10 dated 29 June 2001 passed by the National Assembly (as amended by Law No. 40/2013/QH13 dated 22 November 2013)
- Decree 79/2014/ND-CP dated 31 July 2014 as implementing regulations of the Law on Firefighting and Fire Prevention ("Decree 79")

Enterprise Registration Certificate

The enterprise registration certificate is a license issued by the provincial Planning and Investment Department certifying the incorporation of a project company. The enterprise registration certificate generally contains the following information:

- name and enterprise number of the project company
- address of the project company's head office
- information of the legal representative of the project company
- information of the owner/members of the project company (applicable to a limited liability company only)
- charter capital of the project company

Inclusion in power master plan

A proposed solar/wind power project must be included in the provincial (general) power development master plan or the national (general) power development master plan, or the provincial solar/wind power development master plan or the national solar/wind power development master plan. To have a project included in such master plans, the project proponent must first conduct a preliminary feasibility study for the project, which should include, among others, the description of the project: proposed location, construction scale and area, construction items, relevant contents of industry master plan and local construction master plan, need for the project and its advantages and disadvantages, total investment capital, source of funds, capacity of project proponent to mobilize funds, project implementation schedule, analysis of economic, financial and social efficiency, plan for land using, land clearance and compensation, environmental impact assessment, fire fight and fire prevention plan and other requirements in respect of national defence and public security (if any) and plan for supports in construction of technical infrastructure ("Pre-FS").

As a matter of procedure, the Pre-FS should then be submitted to and reviewed by the Energy General Department (for inclusion in the national solar/wind power development master plan) or submitted to relevant provincial Department of Planning and Investment and then forwarded to the Energy General Department for review (for inclusion in the provincial solar/wind power development master plan).

The Prime Minister has issued Decision 1264/QD-TTg on October 01, 2019 approving the mission of preparation of the national electricity development planning for the period 2021-2030 ("**National Master Plan VIII**") in order to replace the National Master Plan VII. Pending the issuance of the National Master Plan VIII, currently, a proposed solar/wind power project, regardless its capacity, needs to be approved by the Prime Minister.

In-principle approval for investment

Upon inclusion in the relevant power master plan, the project proponent, in accordance with the Investment Law, must apply for in-principle approval for investment with:

- the National Assembly—in the case of (i) a project which seriously affects or may seriously affect the environment; (ii) a project involving the conversion of land use purpose for wet rice dual harvest cultivation in an area of 500 hectares or more; (iii) a project involving the relocation and resettlement of 20,000 people or more in mountainous areas or 50,000 people or more in other areas; or (iv) a project requiring the application of a special mechanism or policy which should be decided by the National Assembly;
- the Prime Minister—in case of (i) a project involving the relocation and resettlement of 10,000 people or more in mountainous areas or 20,000 people or more in other areas; or (ii) a project having a scale of investment capital of VND5,000 billion or more; or
- the People's Committee—in case of (i) a project to which the State allocates or leases land without auction, tendering or transfer; (ii) a project requiring the conversion of land use purpose; or (iii) a project using technology in the list of technologies subject to restriction on transfer in accordance with the law on technology transfer.

The *in-principle approval for investment* is necessary for and will enable the project proponent to apply for an investment registration certificate

Investment Registration Certificate

Within five working days from the issuance date of the in-principle approval for investment, the provincial Department of Planning and Investment ("DPI") will issue an investment registration certificate ("IRC") to the project company in accordance with the Investment Law. The IRC is the official document recording the right of the project proponent to invest in and implement the solar/wind power project.

Under the Investment Law, generally, the term of an investment project is 50 years. The term of an investment project to be implemented in areas with specially difficult socio-economic conditions or an investment project with large investment capital but slow capital recovery may be longer but shall not exceed 70 years.

Land Clearance and Compensation Process; Land Lease

The project proponent may proceed with the land clearance and compensation process with respect to the project land upon receipt of the in-principle approval for investment.

Upon completion of the land clearance process, the project company may then proceed with the application for a land lease decision to be issued by the People's Committee and for the People's Committee to sign a land lease agreement.

1/500 Master Plan

The project proponent submits a proposed detailed (1/500) construction master plan of the solar/wind power plant for appraisal by the provincial People's Committee. The approved 1/500 construction master plan is a basis for the project company to prepare the dossier and to obtain a construction permit.

Construction permit

After a land lease decision, land lease agreement and 1/500 construction master plan are secured, the project company may then apply for a construction permit from the provincial Department of Construction in accordance with the Construction Law. Upon issuance of the construction permit, the project company must then commence construction work within 12 months thereafter. The 12-month construction deadline can be extended twice for a period of additional 12 months each in accordance with the Construction Law.

Land use right certificate

The land use right certificate ("LURC") is the prima facie evidence of title to land use rights. The LURC will be issued in favor of the project company by the provincial People's Committee or its authorized land division after the land lease agreement is executed and rent obligations to the government are fulfilled. It has the same term as the land lease agreement.

Feasibility Study and Technical design approval

In terms of construction and pursuant to the Construction Law (including Decree 59 and Circular 3), another part of the process is the submission of a feasibility study ("FS") for appraisal by: (i) the Department of Construction or the specialized construction management Department for a project with a capacity of up to 30MW; or (ii) the specialized construction management agency of the MOC or the specialized construction management Ministry for a project with a capacity of more than 30MW.

The FS should contain the basic design, among others. Upon approval of the basic design and the FS, the project company must then prepare a more detailed technical design, which will be evaluated and approved by: (i) the Department of Construction or the specialized construction management Department for a project with a capacity of up to 30MW; or (ii) the specialized construction management agency of the MOC or the specialized construction management Ministry for a project with a capacity of more than 30MW.

Electricity contracts and licenses

The following agreements/licences must be secured by the project company for a solar/wind power project with various divisions of EVN:

- the Power Purchase Agreement (PPA);
- the Grid Connection Agreement;
- the SCADA/EMS (DMS) Agreement;
- the Load Dispatch Information System Agreement; the Protective Relay System Agreement;
- the Metering Agreement; and
- the Electricity Operation License.

The agreements are typically negotiated with the EVN or its relevant divisions during the FS process.

Environment impact assessment

The project company which uses land with a total area of 100 hectares or more must also prepare the Environmental Impact Assessment Report ("EIAR") during the preparation of the basic design for the FS. The EIAR will then be submitted to and evaluated and approved by either the Ministry of Natural Resources and Environment ("MONRE") or the provincial People's Committee depending on the scale and sector of the project pursuant to the Law on Environmental Protection. The investor is required to re-prepare an EIAR in cases (i) the investment project does not commence operation within 24 months from the date on which the EIAR is approved; or (ii) the increase of the investment project's scale and capacity or change in technology to increase negative impacts on the environment compared to the approved EIAR.

Fire Prevention and Firefighting design approval and implementation

Pursuant to Decree 79 and as part of the requirements for issuance of the construction permit, the project company must also submit its Fire Prevention and Firefighting ("FPFF") design to the Police Department of Fire Prevention and Firefighting ("Fire Department") for appraisal and approval.

As required by Decree 79, after completion of construction works, but before operations, the project company must also have the Fire Department certify that the construction works are built in accordance with the FPFF design approval.

Overview of Electricity Regulatory Framework for Wind Farm Project in Tasmania & Solar Farm Project in New South Wales, Australia

Electricity generation and connection approvals

A project company who wishes to supply electricity from a wind farm project in Tasmania or solar farm project in New South Wales ("NSW") is required to register as a Market Participant with the Australian Energy Market Operator ("AEMO") under the National Electricity Law ("NEL"). In addition, a generator must liaise with the relevant transmission or distribution network supplier to connect to the electricity transmission network under a process set out in the National Electricity Rules ("NER"), which is overseen by AEMO.

In Tasmania, a company must also secure a license from the Tasmanian Economic Regulator ("TER").

Registration as a Participant with AEMO

Under the NEL, a person who will engage in the activity of owning, controlling or operating a generating system connected to the interconnected transmission or distribution system in the National Electricity Market ("NEM") is required to be a registered participant with AEMO, unless an exemption applies. The transmission and distribution systems in both Tasmania and NSW are part of the NEM.

To be a registered participant, such a person must register within a particular category with AEMO. In case of generation, such a person is required to register with AEMO in the "Generator" category before commencing operation of any generation facilities.

The process for registration and requirements for applicants are outlined in the NER. The applicant must, among other matters, satisfy AEMO that it is (and will continue to be) able to fulfil the financial obligations relating to market participants and has demonstrated an ability to comply with the NER.

License for generation of electricity in Tasmania

In addition, a person wishing to carry on operations in the electricity supply industry in Tasmania, including generating electricity from a wind farm project, is required to secure, a license in Tasmania as a generator under the Electricity Supply Industry Act 1995 (Tasmania). This license is in addition to registration as a Market Participant with AEMO.

The project company should file a license application with the TER, specifying the information required by TER in the applicable form. In addition, the application must, among other matters, identify the officers and major shareholders, if applicable, of the project company, contain the details of the proposed generating plant and details relating to the generator's connection to the relevant the transmission system or distribution network, and such any other relevant information requested by TER.

Connection to transmission network

The NER provides for the procedure for connection to a transmission network or a distribution network and access to the national grid. This procedure is overseen by AEMO.

To be able to connect, the project company is required to submit an application to connect and enter into a connection agreement with a network service provider prior to being connected to the network.

On receipt of a connection inquiry, a network service provider must, in accordance with the system strength impact assessment guidelines, undertake a system strength impact assessment of each proposed new connection of a generating system. The network service provider must then proceed to prepare an offer to connect and accept with a specific period, which should also contain the relevant terms and conditions for connection.

If the network service provider determines that an application will have an adverse system strength impact as part of its assessment, it can require as a condition of connection that the applicant participate in a system strength remediation scheme. This may include installation of plant or undertaking other works to augment the capacity of the transmission network.

Once it has received an offer to connect, the project company then has the opportunity negotiate and enter into a connection agreement with the relevant network service provider. The timing of the connection process is heavily dependent on the specific nature of the connection and features of the relevant parts of the transmission or distribution network. AEMO guidelines suggest that the entire process could a number of years, but could also be much shorter (for example, 10 months) in the case of less complicated connections.

Overview of Electricity Regulatory Framework for Solar Projects in Gujarat and Rajasthan, India

General Regulatory Overview

The Electricity Act of 2014, as amended from time to time (the "Electricity Act"), primarily governs the regulatory framework of the solar power sector in India, in addition to several regulations and orders issued by the Central Electricity Regulatory Commission ("CERC") and relevant State Electricity Regulatory Commission ("SERCs") and other policies adopted by the Central Government of India and the relevant State Governments.

The Electricity Act likewise created several independent regulatory agencies for the electricity sector, namely, the CERC, SERCs, Central Electricity Authority ("CEA"), load dispatch centres and central and states transmission utilities ("CTUs" and "STUs"). The CERC mainly regulates generation companies and tariff determination involving inter-state power supply and inter-state transmission, including issuance of transmission licenses. SERCs are primarily tasked to determine tariffs for generation, distribution and transmission of power within a state, issue distribution and transmission licenses and regulate intra-state electricity transmission and distribution licensees. The CEA mainly acts as an advisory body to the Central Government of India with regard to technical matters concerning generation, transmission and distribution, which also includes providing grid standards for operation and maintenance of transmission lines. Finally, the CTU and STUs are government owned companies mandated to act as the operator of inter-state transmission networks and transmission utilities of the relevant states, respectively.

The Electricity Act also mandates the Central Government of India, in consultation with the State Governments and the CEA, to prepare a national electricity policy and a tariff policy, which provide for the guidelines for the development of the power sector, to attract investments and to ensure reasonable charges for the consumers. These guidelines provide, among others, guidance in framing the tariff regulations of regulatory bodies and encourage and emphasize competitive procurement.

Tariff Determination

The Electricity Act provides for the procedures for two types of tariff determination. The first type is tariff determined by the CERC or the relevant SERC through a negotiated power purchase agreements (PPA) with the distribution licensees, which should be approved by the CERC or the relevant SERC, as the case may be. The second type is established via competitive bidding conducted in accordance the applicable bidding guidelines issued by the Government of India.

Gujarat – Major Regulatory Requirements

Registration of the solar power project

A project company is required to file an application with the Gujarat Energy Development Agency ("GEDA") if it intends to undertake a solar power project under the Gujarat Solar Policy and in order for it to avail of the incentives under the Gujarat Solar Policy.

Approval for overhead transmission line

Prior to construction by a project company of overhead transmission lines (with voltage exceeding 11kv and outside premises it controls), the approval of the Government of Gujarat is required. The Government of Gujarat can additionally impose such other conditions in relation to the operation and ownership of the lines when its approval is obtained.

No-objection certificate from the CGWA

If the project company needs to withdraw ground water for the solar project, then a no-objection certificate ("NOC") should be obtained from the Central Ground Water Authority ("CGWA"). The requirements for the NOC would depend if the area falls within a notified area or non-notified area. For instance, for notified areas, the purpose for water extraction should be for domestic purposes only.

Approvals under Factories Act

Generation of power generally falls within "manufacturing process" under the 1948 Factories Act, as amended from time to time ("Factories Act"). As such, if the project company employs 10 or more workers during the operations of the solar project, then it would qualify as a factory under the Factories Act, which in turn is required to secure the relevant approvals from the Chief Inspector of the Government of Gujarat, including approval of the site and building plan, license to operate factory and certificate of stability.

Connection Agreement

The project company is also required to submit an application to the STU/distribution licensee to connect to the state grid. Thereafter, a connection agreement is required to be executed between the generating project company and the relevant transmission licensee prior to physical interconnection of the solar power project with the state grid.

Approval of the design and specification of plant and equipment; inspection of electrical installations before energization

The Electricity Act, among others, requires that the Chief Electrical Inspector of the Government of Gujarat ("CEIG") should certify that any equipment and plant for generation, transmission, distribution or use of energy meets the required safety regulations. This certification or approval is necessary to be obtained prior to energization of the solar power project.

Approval for synchronization

Prior to synchronization of the solar power project, the project company is required to secure the approval of Gujarat Energy Transmission Corporation Limited ("GETCO")/State Load Despatch Centre ("SLDC") and GEDA consistent with the requirements of the PPA.

Commissioning Certificate

The project company is also required to obtain a commissioning certificate from GEDA before it can deliver power to its offtaker. Generally, the commissioning certificate will allow the project company to ascertain the specific date on which the respective units have been commissioned.

Rajasthan – Major Regulatory Requirements

Registration of the solar power project

Similar to Gujarat, a project company in Rajasthan which intends to undertake a solar power project under the Rajasthan Solar Policy is required to register with Rajasthan Renewable Energy Corporation Limited ("RRECL"). Such registration is also required to be able to claim incentives under the Rajasthan Solar Policy.

Approval for laying overhead transmission line under the Electricity Act

Under the Electricity Act and similar to Gujarat, prior to construction by a project company in Rajasthan of overhead transmission lines (with voltage exceeding 11kv and outside premises it controls), the approval of the Government of Rajasthan is required. The Government of Rajasthan can additionally impose such other conditions in relation to the operation and ownership of the lines when its approval is obtained.

NOC from the CGWA

Similar to Gujarat, if the project company needs to withdraw ground water for the solar project, then an NOC should be obtained from the CCGWA. The requirements for the NOC would depend if the area falls within a notified area or non-notified area. For instance, for notified areas, the purpose for water extraction should be for domestic/drinking purposes only.

Approvals under Factories Act

Similar to Gujarat, the generation of power generally falls within "manufacturing process" under the Factories Act. As such, if the project company employs 10 or more workers during the operations of the solar power project, then it would qualify as a factory under the Factories Act, which is required to secure the relevant approvals from the Chief Inspector of the Government of Rajasthan, including approval of the site and building plan, license to operate factory and certificate of stability.

Connection Agreement

As with Gujarat, the project company in Rajasthan is required to submit an application to the STU/distribution licensee to connect to the state grid. Thereafter, a connection agreement is required to be executed between the generating project company and the relevant transmission licensee (Rajasthan Rajya Vidyut Prasaran Nigam Limited ("RRVPNL")) prior to physical interconnection of the solar power project with the state grid.

Approval of the design and specification of plant and equipment; inspection of electrical installations before energization

The Electricity Act, among others, requires that the Chief Electrical Inspector of the Government of Rajasthan should certify that any equipment and plant for generation, transmission, distribution or use of energy meets the required safety regulations. This certification or approval is necessary to be obtained prior to energization of the solar power project.

Approval for synchronization

Similar to Gujarat, prior to synchronization of the solar power project in Rajasthan, the project company is required to secure the approval of RRVPNL/ SLDC and Solar Energy Corporation of India ("SECI") consistent with the requirements of the PPA.

Commissioning Certificate

The project company is also required to obtain a commissioning certificate from RRECL before it can deliver power to its offtaker. Generally, the commissioning certificate will allow the project company to ascertain the specific date on which the respective units have been commissioned.

MANAGEMENT

a. Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets quarterly, or as often as required, to review and monitor the Company's financial position and operations and decide on such other matters as may be required by law to be decided by the Board.

The directors of the Company are elected at the Annual Stockholders' Meeting ("ASM") to hold office for one year and until their respective successors have been elected and qualified. At the Company's ASM held on 20 April 2020, the stockholders considered and approved the following:

Name	Age	Citizenship	Designation
Fernando M. Zobel de Ayala	60	Filipino	Director
Jaime Augusto M. Zobel de Ayala	61	Filipino	Director
John Eric T. Francia	49	Filipino	Executive Director
Gerardo C. Ablaza, Jr.	66	Filipino	Director
Jose Rene Gregory D. Almendras	60	Filipino	Director
John Philip S. Orbeta	59	Filipino	Director
Sherisa P. Nuesa	66	Filipino	Lead Independent Director
Melinda L. Ocampo	63	Filipino	Independent Director
Consuelo D. Garcia	66	Filipino	Independent Director
Ma. Aurora D. Geotina-Garcia	68	Filipino	Independent Director
Mario Antonio V. Paner	62	Filipino	Independent Director

Fernando M. Zobel de Ayala is the President and Chief Operating Officer of Ayala Corporation since April 2006. He has been a director of Ayala Corporation since May 1994. He holds the following positions in publicly-listed companies: Chairman of AC Energy Corporation, Ayala Land, Inc. and Manila Water Company, Inc.; Director of Bank of the Philippine Islands, Globe Telecom, Inc., and Integrated Micro-Electronics, Inc.; and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation, Ayala Healthcare Holdings, Inc., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice-Chairman of ALI Eton Property Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc., and Bonifacio Art Foundation, Inc.; Director of LiveIt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., AC Education, Inc., AC Ventures Holding Corp., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Manila Peninsula; Member of the Philippine-Singapore Business Council, INSEAD East Asia Council, World Presidents' Organization, and Chief Executives Organization; Chairman of Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. He graduated with a B.A. in Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

Jaime Augusto M. Zobel de Ayala is the Chairman and CEO of Ayala Corporation since April 2006. He has been a director of Ayala Corporation since May 1987. He holds the following positions in publicly-listed companies: Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the

Philippine Islands; and Vice Chairman of AC EnergyCorporation, Ayala Land, Inc. and Manila Water Company, Inc. He is also the Chairman of AC Education, Inc., Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., AC Energy and Infrastructure Corporation, Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc., and AG Holdings Limited; Chairman of Harvard Business School Asia-Pacific Advisory Board and Endeavor Philippines; and member of the Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, Global Board of Advisors of the Council on Foreign Relations, Asia Society International Council, University of Tokyo Global Advisory Board, Singapore Management University Board of Trustees, and Eisenhower Fellowships Board of Trustees. He was the Philippine Representative to the Asia Pacific Economic Cooperation Business Advisory Council from 2010 to December 2015. He graduated with a B.A. in Economics (Cum Laude) at Harvard College in 1981 and obtained an MBA at the Harvard Graduate School of Business Administration in 1987.

John Eric T. Francia is Managing Director and member of the Management Committee of Ayala Corporation since 2009. He is President and Chief Executive Officer of ACEIC. In his previous role as Head of Ayala's Corporate Strategy and Development group, he led Ayala's entry into the energy and transport infrastructure sectors. Under his leadership, Ayala established its energy platform from standing start in 2011, growing to 1,800MW of attributable capacity by 2019. He also helped establish Ayala's infrastructure business, securing over U.S.$1 billion worth of PPP projects in the transport infrastructure space between 2011 and 2014. He is a director of various Ayala Group companies including AC Infrastructure, AC Health, AC Ventures, and Manila Water. In 2019, he was elected by the board of two listed companies: AC Energy Corporation as President and CEO and ACE Enexor, Inc., as Chairman and CEO. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude. He then completed his Masters Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors.

Gerardo C. Ablaza, Jr. is a management consultant at Ayala Corporation and a member of the board of directors of AC Energy Corporation. He served as President and CEO of Manila Water Company, Inc. from June 2010 to April 2017 and still remains involved with the company as a director and member of various board committees. From 1998 to April 2009, he was President and CEO of Globe Telecom, Inc. In June 2015, Gerry became a member of the International Advisory Panel of the Institute for Water Policy under the Lee Kuan Yew School of Public Policy in Singapore. He obtained his degree in Liberal Arts (Honors Accelerated Program), Major in Mathematics from De La Salle University, graduating Summa Cum Laude.

Jose Rene Gregory D. Almendras is a Senior Managing Director and the Group Head of Public Affairs of Ayala Corporation, President & Chief Executive Officer of Manila Water Company, Inc. (MWCI), and President & Chief Executive Officer of AC Infrastructure Holdings Corporation. He is also a member of the AC Management Committee, member of the Ayala Corporation Management Committee and the Ayala Group Management Committee since August 2016. He is the Chairman of the Executive Committee of MWCI and a member of the board of directors of the following companies within the Ayala Group: AF Payments Inc., Light Rail Manila Holdings, Inc., MCX Tollway Inc., and AC Energy Corporation. He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. In 2011, he was recognized by the World Economic Forum as a Sustainability Champion for his efforts as President of MWCI. During his stint as MWCI President and Chief Operating Officer, the company received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company. Under the Administration of President Benigno S. Aquino III, he served as a member of the Cabinet holding the position of Secretary of the Department of Energy, Office of the Cabinet Secretary and the Department of Foreign Affairs. In June 2016, he was acknowledged by the Administration for his remarkable performance in addressing the country's urgent issues and was awarded the highest Presidential Award given to a civilian–Order of Lakandula, Rank of Gold Cross Bayani.

John Philip S. Orbeta is a Managing Director, the Chief Human Resources Officer and Group Head for Corporate Resources of Ayala Corporation. He is a member of Ayala Corporation's Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He is also currently the Chairman of Ayala Aviation Corporation, Ayala Group HR Council, Ayala Group Corporate Security Council, and Ayala Business Clubs; Chairman and President of HCX Technology Partners, Inc.; and Vice Chairman of Ayala Group Club, Inc. Mr. Orbeta also serves as Director of AG Counselors Corporation, AC Industrial Technology Holdings, Inc., Ayala Healthcare Holdings, Inc., Ayala Retirement Fund Holdings, Inc., Zapfam, Inc., BPI Family Bank, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., and the Philippine Stock Index Fund Corp.; and as Trustee of Ayala Foundation, Inc. Mr. Orbeta served as the President and CEO of AC Industrial Technology Holdings, Inc. (formerly Ayala Automotive Holdings Corporation) and Automobile Central Enterprise, Inc. (Philippine importer of Volkswagen), as Chairman and CEO of Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc. and Iconic Dealership, Inc.; and as Board Director of Honda Cars Cebu, Inc. and Isuzu Cebu, Inc. Prior to joining Ayala Corporation, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson). He graduated with a degree in A.B. Economics from the Ateneo de Manila University.

Sherisa P. Nuesa is a former Managing Director of the Ayala Corporation until her retirement in 2011. Currently, she is a member of the Boards of Directors of MWC, IMI, Far Eastern University, Inc., FERN Realty Corp, and the ALFM Mutual Funds Group. She is also a member of the Boards of Trustees of the Institute of Corporate Directors, the Judicial Reform Initiative, and the Financial Executives Institute of the Philippines. As a former Managing Director of the Ayala Corporation until 2011, she served in various senior management positions, namely: Chief Finance Officer and Chief Administrative Officer of IMI (January 2009 to July 2010); Chief Finance Officer of MWCI (January 2000 to December 2008); Group Controller and later Vice President for Commercial Centers of ALI (January 1989 to March 1999); and as member of the boards of the various subsidiaries of ALI, MWC, and IMI. She graduated from the Far Eastern University with a Bachelor of Science Degree in Commerce (Summa cum laude). She is a Certified Public Accountant. She completed the Financial Management Program of the Stanford University in 1991 and the Advanced Management Program of the Harvard Business School in June 1999. She then obtained her master's degree in Business Administration from the Ateneo-Regis Graduate School of Business in 2011.

Melinda L. Ocampo served as President of the Philippine Electricity Market Corporation ("PEMC"), a nonstock, non-profit organization that governs the country's first and only wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experiences include developing policies and programs during her stint as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge when it comes to energy regulation including petroleum, pricing and competition rules and has provided consulting services to legislative leaders on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project regarding Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board. She served as a Division Chief (October 1979 to November 1988) and a Director (December 1988 to February 1996) of the National Electrification Administration. In 1977, she obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the Republic Central Colleges, in Angeles City, Pampanga. She received her master's degree in Business Administration from the University of the Philippines, Diliman, Quezon City. She is a Certified Public Accountant.

Consuelo D. Garcia is the Senior Consultant for Challengers and Growth Markets, Asia for ING Bank, Currently, she is the Chairman of the Committee on Ethics of the Financial Executives Institute of the Philippines ("FINEX"). She is also a Director of a family-owned business – Saje Wellness Corporation. She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila, Philippines from September 2008 to 15 November 2017. She joined ING in February 1991 as Head of Financial Markets. She previously worked with SyCip, Gorres, Velayo & Co. ("SGV & Co.") and Bank of Boston. She served as Director of the Board and concurrently Chairman of the Capital Markets Committee of the Bankers Association of the Philippines ("BAP") and of FINEX for many years. She was a former member of the Board of Directors and Treasurer of the European Chamber of Commerce of the Philippines from 2011 to 2015. In 2010, she was a National Member of ASEAN Bond Market Forum. She received a Bachelor of Science degree in Business Administration, major in Accounting (Magna Cum Laude) from University of the East and is a Certified Public Accountant.

Ma. Aurora D. Geotina-Garcia is the President of Mageo Consulting, Inc. and CIBA Capital Philippines, Inc. She is also currently an Independent Director of Queen City Development Bank and Cebu Landmasters, Inc. She was a Director in the following companies/organizations: Bases Conversion and Development Authority (2011-2016), BCDA Management Holdings, Inc. (2011-2016), Fort Bonifacio Development Corporation (2011-2016), Heritage Park Management Corporation (2015-2016), Bonifacio Global City Estates Association, Inc. (2012-2016), Bonifacio Estates Services Corporation (2012-2016), and HBC, Inc. (2012-2016). She started her professional career at SGV & Co., where she joined the Management Services Division in 1974. She joined SGV & Co.'s Economic and Financial Consulting Division in 1986, and was promoted to Partner in 1990. She headed SGV & Co.'s Global Corporate Finance Division from 1992 until her retirement in 2001, after which she remained as Senior Adviser to SGV & Co. up to September 2006. She received her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973. She completed her Master of Business Administration from the same university in 1978.

Mario Antonio V. Paner served as treasurer and head of the BPI's Global Markets Segment. As such, he was responsible for managing the Bank's interest rate and liquidity gaps, as well as its fixed income and currency market-making, trading, and distribution activities– in the Philippines and abroad. He was Chairman of the BPI's Asset & Liability Committee and was a member of the Management Committee and Asset Management Investment Council. He also served on the board of BPI Europe Plc. He joined BPI in 1985, when it acquired Family Savings Bank and performed various Treasury and Trust positions until 1989. Between 1989 and 1996, he worked at Citytrust, then the consumer banking arm of Citibank in the Philippines, which BPI acquired in 1996. At BPI, he was responsible for various businesses of the bank, including Risk Taking, Portfolio Management, Money Management, Asset Management, Remittance and

Private Banking. He served as President of the Money Market Association of the Philippines (MART) in 1998 and remains an active member up to present. He is currently the Vice Chairman of the Bankers Association of the Philippines' (BAP) Open Market Committee. He is also a member of the Makati Business Club, Management Association of the Philippines, British Chamber of Commerce, and the Philippine British Business Council. He obtained an A.B. Economics degree from Ateneo de Manila University in 1979 and completed various courses in Business and Finance, including Strategic Financial Management in 2006. In 2009, he completed the Advanced Management Program at Harvard Business School.

b. Key Officers

The officers are likewise elected annually by the Board of Directors and serve for one year and until their respective successors have been elected and qualified. At the Company's Organizational Meeting of the Board of Directors held on 20 April 2020, the directors considered and appointed the following:

Name	Age	Citizenship	Designation
Fernando M. Zobel de Ayala	60	Filipino	Chairman, Board of Directors
Jaime Augusto M. Zobel de Ayala	61	Filipino	Vice Chairman, Board of Directors
John Eric T. Francia	49	Filipino	President & CEO
Solomon M. Hermosura	58	Filipino	Corporate Secretary
Dodjie D. Lagazo	41	Filipino	Assistant Corporate Secretary 1; Head of Legal and Regulatory
Alan T. Ascalon	46	Filipino	Assistant Corporate Secretary 2; VP-Legal; Data Privacy Officer
Maria Corazon G. Dizon	57	Filipino	Treasurer & CFO; Compliance Officer; Chief Risk Officer
Jose Maria Eduardo P. Zabaleta	47	Filipino	Chief Development Officer
Roman Miguel G. de Jesus	45	Filipino	Head of Commercial Operations
Gabino Ramon G. Mejia	48	Filipino	Head of Plant Operations
Sebastian Arsenio R. Lacson	49	Filipino	Head of Plant Operations
Mariejo P. Bautista	55	Filipino	SVP – Finance and Comptroller
Danilo L. Panes	63	Filipino	VP – Wind Operations
Andree Lou C. Kintanar	46	Filipino	Head of Human Resources
Ma. Teresa P. Posadas	52	Filipino	AVP – Human Resources
Irene S. Maranan	45	Filipino	Head of Corporate Communications and Sustainability
Henry T. Gomez, Jr.	31	Filipino	Chief Audit Executive

Solomon M. Hermosura is a Managing Director of Ayala Corporation since 1999, a member of the Ayala Corporation Management Committee since 2009, and a member of the Ayala Group Management Committee since 2010. He is also the Group Head of Corporate Governance, General Counsel, Compliance Officer, and Corporate Secretary of Ayala Corporation, as well as the CEO of AG Counselors Corporation. He likewise serves as General Counsel and Corporate Secretary of Ayala Land, Inc., and Corporate Secretary of Globe, MWC, IMI, and Ayala Foundation, Inc., and a member of the Board of Directors of a number of companies in the Ayala Group. He graduated valedictorian with a Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Dodjie D. Lagazo is an Executive Director and the Head of ACEIC's Legal and Regulatory Group. He holds the following positions in publicly-listed companies: Corporate Secretary of ACE Enexor, Inc., and Assistant Corporate Secretary of Ayala Corporation and AC Energy Corporation. He is also the Assistant Corporate Secretary of ACEIC and the Corporate Secretary of various ACEIC subsidiaries and affiliates. Previously, he served as Director and member of AG Counselors Corporation's Management Committee from January 2014 to July 2017. Prior to joining Ayala, he worked at the law firm of SyCip Salazar Hernandez & Gatmaitan. He received his undergraduate degree in Political Science from the University of the Philippines, Diliman, graduating Magna Cum Laude. He then completed his Bachelor of Laws Degree in the College of Law of the University of the Philippines, Diliman, ranked sixth in the graduating class of 2003. He is a member in good standing of the Integrated Bar of the Philippines.

Alan T. Ascalon is a Vice President and the Company's Assistant Corporate Secretary. He served as director of GWC and is the Corporate Secretary of GWC, One Subic Power Generation Corp., One Subic Oil Distribution Corp., Palawan55 Exploration and Production Corp., PHINMA Power Generation Corporation, CIP II Power Corporation, and PHINMA Solar Corporation. He was the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000.

Maria Corazon G. Dizon is the Chief Finance Officer and Treasurer of ACEIC, AC Energy Corporation, and ACE Enexor, Inc. She is also the Compliance Officer and Chief Risk Officer of AC Energy Corporation. She heads various functional units under Finance, which include Controllership, Financial Planning and Analysis, Corporate Finance, Treasury, and Internal Audit. In addition, she holds directorship positions and is a member of the Audit and Risk Committee in a number of subsidiaries within the ACEIC group, such as South Luzon Thermal Energy Corporation, Northwind Power Development Corp, ACE Endevor, Inc., and AC Renewables International Pte. Ltd., among other entities. She joined Ayala's Energy and Infrastructure Group in 2016 after spending 28 years with Ayala Land, Inc., the publicly listed real estate vehicle of Ayala Corporation, where she previously held the positions of Head of ALI Capital Corp., Head of Business Development and Strategic Planning of the Commercial Business Group, Head of Asset Management Group of Shopping Centers, Head of Control and Analysis, Head of Investor Relations, as well as Chief Financial Officer of Residential Buildings, Office Buildings and Shopping Centers groups. Prior to joining Ayala Land, she was connected with SGV & Co for three years as a senior auditor. She is a CPA and graduated with a degree in Accountancy from the University of Santo Tomas, graduating cum laude. She completed the academic units for a Master's degree in Business Administration from De la Salle University Graduate School of Business, and attended an Executive Management Program in Wharton School of the University of Pennsylvania.

Jose Maria Eduardo P. Zabaleta is the Chief Development Officer ACEIC, and Chief Executive Officer of ACE Endevor, the development arm of ACEIC. Prior to joining ACEIC, he was co-founder and Chief Executive Officer of Bronzeoak Philippines, a pioneer and leader in clean technology energy development in the Philippines. Bronzeoak's energy businesses were integrated into ACEIC in early 2018. He has a BS Management Honors degree from Ateneo de Manila University, and a Masters in Business Administration from the Fuqua School of Business, Duke University, USA.

Roman Miguel G. de Jesus is an Executive Director of ACEIC, and ACEIC's and AC Energy Corporation s Head of Commercial Operations. The Commercial Operations group manages the capacity of the operating plants of AC Energy Corporation including the sale of power to the public through distribution utilities and to contestable customers through its retail supply license. He is also involved in managing the Vietnam portfolio of ACEIC, having headed up its solar development in the country. He established and ran the retail electricity business of ACEIC and previously managed its portfolio of operating wind assets in the Philippines. Before joining ACEIC, he practiced law in the law firms of Romulo Mabanta Buenaventura Sayoc & de los Angeles, and Puyat Jacinto Santos where he specialized in energy and project finance. He has Bachelor of Arts and Master of Arts degrees in Philosophy from the Ateneo de Manila University, where he was an instructor for ten years. He also has a Bachelor of Laws degree from the University of the Philippines where he graduated cum laude.

Gabino Ramon G. Mejia is an Executive Director, the Head of the Philippine Renewables unit, and the Head of Corporate Resources of ACEIC. He is also concurrently the President & CEO of Northwind Power Development Corporation (NorthWind) and North Luzon Renewable Energy Corp. (NLR), President of Negros Island Solar Power, Inc. (IslaSol) and San Carlos Solar, Inc. (Sacasol), Chairman of Montesol Solar, Inc., and Executive Vice President of GNPower Kauswagan Ltd. Co. He has worked in Ayala Corporation for more than 25 years. Before his secondment to ACEIC, he was assigned to HCX Technology Partners (formerly HRMall, Inc.) as Business Development Head and has also served as Project Manager in Ayala Land. He holds a Master's Degree in Business Administration (MBA) from the Asian Institute of Management and has completed his MBA Internship in York University, Schulich School of Business. He obtained his Bachelor of Arts in Philosophy and Letters degree from San Beda College where he graduated with Academic Distinction.

Sebastian Arsenio R. Lacson is the Head of the Philippine Thermal unit, and a Senior Vice President in ACEIC. He is also currently the President of South Luzon Thermal Energy Corporation, Chairman of three ACEIC diesel business units, and leads the Health & Safety and Crisis Management for ACEIC. He has been in the electric power industry for over a decade with his most recent role as President & COO of the Coal Business Unit of Aboitiz Power. Prior to this, he was the Chief Operating Officer of the Visayan Electric Company and has held various roles in Union Fermosa, a Spanish gas and electricity producer and distributor in Panama and Spain. He completed his Master's Degree in Business Administration and Economics at the University of Navarre in Barcelona, Spain. He has a B.A. in Interdisciplinary Studies from the Ateneo De Manila University.

Mariejo P. Bautista is the Company's Senior Vice President – Finance and Controller. She worked with SGV & Co. in 1987 and in various multinational manufacturing and service companies up to August 2011. She joined the Company in September 2011. She is also the Senior Vice President – Finance and Controller of Bulacan Generation Corporation, CIP II Power Corporation, One Subic Power Generation Corp., GWC, PHINMA Petroleum and Geothermal, Inc., One Subic Oil Distribution Corp., and Palawan55 Exploration and Production Corporation. She obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines. She is a Certified Public Accountant with a master's degree in Business Management from the Asian Institute of Management.

Danilo L. Panes is the Company's Vice President – Wind Operations. He joined the Company in May 1996 as Project Development Manager and was promoted to Assistant Vice President for Renewable Energy in May 2006. He is also the Vice President in GWC. He is a licensed Mining Engineer, who obtained his Bachelor of Science degree in Mining Engineering from Mapua Institute of Technology as a government scholar. He obtained his MBA studies from De La Salle University and completed the Management Development Program at the Asian Institute of Management.

Andree Lou C. Kintanar is ACEIC's and ACEN's Head of Human Resources and Corporate Services. She has over 20 years of experience in leveraging human resource and organizational culture for competitive advantage. Prior to joining ACEIC, she was Head of Human Resources & Corporate Services for AffinityX ROHQ, the digital marketing and creative services company of Ayala's LiveIt Investments Ltd. She was also Assistant Vice President & HR Business Partner at Deutsche Knowledge Services and previously held various HR & OD leadership roles at Bayan Telecommunications, SAP Phils. partner SSIP Asia, San Miguel Packaging Products and Philips Electronics & Lighting. She graduated from St. Scholastica's College with a double degree in Bachelor of Science in Psychology and Bachelor of Science in Commerce major in Human Resource Development, honors' program. She completed the academic units for a Master's degree in Business Administration from the Ateneo Graduate School of Business, and an Ayala Leadership Acceleration Program from Harvard Business Publishing.

Ma. Teresa P. Posadas is the Company's Assistant Vice President for Human Resources. Her employment with PHINMA began in May 1989, then a fresh graduate of Maryknoll College with a degree of Bachelor of Science in Behavioral Science. In 2013, she completed her Management Development Program from the Asian Institute of Management.

Irene S. Maranan is ACEIC's and ACEN's Head of Corporate Communications and Sustainability. She leads the overall communications team in protecting and promoting the Company's reputation, oversees public relations and drives the corporate sustainability strategy. She joined ACEIC in January 2015 and was one of the pioneers in Ayala's Energy and Infrastructure Group. She holds a Bachelor's Degree in Mass Communications from St. Scholastica's College Manila and brings over 20 years of experience in strategic marketing and corporate communications from companies across diverse industries such as Chevron, Globe Telecom and real estate companies, prior to joining Ayala.

Henry T. Gomez, Jr. is the Company's Chief Audit Executive and the Internal Audit Head of ACEIC. Prior to joining ACEIC, he worked at Aboitiz Power Corporation in 2012 as a Senior Internal Auditor and at SGV & Co. in 2011 as an Assurance Associate. He is a Certified Public Accountant, Certified Internal Auditor (CIA), a passer of the Certified Information Systems Auditor (CISA) examinations, and a CQI & IRCA Certified ISO 14001:2015 Environmental Management System Lead Auditor. He graduated from University of the Philippines-Visayas with a degree in BS in Accountancy.

c. Involvement in Certain Legal Proceedings of Directors and Executive Officers

As of 30 September 2020, to the knowledge and/or information of the Company, none of the members of the Board of Directors or any of the Executive Officers are, presently, or during the last five years, subject to any (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign; (c) order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (d) judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, of a violation of securities or commodities law or regulation, which judgment has not been reversed, suspended or vacated legal proceeding; which would have any material effect on the Company, its operations, reputation, or financial condition.

As of 30 September 2020, Ms. Geotina-Garcia is/was involved in the following legal proceedings:

Offense charged / investigated	Case No.	Tribunal / agency involved	Status
Libel, as member of the Board of Directors of the Bases Conversion Development Authority ("BCDA")	Crim. Case No. 1500045-PSG	Branch 167, Pasig Regional Trial Court	This case was re-raffled to Branch 167 after the presiding judge of Branch 67 inhibited from the case.
Criminal complaints for acts as member of the Board of Directors of BCDA	G.R. No. 225565	This case was originally filed with the Office of the Ombudsman and is now pending before the Supreme Court.	Dismissed by the Office of the Ombudsman. Petition for Review filed by the complainant before the Supreme Court (G.R. No. 225565) is still pending resolution.
Administrative complaint for acts a member of the Board of Directors of BCDA	CA-G.R. No. SP No. 145849	This case was originally filed with the Office of the Ombudsman and was elevated to the Court of Appeals.	Dismissed by the Office of the Ombudsman and the Court of Appeals. Ms. Geotina-Garcia is not aware of any appeal or petition filed by the complainants from the Court of Appeals' rulings.

Notwithstanding the proceedings, orders, judgments or decrees described above, the Company believes that Ms. Geotina-Garcia is not disqualified to act as a director. Ms. Geotina-Garcia has confirmed to the Company that: the libel case is a nuisance case filed against her, which she is confident will be dismissed with prejudice in her favor; the administrative and criminal complaints filed against her as a member of the Board of Directors of the BCDA have already been dismissed by the Office of the Ombudsman showing the lack of basis and merits to the charges; these cases will not and does not in any way affect her ability and bias her judgment and independence to act as an independent director of the Company; the issues raised, as well as parties to, these cases are not related in any way to the Company or to any of its businesses.

d. Corporate Governance

Corporate Governance

The Board of Directors, officers and employees of the Company commit themselves to the principles and best practices embodied in its Manual on Good Corporate Governance (the "Manual"). The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

The Company has in place a Compliance Department Procedures and Protocols Manual (the "Compliance Manual") that prescribes the standard procedures to be followed in the management of required corporate documents and disclosures in compliance with PSE, SEC, and other relevant rules and regulations, and corporate documents issued by the corporate secretary. The Compliance Manual applies to all directors, officers and employees of ACEN in charge of corporate disclosure responsibilities related to the following rules and regulations:

- SEC Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19 Series of 2016) effective 1 January 2017
- 2015 Securities and Regulations Code of the Philippines (RA 8799 and its Implementing Rules and Regulations)
- PSE Listing and Disclosure Rules, Supplemental Rules and Guidance Notes
- Revised Corporation Code of the Philippines
- Department of Energy Annual Certification on validity of service contracts
- Mines and Geosciences Bureau Annual Certification for listed mining companies

Compliance Officer

The Board designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the SEC. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

The Compliance Officer's duties include ensuring proper on boarding of new directors (*i.e.*, orientation on the company's business, charter, articles of incorporation and by-laws, among others), monitor, review, evaluate and ensure compliance by the Company, its officers and directors with the relevant laws, with the Code of Corporate Governance ("Code"), rules and regulations and all governance issuances of regulatory agencies, appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board, a monitoring and evaluation system to determine compliance with this Manual, which system shall provide for a procedure that fulfils the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report ("I-ACGR") on or before 30 May of the following year for every year that the company remains listed in the PSE, covering all relevant information for the preceding year.

The I-ACGR supersedes the ACGR last submitted for the year 2016 to the SEC and the Compliance Report on Corporate Governance last submitted for the year 2016 to the PSE. The Company submitted its I-ACGR for the year 2017 on 30 May 2018. For the fiscal year 2018, the Company submitted its I-ACGR on 30 May 2019. For the fiscal year 2019, the Company submitted its I-ACGR on 1 September 2020.[4]

As of 30 September 2020, the Company has substantially complied with the principles and best practices contained in the Corporate Governance Manual. There were no sanctions imposed on any director, officer or employee for non-compliance of the Manual. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

e. Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Manual and the SEC Code of Corporate Governance, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the SEC Code of Corporate Governance. To strictly observe and implement the provisions of the Company's Manual, the Company's Board of Directors may impose penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of the Manual by any member of the Board of Directors is sufficient cause for his removal as a director.

f. Committees of the Board

The Board created and appointed Board members to each of the committees listed below. Each member of the respective committees named below holds office as of 20 April 2020 and will serve until his or her successor is elected and qualified.

Executive Committee
Fernando Miranda Zobel de Ayala – Chairman
Jaime Augusto Miranda Zobel de Ayala – Member
John Eric T. Francia – Member

Audit Committee
Ma. Aurora D. Geotina-Garcia – Chairman
Consuelo D. Garcia – Member
Mario Antonio V. Paner – Member

Corporate Governance and Nomination Committee
Consuelo D. Garcia – Chairman
Melinda L. Ocampo – Member
Mario Antonio V. Paner – Member

Personnel and Compensation Committee
John Philip S. Orbeta – Chairman
Gerardo C. Ablaza, Jr. – Member
Sherisa P. Nuesa – Member

[4] Deadline extended to 1 September 2020 pursuant to the SEC Notice dated 22 July 2020 – *Further Extension of the Deadline for the Submission of the Integrated Annual Corporate Governance Report (I-ACGR)*

Board Risk and Related Party Transaction Committee
Sherisa P. Nuesa – Chairman
Ma. Aurora D. Geotina-Garcia – Member
Melinda L. Ocampo – Member

Committee of Inspectors of Proxies and Ballots
Solomon M. Hermosura – Chairman
Dodjie D. Lagazo – Member
Alan T. Ascalon – Member

g. Executive Compensation of Directors and Executive Officers Summary

For the nine months ended 30 September 2020 and the calendar years ended 31 December 2019 and 31 December 2018, the total salaries, allowances, and bonuses paid to the directors and executive officers of ACEN are as follows:

Name/Position	Year	Salaries	Bonus	Other Annual Compensation
Top 4 Most Highly Compensated Executive Officers (Total Compensation) 2020				
Mariejo P. Bautista, SVP- Finance & Controller				
Danilo L. Panes, VP – Wind Operations				
Alan T. Ascalon, Assistant Corporate Secretary & VP – Legal				
Ma. Teresa P. Posadas, AVP – Human Resources				
Estimate	2020	15,703,929.33	2,920,701.81	2,487,596.29
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation) end 2019				
Francisco L. Viray, President and CEO (until 15 May 2019)				
Mariejo P. Bautista, SVP- Finance & Controller				
Danilo L. Panes, VP – Wind Operations				
Alan T. Ascalon, Assistant Corporate Secretary & VP – Legal				
	2019	21,478,153	4,630,134	1,945,000
	2018	21,444,674	2,980,335	590,600

In the special meeting of the Board of Directors on 9 October 2019, the Board of Directors approved the general administrative expenses ("GAE") recoveries of ACEIC, representing the personnel costs in relation to the management and operations of ACEN since May 2019. For the period ended 30 September 2020, the GAE recoveries for officers of ACEN amounted to ₱66,870,516.36.

Compensation of Directors

The Independent Directors receive allowances, per diem of ₱100,000.00 per board meeting and ₱20,000.00 per committee meeting.

There are no other existing arrangements/agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.

Security Ownership of Certain Record and Beneficial Owners and Management

The following table shows the persons or groups known to ACEN to be directly the record or beneficial owners of more than 5% of the Company's voting securities as of 30 September 2020:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	PDTC[a] MSE Bldg., Ayala Avenue, Makati City Stockholder		Filipino 15.96%[c] Foreign 0.80%	2,294,534,803[c]	16.76%[c]
Common	AC Energy and Infrastructure Corporation[b] 4F 6750 Office Building, Ayala Avenue, Makati City Stockholder	Mermac, Inc. 3rd Floor, Makati Stock Exchange Building, Ayala Triangle, Ayala Avenue, Makati City	Filipino	11,175,442,928[d]	81.62%

[a] The Philippine Depository and Trust Corporation ("PDTC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD") which acts as trustee-nominee for all shares lodged in the PCD system.
[b] AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) was incorporated on 13 December 2005 and is domiciled in the Philippines. ACEIC was organized primarily to purchase, exchange, hold, own, and use investments, capital stock or other securities, and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply, and delivery of electricity and in such other activities related thereto.
[c] Excludes AC Energy and Infrastructure Corporation's lodged shares.
[d] As of 30 September 2020, AC Energy and Infrastructure Corporation has 6,185,182,288 direct shares and 4,990,260,640 indirect shares lodged with BSC representing 81.62% of the total shareholdings of the Company.

Security Ownership of Directors and Management as of 30 September 2020

None of the directors and officers individually owns 5% or more of the outstanding capital stock of ACEN. The table below shows the securities owned by the directors and officers of the Company as of 30 September 2020:

Title of Class of Outstanding Share	Name of beneficial owner	Citizenship	Amount of beneficial ownership	Nature of beneficial ownership	Percent of total outstanding shares
Common	Gerardo C. Ablaza, Jr.	Filipino	1,000,001[b]	Indirect[a]	0.01%
Common	Jose Rene Gregory D. Almendras	Filipino	1[b]	Indirect[a]	0.00%
Common	John Eric T. Francia	Filipino	32,654,147 46,327,124[b]	Direct Indirect[a]	0.58%
Common	John Philip S. Orbeta	Filipino	1 [b] 2,000,000	Direct Indirect[a]	0.01%
Common	Fernando M. Zobel de Ayala	Filipino	1 237,258,000	Direct Indirect[a]	1.73%

Title of Class of Outstanding Share	Name of beneficial owner	Citizenship	Amount of beneficial ownership	Nature of beneficial ownership	Percent of total outstanding shares
Common	Jaime Augusto M. Zobel de Ayala	Filipino	1	Direct	0.00%
Common	Mario Antonio V. Paner	Filipino	1	Direct	0.00%
Common	Consuelo D. Garcia	Filipino	1,000	Direct	0.00%
Common	Ma. Aurora D. Geotina-Garcia	Filipino	1	Direct	0.00%
Common	Sherisa P. Nuesa	Filipino	750,000 90,000	Indirect[a] Direct	0.01%
Common	Melinda L. Ocampo	Filipino	1	Direct	0.00%
Common	Maria Corazon G. Dizon	Filipino	8,288,247 12,144,136	Direct Indirect[c]	0.15%
Common	Jose Eduardo P. Zabaleta	Filipino	0	N/A	0.00%
Common	Gabino Ramon G. Mejia	Filipino	3,480,949 1,740,479	Direct Indirect[c]	0.04%
Common	Sebastian Arsenio R. Lacson	Filipino	517,000	Indirect	0.00%
Common	Roman Miguel G. de Jesus	Filipino	6,194,849 4,799,200	Direct Indirect[c]	0.08%
Common	Solomon M. Hermosura	Filipino	8,368,000	Indirect[c]	0.06%
Common	Dodjie D. Lagazo	Filipino	6,526,166	Direct	0.05%
Common	Alan T. Ascalon	Filipino	560,173 109,000	Direct Indirect[c]	0.00%
Common	Mariejo P. Bautista	Filipino	1,101,450 1,273,227	Direct Indirect[c]	0.02%
Common	Danilo L. Panes	Filipino	94,530 625,207	Direct Indirect[c]	0.01%
Common	Andree Lou C. Kintanar	Filipino	1,013,772 570,888	Direct Indirect[c]	0.01%
Common	Irene S. Maranan	Filipino	2,391,810 2,880,908	Direct Indirect[c]	0.04%
Common	Ma. Teresa P. Posadas	Filipino	211,898 110,000	Direct Indirect[c]	0.00%
	TOTAL		**383,082,168**		**2.80 %**

[a] The indirect shares held by the following directors: Messrs. Gerardo C. Ablaza, Jr., Jose Rene Gregory D. Almendras, John Eric T. Francia, John Philip S. Orbeta, Fernando M. Zobel de Ayala, and Sherisa P. Nuesa are lodged with the PCD Nominee.

[b] The one (1) nominal share of each of Messrs. Gerardo C. Ablaza, Jr., Jose Rene Gregory D. Almendras, John Eric T. Francia, and John Philip S. Orbeta are qualifying shares held in trust for AC Energy and Infrastructure Corporation

[c] The indirect shares held by the following officers: Messrs. Roman Miguel G. de Jesus, Solomon M. Hermosura, Gabino Ramon G. Mejia, Alan T. Ascalon, Danilo L. Panes, and Mses. Maria Corazon G. Dizon, Mariejo P. Bautista, Ma. Teresa P. Posadas, Andree Lou C. Kintanar and Irene S. Soliman are lodged with the PCD Nominee.

Voting Trust Holders of 5% or more

The Company is not aware of any person holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar agreement.

Changes in Control

There are no arrangements that may result in a change in control of ACEN.

On 24 June 2019, ACEIC acquired the 51.48% combined stake of PHI and PHN in ACEN at a purchase price of ₱1.4577 per Share or a total purchase price of ₱3,669,125,213.19. In addition, ACEIC: (a) acquired an additional 156,476 Shares under the mandatory tender offer which ended on 19 June 2019 at the tender offer price of ₱1.4577 per Share, and (b) subscribed to 2.632 billion Shares at ₱1.00 per Share or a total subscription price of ₱2.632 billion. The consideration for the Shares was sourced out of ACEIC's equity.

Following the issuance of the First SEC Approval on 22 June 2020, ACEIC acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction, with effective date as at 9 October 2019.

As of 30 September 2020, ACEIC (81.62%), together with its directors, officers and affiliates (2.98%), owns and controls 84.60% of all issued and outstanding Shares of the Company. Further discussion can be found under "***Dilution***" on page 76 of this Prospectus.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company and its Subsidiaries have executed pro-forma employment contracts with its employees and key officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

Under the Company's By-laws, the Officers of the Company shall hold office for one year and until their successors are chosen and qualified in their stead. Any officer elected or appointed by the majority of the Board of directors may be removed by the affirmative vote of the Board of Directors.

The Company does not have written contracts with any of its executive officers or other significant employees. There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

Compensatory Plan or Arrangement

The compensation received by officers who are not members of the Board consists of salaries, bonuses, and other benefits.

All permanent and regular employees of the Company and its Subsidiaries hired are covered by the ACEN retirement plan (the "Plan"). The Plan provides benefits upon normal retirement beginning at age 60, early retirement beginning at age 50 with completion of at least 10 years of service, voluntary separation beginning upon completion of at least 10 years of service, total and physical disability, death, and involuntary separation. The benefits are based on the employee's final monthly basic salary and length of service.

Warrants and Options Outstanding

As of 30 September 2020, there are no outstanding stock options in the Company.

RELATED PARTY TRANSACTIONS

ACEIC

Management Contracts

Effective 24 June 2019, ACEIC became the managing company of the Company and its subsidiaries BPGC, CIPP, and GWC pursuant to separate management contracts originally executed with PHI but were assigned to ACEIC on 24 June 2019.

Under the management contracts, ACEIC shall have general management authority with corresponding responsibility over all operations and personnel of the managed company including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the managed company in consideration of the payment by the managed company of a fixed monthly management fee plus an annual incentive based on a certain percentage of each company's net income to the managing company.

Each management contract has a term of five years. The management contract of the Company became effective on 1 September 2018, while the management contracts of BPGC, CIPP, and GWC became effective on 1 September 2016, 1 January 2018, and 1 September 2018, respectively.

Master Service Agreement

NLREC and NPDC entered into a Master Service Agreement ("MSA") with ACEN or any of its affiliates effective 1 January 2020 for the rendition of services to the Company in connection with matters on finance, legal, administrative and human resources. The respective board of the companies approved the execution of the MSA on 24 October 2019 and 11 October 2019, respectively.

Operations and Maintenance Agreement

On 8 October 2015, ACEN entered into an Operation and Maintenance Agreement ("O&M Agreement") with BPGC for a term of five years or until 8 October 2020. Pursuant to the O&M Agreement, BPGC shall perform all the operation and maintenance activities for Power Barges 101, 102, and 103 (the "Power Barges"), including but not limited to performing periodic and corrective maintenance/repairs, as well as ordinary repair works, and providing the manpower, personnel or staff for the efficient operation and maintenance of the Power Barges.

On 23 November 2016 and 20 September 2018, the parties entered into Addendum Nos. 1 and 2 respectively, for the adjustment of the service fees.

Lease Contract

The Company is the assignee of a lease contract from ACEIC for the 22nd floor, 6750 Office Tower, Ayala Ave., Makati City, and has paid ACEIC for the proportionate share in fit-out costs, cabling, systems development, and other costs. The lease period is from 1 September 2019 to 31 December 2021.

SLTEC

SLTEC and the Company entered into an Administration and Management Agreement on 4 October 2019.

BPGC

On 27 December 2013, BPGC and ACEN entered into a PAMA which gave ACEN the right to administer, sell and dispatch all of the capacity of PHINMA Power for a period of 10 years. Prior to 24 June 2019, the Company leased part of its office space to BPGC.

CIPP

The Company executed a PAMA with CIP II effective as of 26 June 2013. Under the PAMA, the Company shall have the right and obligation to administer and manage the entire capacity and net output of CIP II for a period of 10 years.

OSPGC

The Company has an existing PAMA with ACEN under which ACEN is given the right to administer and manage the net output of OSPGC's 116-MW Subic Diesel Generator Power Plant (the "Subic Power Plant") in consideration of energy fees to be paid by the Company to OSPGC. The PAMA became effective on 17 February 2011 and shall be effective throughout the term of the lease of the Subic Power Plant from SBMA.

MGI

ACEN purchases all of the power generated by Maibarara Project. Other transactions with MGI include reimbursements of expenses and advances for future subscriptions.

SOLARACE1

On 30 September 2019, SolarAce1 executed a Contract of Lease with lessors Ayala Land, Inc., Crimson Field Enterprises, Inc., and Red Creek Properties, Inc. for the lease of approximately 106.59 hectares of land in Alaminos, Laguna for a period of 21 years, renewable for another 20 years. The leased area shall be used as the site of a 120MWdc solar power plant.

Post ACEIC Philippine Transaction

ACEIC

Deed of Assignment

On 12 November 2019, ACEIC and the Company executed an Amended and Restated Deed of Assignment effective as at 9 October 2019, which was further amended and restated on 14 May 2020, whereby ACEIC transferred and conveyed all its rights to and interest in several Associates involved in the development or operation of onshore projects for and in payment of ACEIC's subscription to common shares of stock of the Company to be issued partially out of the increase in the Company's authorized capital stock.

Management Services Agreement

ACEIC also performs certain management and technical services for Isla Bio pursuant to the Management Services Agreement dated 1 September 2018. The agreement is effective until 31 December 2021, and shall automatically be renewed for successive periods of five years each time, unless earlier terminated by the parties in accordance with the agreement.

ACEIC and Islasol entered into an Administration and Management Agreement dated 6 September 2019 for the administration, control, and management of the net output of all energy produced by Islasol's 32MWdc and 48MWdc solar plants located at La Carlota City, Negros Occidental and Manapla, Negros Occidental, respectively. The agreement is effective from 2 September 2019 and shall remain valid until 25 December 2026, or such other date mutually agreed upon by the parties in writing.

ACEIC also assigns certain personnel to perform certain management and administrative support services for NPDC and NLREC pursuant to their respective Services and Assignment Agreements.

Other transactions between ACEIC and Associates

ACEIC has outstanding receivables from and/or deposits for future subscriptions in several Associates.

<u>Transactions between Associates</u>

ACE Endevor, Inc.

ACE Endevor performs certain management, engineering, technical, financial and administrative services for Montesol, Sacasol, and Islasol and receives service fees stated in their respective Management Services Agreements therefor.

SCC Bulk Water

On 10 April 2017, SCC Bulk Water acquired from San Julio Realty, Inc. its Water Supply Contract with SCBP. Pursuant thereto, SCC Bulk Water would provide water to SCBP for the use of its 20MW biomass power plant under development in San Carlos City, Negros Occidental.

MCV Bulk Water

On 15 July 2016, MCV Bulk Water entered into a Water Supply Contract with NNBP, for the provision of water to NNBP's 25MW biomass power plant under development in Manapla, Negros Occidental.

LCC Bulk Water

On 21 May 2014, LCC Bulk Water Supply entered into a Water Supply Contract SNBP for the provision of water to SNBP's 25MW biomass power plant under development in La Carlota City, Negros Occidental.

Other Transactions

ACE Endevor, ACE Renewables, and Gigasol2 have outstanding receivables from and/or deposits for future subscriptions in various Associates.

Transactions with entities under Control of the Ultimate Parent

Several Associates have engaged AG Counselors Corporation, a wholly-owned company of Ayala, for the performance of legal services.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following table shows the persons or groups known to the Company to be directly the record or beneficial owners of more than 5% of the Company's voting securities as of 30 September 2020:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	PDTC[a] MSE Bldg., Ayala Avenue, Makati City Stockholder		Filipino 15.96%[c] Foreign 0.80%	2,294,534,803[c]	16.76%[c]
Common	AC Energy and Infrastructure Corporation[b] 4F 6750 Office Building, Ayala Avenue, Makati City Stockholder	Mermac, Inc. 3rd Floor, Makati Stock Exchange Building, Ayala Triangle, Ayala Avenue, Makati City	Filipino	11,175,442,928[d]	81.62%

[a] The Philippine Depository and Trust Corporation ("PDTC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD") which acts as trustee-nominee for all shares lodged in the PCD system.
[b] AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.) was incorporated on 13 December 2005 and is domiciled in the Philippines. ACEIC was organized primarily to purchase, exchange, hold, own, and use investments, capital stock or other securities, and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply, and delivery of electricity and in such other activities related thereto.
[c] Excludes AC Energy and Infrastructure Corporation's lodged shares.
[d] As of 30 September 2020, AC Energy and Infrastructure Corporation has 6,185,182,288 direct shares and 4,990,260,640 indirect shares lodged with BSC representing 81.62% of the total shareholdings of the Company.

The following table sets forth the top 20 shareholders of the Company as of 30 September 2020:

Common Shareholders				
No.	**Name of Shareholder**	**No. of Shareholdings**	**Amount Paid-up (₱)**	**Percent of Ownership**
1	PCD Nominee Corporation (Filipino)	7,174,922,444[a]	7,174,922,444	52.40[a]
2	AC Energy and Infrastructure Corporation	6,185,182,288[b]	6,185,182,288	45.17[b]
3	PCD Nominee Corporation (Non-Filipino)	109,872,999	109,872,999	0.80
4	Emar Corporation	37,283,937	37,283,937	0.27
5	John Eric T. Francia	32,654,147	32,654,147	0.24
6	Patrice Rene Clausse	11,678,583	11,678,583	0.09
7	Maria Corazon G. Dizon	8,288,247	8,288,247	0.06

Common Shareholders				
No.	**Name of Shareholder**	**No. of Shareholdings**	**Amount Paid-up (₱)**	**Percent of Ownership**
8	Dodjie D. Lagazo	6,526,166	6,526,166	0.05
9	Roman Miguel G. De Jesus	6,194,849	6,194,849	0.05
10	J. Edmond C. Garcia	3,749,079	3,749,079	0.03
11	Gabino Ramon G. Mejia	3,480,949	3,480,949	0.03
12	Louis P. Baui	2,974,293	2,974,293	0.02
13	Janel M. Bea	2,809,753	2,809,753	0.02
14	Phil. Remnants Co. Inc.	2,801,218	2,801,218	0.02
15	Victor J. Del Rosario	2,625,639	2,625,639	0.02
16	Ma. Chiarah Lubich H. Zotomayor	2,427,278	2,427,278	0.02
17	Riolita C. Inocencio	2,416,364	2,416,364	0.02
18	Irene S. Maranan	2,391,810	2,391,810	0.02
19	Jayme Grace Y. Chua	2,227,101	2,227,101	0.02
20	Princess Marie A. Tayag	2,112,155	2,112,155	0.02

[a] Includes AC Energy and Infrastructure Corporation's lodged shares.
[b] Direct AC Energy and Infrastructure Corporation's shareholding.

Ownership of ACEIC

ACEIC beneficially owns an aggregate of 11,175,442,928 of the Company's Common Shares, representing 81.62% of the outstanding Common Shares of the Issuer as at 30 September 2020.

Treasury Shares

As of 30 September 2020, the Company has cumulatively purchased a total of 14,500,000 of its own Common Shares pursuant to its share buy-back program. These Common Shares remain issued but are not outstanding and are held as treasury shares. These Common Shares remain listed on the PSE and can be re-sold by the Company at such price and on such terms (without being subject to pre-emptive rights) as the Company considers appropriate. Considering treasury shares, a total of 13,692,457,210 Common Shares are issued and outstanding as of 30 September 2020.

First SEC Approval

Upon the issuance of the First SEC Approval on 22 June 2020, ACEIC acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction, with effective date as at 9 October 2019. To allow the recording of these Common Shares in the name of ACEIC in the stock and transfer book of the Company and their listing on the PSE, the parties applied with the BIR for the issuance of a confirmatory ruling that the ACEIC Philippine Transaction qualifies as a tax-free exchange. On 30 October 2020, the BIR issued a ruling confirming that the ACEIC Philippine Transaction qualifies as a tax-free exchange. On 25 November 2020, the Company submitted to the SEC the stock certificates of the ACEIC Assigned Associates in the name of the Company as proof of transfer following the issuance by the BIR on 24 November 2020 of a certificate authorizing registration covering such shares in compliance with MC 14-2013, in respect of the First Increase in ACS and the ACEIC Philippine Transaction. To comply with the standard post-transaction submission of proof that the transfer values of the shares of the ACEIC Assigned Associates that were transferred to the Company based on the Valuation Report have been attained, the Company submitted to the SEC a Special Audit Report on 18 December 2020. On 21 December 2020, the SEC issued its confirmation that the Company has complied with the conditions in MC 14-2013. See "***Executive Summary – ACEIC Philippine Transaction***." Following the First SEC Approval, the Company's total issued and outstanding Common Shares increased by the corresponding amount to a total of 13,692,457,210 Common Shares. As a result, ACEIC holds a total of 11,175,442,928

Common Shares representing 81.62% of the Company, while 15.40% is held by the public, as at 30 September 2020.

Post- Rights Offer

Assuming that ACEIC will not participate in the Institutional Offer or in the Rights Offer, ACEIC is expected to hold 70.02% of the Common Shares following the Rights Offer, with total issued and outstanding Common Shares increasing to a total of 15,960,037,644 Common Shares.

MARKET PRICE OF THE COMPANY'S STOCK AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares are listed and traded on the PSE under the symbol "ACEN." Below are the high and low sale prices as of 30 September 2020, for the first half of 2020 and calendar years 2019, 2018, 2017 and 2016:

Period	High	Low
Calendar 2020		
Third quarter	3.30	2.16
Second quarter	2.44	1.95
First quarter	2.48	1.39
Calendar 2019		
Fourth quarter	2.89	2.05
Third quarter	3.06	2.20
Second quarter	2.89	1.38
First quarter	1.50	1.13
Calendar 2018		
Fourth quarter	1.23	0.85
Third quarter	1.33	0.94
Second quarter	1.86	1.21
First quarter	1.89	1.48
Calendar 2017		
Fourth quarter	1.80	1.52
Third quarter	2.08	1.70
Second quarter	2.22	1.91
First quarter	2.48	2.15
Calendar 2016		
Fourth quarter	2.3	2.02
Third quarter	2.60	2.15
Second quarter	2.95	2.28
First quarter	2.89	1.98

On 8 January 2021, the closing price of ACEN's common shares on the PSE was ₱7.8200 per Common Share.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company and the Joint Lead Underwriters, or any of their respective subsidiaries, affiliates or advisors in connection with the Offer.

The Exchange

The PSE is the only stock exchange in the Philippines. It is one of the oldest stock exchanges in Asia, having been in continuous operation since the establishment of the Manila Stock Exchange in 1927. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018 the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor. Beginning 19 March 2020 on account of the COVID-19 pandemic, trading in the PSE is a continuous session from 9:30 a.m. to 1:00 p.m. daily.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the SEC granted the PSE a “Self-Regulatory Organization” (SRO) status, which meant that the bourse can implement its own rules and establish penalties on erring trading participants and listed companies. In 2011, Capital Market Integrity Corporation (“CMIC”) was incorporated to function as the independent audit, surveillance and compliance arm of PSE. The mandate of CMIC is to ensure that trading participants adhere to all pertinent rules, regulations, and code of conduct of CMIC and PSE, as well as all related legislative and regulatory requirements.

On 8 August 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the Philippine Securities Regulation Code. The PSE had an authorized capital stock of ₱120 million, of which 61.2 million shares were subscribed and fully paid-up as of 30 June 2018. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. Recently, the PSE issued Rules on

Exchange Traded Funds ("ETF") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the issuer.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 2008 to 2019, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	PSEi Level at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.15
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	254	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	263	14,251.72	2,130.12
2015	6,952.08	265	13,465.57	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.12	1,958.36
2018	7,466.02	267	16,146.69	1,736.82
2019	7,815.26	268	16,705.35	1,772.58
2020 (as at 30 September)	5,864.23	271	13,088.14	1,185.74

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed. Beginning 19 March 2020 on account of the COVID-19 pandemic, trading in the PSE is a continuous session from 9:30 a.m. to 1:00 p.m. daily.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (*i.e.,* 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (*i.e.*, 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on 17 January 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;
- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and
- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("CCCS") system on 29 May 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16

December 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("PCD Nominee"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (*e.g.*, brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through their participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade their interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on 1 July 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of 1 July 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of

Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through their broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership ("MPO"), listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' total issued and outstanding shares (*i.e.,* exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (i) individuals (for as long as the shares held are not of a significant size (*i.e.*, less than 10%) and are non-strategic in nature; (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after 1 January 2013 will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

On 4 August 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

Market Capitalization	Minimum Public Offer
Not exceeding ₱500 million	33% or ₱50 million, whichever is higher
Over ₱500 million to ₱1 billion	25% or ₱100 million, whichever is higher
Over ₱1 billion	20% or ₱250 million, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on 1 December 2017, the MPO requirement on initial public offerings is increased from 10% to 20%. For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or a percentage that may be prescribed by the PSE. As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 15%, such proposed rules on MPO is yet to be issued by SEC for comments by the public.

DESCRIPTION OF THE SHARES

General Corporate Information

Incorporation

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on 8 September 1969. The Company started as a resource exploration company. Then known as Trans-Asia Oil and Mineral Development Corporation, the Company successfully produced oil in Cadlao, Tara and Matinloc in the 1980s. In 1996, the Company was renamed to Trans-Asia Oil and Energy Development Corporation as it shifted its primary focus to power generation. In 2017, the Company was renamed PHINMA Energy Corporation, and on 11 October 2019, the Company amended its Articles of Incorporation to amend its corporate name to AC Energy Philippines, Inc. to align the Company as the Philippine pipeline of its parent company, ACEIC. On 18 March 2020, the Company's Board approved resolutions to amend the corporate name of the Company in its Articles of Incorporation and By-Laws to "AC Energy Corporation." The Certificate of Filing of Amended Articles of Incorporation of the Company was issued on 5 January 2021 reflecting the approval by the SEC of the new company name.

Primary Purpose

The Company's Amended Articles of Incorporation provide that its primary purpose is to engage in and carry out the business of oil and mineral exploration and production, and power generation and distribution.

Under Philippine law, a corporation may invest its funds in any other corporation or business for any purpose other than the primary purpose for which it was organized when approved by a majority of the Board of Directors and ratified by the shareholders representing at least two-thirds of the outstanding capital stock, at a shareholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its primary purpose, the approval of the shareholders shall not be necessary.

Capitalization

As of 30 September 2020, the Company has an authorized capital stock of ₱24,400,000,000.00 divided into 24,400,000,000 Common Shares with a par value of ₱1.00 per Share. As of the date of this Prospectus, the Company had 13,692,457,210 Common Shares outstanding and had 14,500,000 Common Shares held in treasury. There are no other class of shares which enjoy preferential rights as to voting or dividends.

The Offer Shares will be issued from the existing authorized capital stock of the Company.

Stockholders of the Company enjoy full dividend and voting rights in accordance with the Revised Corporation Code of the Philippines, pro-rata to their shareholdings.

The Offer Shares shall be offered at a price of ₱2.37 per Offer Share. The determination of the Offer Price is further discussed on page 75 of this Prospectus. A total of 15,960,037,644 Common Shares will be outstanding after the Offer. The Offer Shares will comprise 14.2% of the outstanding Common Shares after the Offer.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued by the Company have a par value of ₱1.00 per Share.

Subject to the approval by the SEC, a corporation may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

On 22 June 2020, the authorized capital stock of the Company was increased by 16,000,000,000 Common Shares. An amendment to Article Seventh of the Company's Articles of Incorporation was submitted for Board approval on 23 July 2019 under Resolution No. B-2019-0723-08 and during the ASM on 17 September 2019 under Resolution No. S-2019-007, and filed with the SEC on 22 November 2019. The said amendment sought to increase the Company's authorized capital stock from Eight Billion Four Hundred Million Pesos (₱8,400,000,000.00) divided into eight billion four hundred million (8,400,000,000) Common Shares, to Twenty-four Billion Four Hundred Million Pesos (₱24,400,000,000.00) divided into twenty-four billion four hundred million (24,400,000,000) Common Shares ("First Increase in ACS"). The SEC approved the First Increase in ACS on 22 June 2020. On 18 March 2020, the Board approved the further increase of the Company's authorized capital stock to ₱48,400,000,000, consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Share ("Second Increase in ACS"). However, such application for increase will only be filed with the SEC after the Listing Date or as may be determined by the Company, and is expected to be completed in 2021.

A corporation is also empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below), and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Revised Corporation Code of the Philippines provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Revised Corporation Code of the Philippines, dividends may be paid out of the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. The Unrestricted Retained Earnings represent the undistributed earnings of the Company which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The Exchange has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the Exchange which are lodged with the PCD Nominee as required for scripless trading.

See "***Dividends***" beginning on page 74 of this Prospectus.

Pre-Emptive Rights

The Revised Corporation Code of the Philippines confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

Pursuant to Article Seventh of the Company's Articles of Incorporation, stockholders have pre-emptive right to purchase or subscribe to additional Shares, except if the issue of the said additional Shares does not exceed 35% of the resulting total issued and outstanding capital stock, and the additional subscribed capital stock will be used exclusively for the benefit of the Company. All Common Shares have full voting rights and the right to receive dividends. There are no provisions in the Articles of Incorporation or the By-laws that would delay, defer or prevent a change in control of the Company.

One of the matters that presented and approved by the stockholders is the amendment of the Articles of Incorporation of the Company to include a provision that exempts from the pre-emptive right of existing stockholders the issuance of Shares in exchange for property needed for corporate purposes or as payment for previously contracted debt. The amendment included a proviso that Shares issued do not exceed 16,000,000,000 Shares; this is meant, among other reasons, to make expedient, and streamline the process for, the transfer of ACEIC assets to the Company. The amendment was submitted for Board approval on 5 September 2019 under Resolution No. B-2019-0905-02 and during the ASM on 17 September 2019 under Resolution No. S-2019-008, and filed with the SEC on 22 November 2019. The SEC approved the amendment on 22 June 2020.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Revised Corporation Code of the Philippines grants a shareholder a right of appraisal and demand payment of the fair value of his or her or its shares in certain circumstances where he or she has dissented and voted against a proposed corporate action, including:

1. an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
2. the extension of the term of corporate existence;
3. the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
4. a merger or consolidation; and
5. investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

As provided under Section 81 of the Revised Corporation Code of the Philippines, the appraisal right may be exercised by the dissenting stockholder who votes against a proposed corporate action by making a written demand on the corporation for the payment of the fair value of shares held within 30 days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Right to Inspect Corporate Books and Records

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the Board of Directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Right to Stock Certificates

Each shareholder whose shares of stock have been paid in full shall be entitled to a stock certificate for such shares of stock.

Right to be Elected as a Director

Any shareholder having at least one share registered in his or her name may be elected director, provided that he or she has such qualifications and none of the disqualifications provided for in the Revised Corporation Code, Securities Regulation Code, the Company's Manual on Corporate Governance and other relevant laws and regulations.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its Articles of Incorporation, as amended, the general management of the Company shall be vested in a Board of 11 directors who shall be stockholders and who shall serve until the election and qualification of their successors. As a corporation publicly listed in the Exchange, the Company shall conform with the requirement to have three independent directors within the meaning set forth in Section 38 of the SRC. An independent director shall hold no interests or relationships with the Company that may hinder his or her independence from the Company or Management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and which he or she shall certify in a letter of confirmation to the Corporate Secretary.

The Board of Directors shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy. Any vacancy in the Board of Directors shall be filled by a majority vote of the Board of Directors at a regular meeting or at a special meeting called for that purpose, and the director or directors so chosen shall serve for the unexpired term.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. The directors shall act only as a Board and the individual directors shall have no power as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act. Six directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Pursuant to its Articles of Incorporation, the Board of Directors of the Company shall have the management of the business of the Company and such powers and authorities as are by the By-laws or by statutes of the Philippines expressly conferred upon it. Without prejudice to the general powers conferred in the By-laws, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not inconsistent with the By-laws for the management of the Company's business and affairs;
b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stocks, bonds, debentures or other securities of the Company;
d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided, that, as hereinafter provided, the proper officers of the Company shall have these powers unless expressly limited by the Board of Directors;
e. To lend or invest money or property of the Company or otherwise to make temporary placement of funds for the best interests of the Company; and
f. To delegate from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to subdelegate), and upon such terms as may be deemed fit.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Revised Corporation Code of the Philippines requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on any business day in April of each year as may be fixed by the Board of Directors to be held at its principal office or at such place in Makati, Metro Manila and at such hour as specified in the notice. For the year 2020, the ASM was held on 20 April 2020 virtually due to the COVID-19 pandemic.

Special Shareholders' Meeting

Pursuant to the Company's By-laws, special meetings of the stockholders shall be held at the same place as the annual meetings, *i.e.*, to be held on any business day in April of each year as may be fixed by the Board of Directors to be held at its principal office or at such place in Makati, Metro Manila and at such hour as specified in the notice. Such meeting may be called at any time by the President, at his discretion, any five directors, or except as otherwise expressly provided for by law at the request of the stockholders holding the majority of the shares issued and outstanding. Such request shall state the purpose or purposes of the proposed meeting.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date, and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that the annual meeting of shareholders may be held without prior notice however, under the Exchange's disclosure rules, for the holding of any shareholders' meeting, the Exchange must be given a written notice of the annual meeting of shareholders at least 10 Trading Days prior to the record date fixed by the Company as an Issuer. The notice must include all the necessary details including the time, venue, and agenda of the meeting and the inclusive dates when the stock and transfer books will be closed. The Company shall further submit within five Trading Days after the record date the list of shareholders who are entitled to notice and to vote at a regular or special shareholders' meeting.

For special meetings of stockholders, a written notice stating the day and place of the meeting and the general nature of the business to be transacted shall be sent to the address as appearing in the books of the Company at least five days from the date of the meeting to each shareholders empowered to vote at such meeting, provided that this requisite may be waived by shareholders. No other business shall be transacted at a special meeting not stated in the notice sent to the shareholders as described above.

Attendance through Electronic Means

When so provided in the By-laws or by majority of the Board of Directors, stockholders who cannot physically attend at stockholders' or members' meetings may participate in such meetings through remote communications or other alternative modes of communication. A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum. Likewise, the right to vote of stockholders may be exercised in person, through a proxy, or when so authorized in the by-laws, through remote communication, or in absentia. The right to vote of stockholders or members may be exercised also through remote communication or in absentia when authorized by a resolution of the majority of the Board of Directors, provided that the resolution shall only be applicable for a particular meeting. For the year 2020, the ASM was held on 20 April 2020 virtually due to the COVID-19 pandemic.

Quorum

The owners of a majority of the shares issued and outstanding either in person or by proxy shall, except as otherwise expressly provided by law, constitute a quorum for the transaction of business at any meeting of the stockholders. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the Chairman of the Board, or in case of his absence or disability, the Vice-chairman of the Board, may then call to order any meeting of the shareholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy, but if there be no quorum present at any meeting, the meeting may be adjourned by the shareholders present from time to time until the quorum shall be obtained. If neither the Chairman nor the Vice-chairman of the Board is present, then the meeting is to be conducted by the President, and in case the latter is also absent, by the Vice President who is a director designated by the Board of Directors.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder. Voting at all meetings of the shareholders shall be by shares of stock and not per capita.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing, signed and duly presented to the Office of the Corporate Secretary at least five days before the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Revised Corporation Code of the Philippines, the SRC, the IRRs, and SEC Memorandum Circular No. 5 (Series of 1996) issued by the Commission.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The Exchange has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the Exchange which are lodged with the PCD Nominee as required for scripless trading.

Fixing Record Dates

Under existing rules of the Commission, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration.

With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 Trading Days from receipt by the Exchange of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Commission.

Shares of Stock

Under the Company's By-laws, each shareholder whose shares of stock have been paid in full shall be entitled to a stock certificate for such shares of stock.

Under the Rules of the Exchange, only fully-paid shares may be listed with the Exchange.

Transfer of Shares and Share Register

All transfers of shares on the Exchange shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (*i.e.*, brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company. See "***The Philippine Stock Market***" beginning on page 244 of this Prospectus. Under its By-laws, shares of stock shall be transferred by delivery of the certificate indorsed by the owner or his or her attorney-in-fact or other person legally authorized to make the transfer, but no transfer shall be valid and effective until the transfer is annotated in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the Exchange, but any transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "***Philippine Taxation***" beginning on page 263 of this Prospectus. All transfers of shares on the Exchange must be effected through a licensed stockbroker in the Philippines.

There are no existing provisions in the Company's Amended Articles of Incorporation or the Amended By-laws which will delay, defer, or in any manner prevent a change in control of the Company.

Share Certificates

Pursuant to the Company's By-laws, share certificates shall be in such form and design as required by the Articles of Incorporation and as may be determined by the Board of Directors. Every certificate shall be signed by the President or shall bear a facsimile of the President's signature and countersigned by the Secretary, and shall state on its face, its class, its number, the date of issue, the par value, and the number of shares for which it was issued, and the name of the person in whose favor it was issued. In the absence from the Philippines or incapacity of either or both the President and/or Secretary, every certificate shall be signed by their respective substitutes or alternates duly designated by the Board of Directors for the purpose.

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's Stock Transfer Agent, which will maintain the share register. Common Shares may also be lodged and maintained under the book entry system of the PDTC. See "***The Philippine Stock Market***" beginning on page 244 of this Prospectus.

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least (1) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months, or (2) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders, or (3) if any acquisition would result in ownership by the acquiring party of over 50% of the total outstanding equity of a public company, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder.

Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the board, (ii) purchases from an increase in the authorized capital shares of the target company, (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor, (iv) purchases in connection with privatization undertaken by the government of the Philippines, (v) purchases in connection with corporate rehabilitation under court supervision, (vi) purchases through an open market at the prevailing market price, or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Revised Corporation Code of the Philippines provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

1. amendment of the articles of incorporation;
2. removal of directors;
3. sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
4. investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
5. declaration or issuance of share dividends;
6. delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws, merger or consolidation;
7. dissolution;
8. an increase or decrease in capital shares;
9. ratification of a contract of a directors or officer with the corporation;
10. extension or shortening of the corporate term;
11. creation or increase of bonded indebtedness; and
12. management contracts with related parties.

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Commission. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Commission. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Additional Information

The Company files periodic reports and other information to the SEC and the PSE. These reports and other information may be inspected and copied at the public reference facilities maintained by the SEC and PSE, or obtained at the PSE website at www.pse.com.ph. Information on this website or any other websites are not incorporated by reference into this Prospectus and does not constitute a part of this Prospectus.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. This discussion is based on the laws, regulations, rulings, income tax conventions, treaties, administrative practices and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the applicant.

The tax treatment of an applicant may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information regarding the tax aspects of acquiring, owning, holding or disposing of the shares 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 shares in such other jurisdictions.

EACH ELIGIBLE SHAREHOLDER AND INSTITUTIONAL INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL 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 thereof; 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 engaged in trade or 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 engaged in trade or business in the Philippines. A "domestic corporation" is created or organized under the laws of the Philippines; a "resident foreign corporation" is a non-Philippine corporation engaged in trade or business in the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business in the Philippines.

Corporate Income Tax

A domestic corporation is subject to a tax of 30% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32(A) of the Tax Code less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Nevertheless, any excess of the Minimum Corporate Income Tax ("MCIT"), computed as 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Further, subject to certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure, or due to legitimate business reverses.

While Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion ("TRAIN"), which is the first package of the Comprehensive Tax Reform Program ("CTRP") of the Duterte administration, brought about extensive changes to individual income taxation, the CTRP did not include changes in corporate income taxation. This is expected to be addressed in the second package of the CTRP, which reportedly aims to gradually lower corporate income taxes from 30% to 20%, and modernize fiscal incentives in a bid to complement the expected incremental revenues from the first package.

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to income tax at the rate of 10%. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines from a domestic corporation are subject to a 20% tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines from a domestic corporation are subject to tax at 25% of the gross amount, subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax while those received by non-resident foreign corporations are subject to withholding tax at the rate of 30%.

The 30% final withholding tax rate for inter-corporate cash and/or property dividends paid by a domestic corporation to a non-resident foreign corporation may be reduced depending on the country of domicile of the non-resident foreign corporation if it has an existing tax treaty with the Philippines. A country with a tax treaty may have a reduced preferential tax rate depending on the provisions of the corresponding tax treaties. On the other hand, the tax rate for a country without a tax treaty may be reduced to 15% if (i) the country in which the non-resident foreign corporation is domiciled imposes no tax on foreign-sourced dividends or (ii) if the country of domicile of the non-resident foreign corporation allows a credit equivalent to 15% for taxes deemed to have been paid in the Philippines.

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax. However, if the proportionate interests of the stockholders are changed, dividends received are taxable as ordinary income in the year paid or accrued. The sale, exchange or disposition of shares received as stock dividends by the holder is subject to either the capital gains tax or the stock transaction tax.

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of tax treaty relief.

The Company shall withhold taxes at a reduced rate on dividends to be paid to a non-resident holder, if such non-resident holder provides the company with a duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form before the dividends is paid or credited. Proof of legal domicile or residence for an individual consists of certification from his embassy, consulate, or other equivalent certifications issued by the proper government authority, or any other official document proving residence.

If tax at the regular rate is withheld by the Company instead of the reduced rates applicable under a treaty, the non-resident holder of the Common Shares may file a claim for 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, and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund.

Sale, Exchange, or Disposition of Shares

Capital Gains Tax

Pursuant to the TRAIN, net capital gains realized by an individual taxpayer or domestic corporation other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at and effected outside of the facilities of the local stock exchange, are subject to a final tax at the rate of 15% beginning 1 January 2018. Net capital gains realized by resident and non-resident foreign corporations during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at but effected outside of the facilities of the local stock exchange, are subject to a final tax as follows: 5% on gains not exceeding ₱100,000.00 and 10% on gains over ₱100,000.00.

Gains from such sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain a confirmation of exemption or preferential tax rate under a tax treaty. Such application must be filed before the deadline for the filing of the documentary stamp tax return. An Eligible Shareholder and Institutional Investor should consult its own tax advisor with respect to the applicable rates under the relevant tax treaty.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains, documentary stamp taxes, and other internal revenue taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on Transfer of Shares Listed and Traded at The Philippine Stock Exchange

Beginning 1 January 2018, a sale, barter, exchange or other disposition of shares of stock listed at and effected through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in cash of the shares of stock sold, bartered, exchanged or otherwise disposed, unless an applicable treaty exempts such sale from the said tax. The stock transaction tax is classified as a percentage tax and is paid in lieu of the capital gains tax. In addition, a value added tax of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE, and is generally passed on to the client.

On 7 November 2012, the BIR issued Revenue Regulations No. 16-2012 which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the minimum public ownership ("MPO") requirement (*i.e.*, the rule that requires listed companies to maintain a minimum percentage of listed securities held by the public or "public float" at 10% of such companies' issued and outstanding shares, exclusive of treasury shares, at all times) after 31 December 2012 will be subject to capital gains tax and documentary stamp tax. It also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter. The PSE gave non-compliant companies until 31 December 2012 to comply with the said requirement. Immediately after that grace period, listed companies which fail to maintain, at all times, a minimum percentage of listed securities held by the public at 20% of the listed companies' issued and outstanding shares ("Minimum Public Ownership") shall be subject to a trading suspension for a period of not more than six months. After the lapse of the suspension period, a listed company that remains non-compliant with the MPO shall be automatically be delisted. The sale, barter, transfer and/or assignment of shares of listed companies that fail to meet the Minimum Public Ownership requirement will be subject to capital gains and documentary stamp taxes.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall be subject to capital gains tax and documentary stamp tax.

Documentary Stamp Tax

Beginning 1 January 2018, the original issue of shares is subject to a documentary stamp tax of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares is subject to a documentary stamp tax of ₱1.50 for each ₱200.00, or a fractional part thereof of the par value of the shares transferred. However, the sale, barter or exchange of shares of stock listed and traded through the local stock exchange shall not be subject to documentary stamp tax.

Estate and Gift Taxes

Beginning 1 January 2018, the transfer of shares of stock upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien and regardless of residence, is subject to Philippine tax at the rate of 6% based on the value of the decedent's net estate.

Moreover, beginning 1 January 2018, individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer shares of stock by way of gift or donation are liable to pay Philippine donors' tax on such a transfer of shares at the rate of 6% computed on the basis of the total gifts in excess of ₱250,000.00 made during the calendar year.

Estate and donors' taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the deceased at the time of his death or the donor at the time of his donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (b) 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 that foreign country.

Taxation Outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence such gain is subject to Philippine income tax and capital gains tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes stated above. Sales or other dispositions of shares of stock in a domestic corporation through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, are, however, subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax consideration on non-resident holders of shares of stock under laws other than those of the Philippines.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer shall be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles, for the Underwriters, and ACEIC Legal for the Company. Certain matters relating to the permits and licenses of the Company shall be passed upon by SyCip Salazar Hernandez & Gatmaitan for the Company.

The external legal counsels will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

INDEPENDENT EXTERNAL AUDITOR

The consolidated financial statements of the Company as of and for the years ended 31 December 2019, 2018, and 2017 were audited by SyCip Gorres Velayo & Co. ("SGV & Co."), a member firm of Ernst & Young Global Limited, independent auditors, in accordance with PSA, as stated in their report appearing herein.

Audit services of SGV & Co. for the calendar year ended 31 December 2019 included the examination of the parent and consolidated financial statements of the Company.

In the past five years, no event has occurred where SGV & Co. and the Company had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The Company has complied with SRC Rule 68, paragraph 3(b)(ix) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five consecutive years or more as of 31 December 2002. The engagement partners who conducted the audit for calendar years 2016 to 2017, 2018, and 2019, respectively, are Ms. Marydith C. Miguel, Ms. Belinda T. Beng Hui, and Mr. Benjamin B. Villacorte, all of whom are SEC accredited auditing partners of SGV & Co.

SGV & Co. billed the Company an amount of ₱1.2 million per year for the calendar years 2016 to 2018 and ₱1.26 million for the calendar year 2019 for the audit and audit-related fees which include the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. This is exclusive of VAT and of out-of-pocket expenses incidental to the independent auditors' work.

In relation to the audit of the Company's annual financial statements, the Company's Revised Manual of Corporate Governance provides that the Audit Committee shall, among other activities, be primarily responsible for ensuring that adequate and effective financial reporting, internal control, internal and external audits, and compliance systems are established and maintained.

REGISTERED HEAD OFFICE OF THE COMPANY
AC Energy Corporation
4th Floor, 6750 Office Tower, Ayala Avenue,
Makati City, 1226 Philippines

JOINT LEAD UNDERWRITERS

BPI Capital Corporation
11/F Tower One, Ayala North Exchange
6796 Ayala Avenue corner Salcedo Street
Legaspi Village, Makati City 1229

China Bank Capital Corporation
28/F BDO Equitable Tower
8751 Paseo de Roxas,
Makati City 1226

LEGAL ADVISORS
To the Company

AC Energy Group Legal
4th Floor, 6750 Office Tower, Ayala Avenue,
Makati City, 1226 Philippines

To the Joint Lead Underwriters

Romulo Mabanta Buenaventura Sayoc & de los Angeles
21/F, Philamlife Tower
8767 Paseo de Roxas
Makati City
Philippines

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

FINANCIAL INFORMATION

The following pages set forth the Company's audited consolidated financial statements as at 31 December 2019, 2018, and 2017, the Company's pro forma condensed consolidated financial statements as at and for the nine-month period ended 30 September 2020 and for the year ended 31 December 2019, and the Company's unaudited condensed consolidated financial statements as at 30 September 2020 and for each of the nine months in the periods ended 30 September 2020 and 2019.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

AC ENERGY PHILIPPINES, INC. (Formerly PHINMA Energy Corporation) AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7-730-6300	–
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
3,192	April 11	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mariejo P. Bautista	bautista.mp@acenergy.com.ph	7-730-6300	–

CONTACT PERSON's ADDRESS

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines 1200

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

AC Energy
PHILIPPINES

4F 6750 Office Tower, Ayala Avenue
Makati City 1226 Philippines
Tel + 632 7730 6300
www.acenergy.ph

SECURITIES & EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **AC Energy Philippines, Inc. and Subsidiaries**, formerly PHINMA Energy Corporation, (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019 and December 31, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

AC Energy
PHILIPPINES

4F 6750 Office Tower, Ayala Avenue
Makati City 1226 Philippines
Tel + 632 7730 6300
www.acenergy.ph

FERNANDO M. ZOBEL DE AYALA
Chairman of the Board

JOHN ERIC T. FRANCIA
President and
Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer and
Chief Financial Officer

Signed this 25th day of March 2020

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PHILIPPINES

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(Page 3 of Statement of Management's
Responsibility for Consolidated Financial Statements)

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this JUN 0 9 2020 affiant(s) exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Fernando M. Zobel De Ayala	P0349883B	01-22-19	DFA-Manila
John Eric T. Francia	P3923362B	11-21-19	DFA-Manila
Maria Corazon G. Dizon	P6253635A	03-02-18	DFA-NCR-East

JORDAN MAE T. CHUA
NOTARY PUBLIC
ROLL NO. 63561
MAKATI CITY, PHILIPPINES

JORDAN MAE T. CHUA
Notary Public for the City of Makati
Appointment No. M-67 until December 31, 2020
Attorney's Roll No. 63561/08 May 2014
PTR No. MKT 8127535/Makati City/07 January [illegible]
IBP Lifetime No. 012851
MCLE Compliance No. VI - 0015697 valid until 14 April [illegible]
[illegible] 6750 Office Tower
[illegible] Makati City

Doc. No. 225
Page No. 46
Book No. IX
Series of 2020

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
AC Energy Philippines, Inc.
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

Opinion

We have audited the consolidated financial statements of AC Energy Philippines, Inc. and its Subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2019, the Group's goodwill that is attributable to the acquisition of One Subic Power Generation Corporation in 2014 amounted to ₱234.15 million, which is significant to our audit of the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions, specifically forecasted revenue growth rates and gross margins, prices in the energy spot market, fuel prices and discount rate.

The Group's disclosures about goodwill are included in Notes 4 and 15 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rates and gross margins, prices in the energy spot market, fuel prices and discount rates. We compared the key assumptions used, such as forecasted revenue growth rate against the historical performance of the CGU and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment testing is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Provisions and Contingencies

The Group is involved in legal proceedings and assessments for local and national taxes. This matter is significant to our audit because the estimation of the potential liability resulting from these tax assessments requires significant judgments by management. The inherent uncertainty over the outcome of these tax matters is brought about by the differences in the interpretation and application of laws and tax rulings.

The Group's disclosures about provisions and contingencies are included in Note 41 to the consolidated financial statements.

Audit Response

We involved our internal specialist in the evaluation of management's assessment on whether or not any provision for tax contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the tax assessments and obtained the Group's correspondences with the relevant tax authorities and opinions of the external tax counsel. We evaluated the tax position of the Group by considering the relevant tax laws, rulings and jurisprudence.

Accounting for the Adoption of PFRS 16

Effective January 1, 2019, the Group adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the recorded amounts are material to the consolidated financial statements, and the adoption involved application of significant judgments and estimation in determining the lease term and the incremental borrowing rate. This resulted in the recognition of right-of-use assets and lease liabilities amounting to ₱548.45 million and ₱572.30 million, respectively, and a charge to retained earnings of ₱90.72 million as at January 1, 2019, and the recognition of depreciation expense and interest expense of ₱65.62 million and ₱56.56 million, respectively, for the year ended December 31, 2019.

The disclosures related to the adoption of PFRS 16 are included in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients.

We inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

For selected lease contracts with renewal and/or termination options, we reviewed management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Benjamin N. Villacorte.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
SEC Accreditation No. 1539-AR-1 (Group A),
March 26, 2019, valid until March 25, 2022
Tax Identification No. 242-917-987
BIR Accreditation No. 08-001998-120-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8125320, January 7, 2020, Makati City

March 25, 2020

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 36)	**₱8,581,663**	₱1,022,366
Short-term investments (Note 36)	**100,000**	35,326
Financial assets at fair value through profit or loss (FVTPL; Notes 6, 36 and 37)	**–**	743,739
Receivables (Notes 7, 31 and 36)	**2,728,419**	2,627,291
Fuel and spare parts (Note 8)	**855,275**	413,673
Current portion of:		
Input VAT	**148,318**	26,332
Creditable withholding taxes	**123,700**	79,443
Other current assets (Notes 9 and 36)	**139,915**	182,766
	12,677,290	5,130,936
Assets held for sale (Note 10)	**3,546**	34,328
Total Current Assets	**12,680,836**	5,165,264
Noncurrent Assets		
Property, plant and equipment (Note 11)	**21,564,260**	5,760,963
Investments in associates and joint ventures (Note 12)	**723,165**	4,322,684
Financial assets at:		
Fair value through other comprehensive income (FVOCI; Notes 13, 36 and 37)	**1,251**	257,995
FVTPL (Notes 6, 36 and 37)	**–**	5,452
Investment properties (Note 14)	**13,085**	13,085
Goodwill and other intangible assets (Note 15)	**280,193**	320,219
Right-of-use assets (Note 16)	**524,936**	–
Deferred income tax assets - net (Note 29)	**612,546**	261,346
Net of current portion:		
Input VAT (Note 41)	**335,759**	335,759
Creditable withholding taxes	**860,026**	704,726
Other noncurrent assets (Notes 17 and 36)	**2,124,748**	1,777,202
Total Noncurrent Assets	**27,039,969**	13,759,431
TOTAL ASSETS	**₱39,720,805**	₱18,924,695

(Forward)

	December 31	
	2019	2018
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 18, 30, 31 and 36)	**₱3,787,713**	₱2,269,398
Current portion of lease liability (Note 20)	**33,542**	–
Income and withholding taxes payable	**41,208**	11,762
Due to stockholders (Notes 22, 31 and 36)	**16,594**	16,651
Current portion of long-term loans (Notes 19, 36 and 37)	**593,847**	265,460
Short-term loan (Note 19)	**–**	400,000
Total Current Liabilities	**4,472,904**	2,963,271
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 19, 36 and 37)	**20,192,081**	6,071,473
Lease liability - net of current portion (Note 20)	**526,029**	–
Pension and other employee benefits liabilities (Note 30)	**60,503**	40,246
Deferred income tax liabilities - net (Note 29)	**187,624**	95,180
Other noncurrent liabilities (Note 21)	**3,176,846**	1,383,077
Total Noncurrent Liabilities	**24,143,083**	7,589,976
Total Liabilities	**28,615,987**	10,553,247
Equity		
Capital stock (Note 22)	**7,521,775**	4,889,775
Additional paid-in capital	**83,768**	83,768
Other equity reserves (Note 22)	**(2,342,103)**	18,338
Unrealized fair value gains (losses) on equity instruments at FVOCI (Note 13)	**(8,129)**	59,772
Unrealized fair value losses on derivative instrument designated under hedge accounting (Note 36)	**(14,742)**	–
Remeasurement gains (losses) on defined benefit plan (Note 30)	**(7,034)**	536
Accumulated share in other comprehensive loss of a joint venture and associates (Note 12)	**(2,107)**	(2,193)
Retained earnings (Note 22)	**2,922,514**	3,303,708
Treasury shares (Note 22)	**(27,704)**	(27,706)
Total equity attributable to equity holders of the Parent Company	**8,126,238**	8,325,998
Non-controlling interests (Note 34)	**2,978,580**	45,450
Total Equity	**11,104,818**	8,371,448
TOTAL LIABILITIES AND EQUITY	**₱39,720,805**	₱18,924,695

See accompanying Notes to Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Revenue from sale of electricity (Notes 23 and 35)	**₱15,297,719**	₱15,113,601	₱17,011,044
Dividend income (Note 13)	**7,585**	9,117	8,483
Rental income	**1,359**	674	706
	15,306,663	15,123,392	17,020,233
COSTS AND EXPENSES			
Cost of sale of electricity (Notes 24, 26 and 27)	**15,014,799**	15,109,491	16,929,239
General and administrative expenses (Notes 25, 26 and 27)	**667,215**	654,517	664,550
	15,682,014	15,764,008	17,593,789
INTEREST AND OTHER FINANCE CHARGES (Note 28)	**(881,963)**	(433,649)	(513,566)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 12)	**(24,461)**	532,460	1,024,995
OTHER INCOME - Net (Note 28)	**716,053**	120,252	105,617
INCOME (LOSS) BEFORE INCOME TAX	**(565,722)**	(421,553)	43,490
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	**68,673**	20,699	72,722
Deferred	**(217,492)**	150,904	(376,400)
	(148,819)	171,603	(303,678)
NET INCOME (LOSS)	**(₱416,903)**	(₱593,156)	₱347,168
Net Income (Loss) Attributable To:			
Equity holders of the Parent Company (Note 32)	**(₱331,011)**	(₱560,496)	₱353,764
Non-controlling interests (Note 34)	**(85,892)**	(32,660)	(6,596)
	(₱416,903)	(₱593,156)	₱347,168
Basic/Diluted Earnings (Loss) Per Share (Note 32)	**(₱0.05)**	(₱0.11)	₱0.07

See accompanying Notes to Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
NET INCOME (LOSS)	**(₱416,903)**	(₱593,156)	₱347,168
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Net changes in the fair market value of AFS investments	**–**	–	(23,049)
Income tax effect	**–**	–	(393)
	–	–	(23,442)
Other comprehensive income (loss) not to be reclassified directly to profit or loss in subsequent periods			
Net changes in the fair market value of equity instruments at FVOCI	**(29,619)**	1,475	–
Unrealized fair value losses on derivative instrument designated under hedge accounting (Note 36)	**(21,060)**	–	–
Remeasurement gains (losses) on defined benefit plan (Note 30)	**(10,814)**	5,237	7,760
Income tax effect	**11,812**	(940)	(2,328)
	(49,681)	5,772	5,432
Share in other comprehensive income (loss) of a joint venture and an associate - net of deferred income tax (Note 12)	**86**	1,220	(3,136)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**(49,595)**	6,992	(21,146)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱466,498)**	(₱586,164)	₱326,022
Total Comprehensive Income (Loss) Attributable To:			
Equity holders of the Parent Company	**(₱380,606)**	(₱553,504)	₱332,618
Non-controlling interests (Note 34)	**(85,892)**	(32,660)	(6,596)
	(₱466,498)	(₱586,164)	₱326,022

See accompanying Notes to Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)	Additional Paid-in Capital	Other Equity Reserves (Note 22)	Unrealized Fair Value Gains (Losses) on Equity Instruments at FVOCI (Note 13)	Unrealized Fair Value Losses on derivative instrument designated under hedge accounting (Note 36)	Remeasurement Gains (Losses) on Defined Benefit Plan (Note 30)	Accumulated Share in Other Comprehensive Gains (Losses) of a Joint Venture (Note 12)	Retained Earnings (Note 22)	Treasury Shares (Note 22)	Total	Non-controlling Interests (Note 34)	Total Equity
BALANCES AT JANUARY 1, 2019, AS PREVIOUSLY REPORTED	**₱4,889,775**	**₱83,768**	**₱18,338**	**₱59,772**	**₱–**	**₱536**	**(₱2,193)**	**₱3,303,708**	**(₱27,706)**	**₱8,325,998**	**₱45,450**	**₱8,371,448**
Effect of initial application of PFRS 16 (Note 3)	–	–	–	–	–	–	–	**(90,715)**	–	**(90,715)**	–	**(90,715)**
BALANCES AT JANUARY 1, 2019, AS ADJUSTED	4,889,775	83,768	18,338	59,772	–	536	(2,193)	3,212,993	(27,706)	8,235,283	45,450	8,280,733
Net loss	–	–	–	–	–	–	–	(331,011)	–	(331,011)	(85,892)	(416,903)
Other comprehensive income	–	–	–	(27,369)	(14,742)	(7,570)	86	–	–	(49,595)	–	(49,595)
Total comprehensive income (loss)	–	–	–	(27,369)	(14,742)	(7,570)	86	(331,011)	–	(380,606)	(85,892)	(466,498)
Disposal of financial assets at FVOCI (Note 13)	–	–	–	(40,532)	–	–	–	40,532	–	–	–	–
Issuance of shares of stock (Note 22)	2,632,000	–	–	–	–	–	–	–	2	2,632,002	–	2,632,002
Purchase of shares of stock (Notes 1 and 22)	–	–	(130,854)	–	–	–	–	–	–	(130,854)	(22,782)	(153,636)
Acquisition of a subsidiary under common control (Notes 1, 22 and 33)	–	–	(2,229,587)	–	–	–	–	–	–	(2,229,587)	3,041,804	812,217
	2,632,000	–	(2,360,441)	(40,532)	–	–	–	40,532	2	271,561	3,019,022	3,290,583
BALANCES AT DECEMBER 31, 2019	**₱7,521,775**	**₱83,768**	**(₱2,342,103)**	**(₱8,129)**	**(₱14,742)**	**(₱7,034)**	**(₱2,107)**	**₱2,922,514**	**(₱27,704)**	**₱8,126,238**	**₱2,978,580**	**₱11,104,818**

(Forward)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)	Additional Paid-in Capital	Other Equity Reserves (Note 22)	Unrealized Fair Value Gains (Losses) on Equity Instruments at FVOCI (Note 13)	Unrealized Fair Value Gains on AFS Investments (Note 13)	Remeasurement Losses on Defined Benefit Plan (Note 30)	Accumulated Share in Other Comprehensive Loss of a Joint Venture (Note 12)	Retained Earnings (Note 22)	Treasury Shares (Note 22)	Total	Non-controlling Interests (Note 34)	Total Equity
BALANCES AT JANUARY 1, 2018, AS PREVIOUSLY REPORTED	₱4,889,775	₱83,768	₱18,338	₱–	₱85,924	(₱3,130)	(₱3,413)	₱4,018,980	(₱28,793)	₱9,061,449	₱78,110	₱9,139,559
Effect of initial application of PFRS 9 (Notes 3 and 13)	–	–	–	99,513	(85,924)	–	–	(9,614)	–	3,975	–	3,975
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	4,889,775	83,768	18,338	99,513	–	(3,130)	(3,413)	4,009,366	(28,793)	9,065,424	78,110	9,143,534
Net loss	–	–	–	–	–	–	–	(560,496)	–	(560,496)	(32,660)	(593,156)
Other comprehensive income	–	–	–	2,106	–	3,666	1,220	–	–	6,992	–	6,992
Total comprehensive income (loss)	–	–	–	2,106	–	3,666	1,220	(560,496)	–	(553,504)	(32,660)	(586,164)
Sale of equity investments at FVOCI (Note 13)	–	–	–	(41,847)	–	–	–	49,436	–	7,589	–	7,589
Dividends declared (Note 22)	–	–	–	–	–	–	–	(194,598)	–	(194,598)	–	(194,598)
Disposal of treasury shares (Note 22)	–	–	–	–	–	–	–	–	1,087	1,087	–	1,087
	–	–	–	(41,847)	–	–	–	(145,162)	1,087	(185,922)	–	(185,922)
BALANCES AT DECEMBER 31, 2018	₱4,889,775	₱83,768	₱18,338	₱59,772	₱–	₱536	(₱2,193)	₱3,303,708	(₱27,706)	₱8,325,998	₱45,450	₱8,371,448
BALANCES AT DECEMBER 31, 2016	₱4,885,898	₱81,209	₱18,338	₱–	₱109,366	(₱8,562)	(₱277)	₱3,859,659	(₱28,793)	₱8,916,838	₱84,706	₱9,001,544
Net income	–	–	–	–	–	–	–	353,764	–	353,764	(6,596)	347,168
Other comprehensive income (loss)	–	–	–	–	(23,442)	5,432	(3,136)	–	–	(21,146)	–	(21,146)
Total comprehensive income (loss)	–	–	–	–	(23,442)	5,432	(3,136)	353,764	–	332,618	(6,596)	326,022
Dividends declared (Note 22)	–	–	–	–	–	–	–	(194,443)	–	(194,443)	–	(194,443)
Issuance of stocks - stock options	3,877	2,559	–	–	–	–	–	–	–	6,436	–	6,436
	3,877	2,559	–	–	–	–	–	(194,443)	–	(188,007)	–	(188,007)
BALANCES AT DECEMBER 31, 2017	₱4,889,775	₱83,768	₱18,338	₱–	₱85,924	(₱3,130)	(₱3,413)	₱4,018,980	(₱28,793)	₱9,061,449	₱78,110	₱9,139,559

See accompanying Notes to Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (losses) before income tax	**(₱565,722)**	(₱421,553)	₱43,490
Adjustments for:			
Depreciation and amortization (Note 27)	**892,466**	405,835	399,384
Interest and other finance charges (Note 28)	**881,963**	433,649	513,566
Interest and other financial income (Note 28)	**(107,602)**	(96,851)	(87,185)
Movement of pension and other employee benefits (Note 30)	**25,220**	9,373	3,327
Equity in net loss (earnings) of associates and joint ventures (Notes 12 and 38)	**24,461**	(532,460)	(1,024,995)
Provisions for (reversals of):			
Probable losses on deferred exploration costs (Note 15)	**34,493**	48,263	4,892
Inventory obsolescence (Note 8)	**5,554**	159	–
Credit losses (Note 7)	**1,162**	14,548	4,542
Unrecoverable input VAT	**–**	43,712	–
Plug-in and abandonment	**–**	38,776	11,384
Property, plant and equipment impairment (Note 11)	**–**	2,066	–
Accrued liabilities	**–**	–	(2,236)
Loss (gain) on derivatives - net (Notes 28 and 37)	**(6,851)**	15,056	(9,399)
Dividend income (Notes 13 and 31)	**(7,585)**	(9,117)	(8,483)
Foreign exchange loss (gain) - net	**(12,900)**	(3,471)	6,851
Loss (gain) on sale of:			
Property, plant and equipment (Note 28)	**(294,100)**	(254)	–
Asset held for sale (Note 10)	**(14,289)**	–	–
Investments (Note 28)	**(1,375)**	(5,834)	17
Inventories	**461**	–	–
Changes in fair value of long-term receivable	**–**	–	165
Operating income (loss) before working capital changes	**855,355**	(58,103)	(144,680)
Decrease (increase) in:			
Receivables	**203,437**	(121,909)	(17,365)
Fuel and spare parts	**(194,059)**	(92,307)	(90,379)
Other current assets	**477,891**	(487,086)	(104,787)
Decrease in accounts payable and other current liabilities	**(1,214,897)**	(223,804)	(318,681)
Cash generated from (used in) operations	**127,727**	(983,209)	(675,892)
Income and withholding taxes paid	**(210,905)**	(20,699)	(63,011)
Net cash used in operating activities	**(83,178)**	(1,003,908)	(738,903)

(Forward)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale and redemption of financial assets at FVTPL/investments held for trading	**₱779,853**	₱16,505,872	₱23,219,212
Sale of property, plant and equipment (Note 11)	**337,336**	261	511
Sale of financial assets at FVOCI	**255,772**	53,328	–
Insurance claim (Note 11)	**222,789**	90,146	–
Sale of investment in a joint venture (Note 12)	**218,348**	–	–
Sale of asset held for sale	**45,071**	–	–
Termination of short-term investments	**35,326**	478,932	2,498
Sale of available-for-sale investments	**–**	–	92
Interest received	**61,826**	33,471	33,723
Cash dividends received (Notes 12 and 13)	**32,585**	514,030	1,090,225
Additions to:			
Investments in subsidiaries (Note 33)	**1,471,534**	–	–
Deferred exploration costs (Note 15)	**(19,426)**	(4,526)	(10,209)
Short-term investment (Note 36)	**(100,000)**	(35,326)	(485,653)
Property, plant and equipment (Note 11)	**(418,514)**	(119,680)	(125,138)
Financial assets at FVTPL/ Investments held for trading	**–**	(15,741,377)	(21,604,487)
Investment in a joint venture (Note 12)	–	(236,315)	(18,073)
Available-for-sale investments	**–**	–	(7,215)
Advances to associates (Note 12)	**–**	–	(80,250)
Decrease (increase) in other noncurrent assets	**(308,180)**	118,346	(1,399)
Net cash from investing activities	**2,614,320**	1,657,162	2,013,837
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of long-term loans (Note 19)	**5,000,000**	930,000	2,350,000
Issuance of capital stock (Note 22)	**2,632,000**	–	6,436
Sale of treasury (Note 22)	**3**	1,415	–
Availment of short-term debt	**–**	400,000	–
Sale of investment (Note 12)	**–**	225,000	–
Payments of:			
Long-term loans (Note 19)	**(1,338,971)**	(1,445,235)	(2,520,651)
Interest on loans and lease liabilities	**(791,630)**	(406,779)	(443,216)
Short-term loans	**(400,000)**	–	–
Debt issuance costs (Note 19)	**(43,003)**	(6,975)	(11,750)
Principal portion of lease liabilities	**(36,247)**	–	–
Cash dividends	**–**	(193,247)	(270,347)
Finance leases	**–**	(8,153)	(7,331)
Increase (decrease) in other noncurrent liabilities	**7,829**	(431,384)	527,115
Net cash from (used in) financing activities	**5,029,981**	(935,358)	(369,744)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,826)**	3,471	227
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,559,297**	(278,633)	905,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)	**1,022,366**	1,300,999	395,582
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 5 and 36)	**₱8,581,663**	₱1,022,366	₱1,300,999

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information and Status of Operations

AC Energy Philippines, Inc., formerly PHINMA Energy Corporation ("ACEPH" or "the Parent Company"), incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission ("SEC"), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier ("RES"). As a RES, the Parent Company can supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act. Other activities of the Parent Company include investing in various operating companies and financial instruments.

On February 7, 2019, Philippine Investment Management (PHINMA), Inc., PHINMA Corporation and AC Energy, Inc. ("AC Energy") signed an investment agreement for AC Energy's acquisition of PHINMA, Inc.'s and PHINMA Corporation's combined 51.476% stake in ACEPH via a secondary share sale through the Philippine Stock Exchange ("PSE").

On April 15, 2019, the Philippine Competition Commission ("PCC") approved the sale of the combined stake of PHINMA, Inc. and PHINMA Corporation in ACEPH to AC Energy. AC Energy tendered an offer to other shareholders on May 20, 2019 to June 19, 2019, with a total of 156,476 public shares of ACEPH tendered during the tender offer period.

On June 24, 2019, the PSE confirmed the special block sale of ACEPH shares to AC Energy. On the same day, AC Energy subscribed to 2.632 billion shares of ACEPH. As of December 31, 2019, AC Energy directly owns 66.34% of the Parent Company's total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEPH is AC Energy, a wholly owned subsidiary of Ayala Corporation (AC), a publicly-listed company which is 47.33% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. ACEPH is managed by AC Energy under an existing management agreement, which was assigned by PHINMA, Inc. to AC Energy on June 24, 2019. ACEPH, AC Energy, AC and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEPH and its subsidiaries below are collectively referred to as "the Group".

On July 23, 2019, the Board of Directors ("BOD") of ACEPH approved the following amendments to the ACEPH's articles of incorporation:
i) Change of the corporate name to AC Energy Philippines, Inc.;
ii) Change of the principal office of the Parent Company to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City;
iii) Increase in authorized capital stock by 16 billion shares or from 8,400,000,000 common shares to 24,400,000,000 common shares. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets.

On September 5, 2019, the BOD approved the amendment to the articles to include a provision exempting from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment for previously contracted debt.

The amendments were approved by the stockholders at the Annual Stockholders' Meeting on September 17, 2019.

The SEC issued the Certificate of Filing of Amended Articles of Incorporation of the Parent Company on October 11, 2019 approving the change of corporate name and principal office. Approval of the increase in authorized capital stock is pending as of March 25,2020.

On November 22, 2019, ACEPH filed with the SEC its application to increase its capital stock from ₱8,400.00 million to ₱24,400.00 million.

On October 9, 2019, the BOD approved, among others, the following matters:
i) The swap between the Parent Company and AC Energy and the issuance of shares of stock in the Parent Company in favor of AC Energy in exchange for the latter's shares of stock in its various Philippine subsidiaries and affiliates;
ii) The undertaking of a stock rights offering, subject to applicable regulatory approvals and
iii) The transfer to the Parent Company of AC Energy's right to purchase the 20% ownership stake of Axia Power Holdings Philippines, Corporation (Axia) in South Luzon Thermal Energy Corporation ("SLTEC").

On October 9, 2019 ACEPH and AC Energy executed a Deed of Assignment where AC Energy assigned to ACEPH shares of stock in various AC Energy subsidiaries and affiliates in exchange for ACEPH shares. The Deed of Assignment was amended on November 13, 2019 to reflect the correct number of common shares of AC Energy in SLTEC, ACTA Power Corporation and Manapla Sun Power Development Corp.

On November 5, 2019, the Parent Company signed a deed of assignment with AC Energy to transfer AC Energy's rights to purchase 20% ownership stake of Axia Power Holdings Philippines Corporation ("APHPC") in SLTEC, which owns and operates the 2x135 MW Circulating Fluidized Bed power plant (the "SLTEC Power Plant") in Calaca, Batangas.

On November 11, 2019, the BOD approved, among others, the following matters:

i) Ratification of the Executive Committee's approval of the Parent Company's acquisition of PINAI's ownership interest in PhilWind;
ii) Purchase of up to 100% percent of PINAI fund's ownership interest in San Carlos Solar Energy, Inc. (SACASOL), which owns and operates a 45 MW solar farm in San Carlos City, Negros Occidental;
iii) Purchase of up to 100% percent of PINAI fund's ownership interest in Negros Island Solar Power, Inc. ("ISLASOL"), which owns and operates the 80 MW solar farms in Negros Occidental;
iv) Additional short-term credit lines of up to ₱8 billion
v) Investment into, and construction of, a 60 MW solar power plant in Palauig, Zambales through ACE Endevor, Inc.'s ("ACE Endevor" or formerly AC Energy Development, Inc.), wholly owned project company, Gigasol3, Inc..

On January 28, 2020, the PCC ruled that the PINAI sale of PhilWind shares "will not likely result in substantial lessening of competition" and resolved "to take no further action with respect to the Transaction..." The Parent Company will purchase all shares of PINAI in PhilWind and following the PINAI transaction, the Parent Company will directly and indirectly own 67% of NLREC.

The Subsidiaries

PHINMA Power Generation Corporation ("PHINMA Power")
PHINMA Power, formerly Trans-Asia Power Generation Corporation, was incorporated and registered with the SEC on March 18, 1996. PHINMA Power is engaged in power generation. In October 2006, the Philippine Electricity Market Corporation ("PEMC") approved PHINMA Power's application for registration as trading participant for both generation and customer categories in the WESM. As WESM members, both the Parent Company and PHINMA Power are allowed to buy and sell electricity in the WESM. Effective December 26, 2013, PHINMA Power entered into a Power Administration and Management Agreement ("PAMA") valid for ten (10) years with the Parent Company for the administration and management by the Parent Company of the entire capacity and net output of PHINMA Power. In addition to capacity fee, the Parent Company pays PHINMA Power's transmission and fuel costs. On January 12, 2018, PHINMA Power and the Parent Company amended the PAMA to increase the capacity rate based on nominated capacity and include fuel recovery and utilization fees effective on March 26, 2018.

On July 23, 2019, the BOD and the stockholders approved the change of the corporate name to "Bulacan Power Generation Corporation." The amendment is pending SEC approval. The registered office address of PHINMA Power is Level 11 PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

One Subic Power Generation Corporation ("One Subic Power")
One Subic Power was incorporated and registered with the SEC on August 4, 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. On November 18, 2010, the Parent Company and One Subic Power entered into a PAMA wherein the Parent Company administers and manages the entire generation output of the 116 MW diesel power plant in Subic, Olongapo City. The PAMA became effective on February 17, 2011 and shall be valid throughout the term of the lease agreement with Subic Bay Metropolitan Authority ("SBMA"). On May 12, 2014, PHINMA Power purchased from Udenna Energy Corporation ("UDEC") the entire outstanding shares of stock of One Subic Power. Prior to the acquisition, One Subic Power was a wholly-owned subsidiary of UDEC, a company incorporated and domiciled in the Philippines.

On January 23, 2017, One Subic Power's BOD approved the amendment of the Articles of Incorporation to change the primary purpose to include exploration, discovery, development, processing and disposal of any and all kind of petroleum products. The amended Articles of Incorporation were approved by the SEC on June 19, 2017. The registered office address of One Subic Power is Causeway Extension, Subic Gateway District, Subic Bay, Freeport Zone.

CIP II Power Corporation ("CIPP")
CIPP was incorporated and registered with the SEC on June 2, 1998. CIPP is a utilities enterprise, the primary purpose of which was to develop and operate a power supply and distribution system at Carmelray Industrial Park II Special Economic Zone in Calamba, Laguna. In April 2009, CIPP sold its distribution assets resulting in the cessation of CIPP's operations and separation of substantially all of its employees effective January 31, 2010. On February 22, 2010 and March 24, 2010, the Parent Company's BOD and stockholders, respectively, approved the proposed merger of the Parent Company and CIPP subject to the approval by the SEC. In December 2010, CIPP's BOD approved the transfer of its 21 MW bunker C-fired power plant from Laguna to Barangay Quirino, Bacnotan, La Union which was completed in 2012. In 2013, CIPP and the Parent Company entered into a PAMA valid for ten (10) years for the latter's administration and management of the entire capacity and net output of CIPP. On January 12, 2018, CIPP and the Parent Company amended the PAMA, to include fuel recovery and utilization fees effective on March 26, 2018 and valid for ten (10) years.

As at March 25, 2020, the Parent Company and CIPP have not filed their application for merger with the SEC and have deferred their plan for merger. The registered office address of CIPP is Barangay Quirino, Bacnotan, La Union.

PHINMA Renewable Energy Corporation ("PHINMA Renewable")
PHINMA Renewable, formerly Trans-Asia Renewable Energy Corporation, was incorporated and registered with the SEC on September 2, 1994. It was established with the primary purpose of developing and utilizing renewable energy and pursuing clean and energy-efficient projects. On May 20, 2013, the Department of Energy (DOE) confirmed the Declaration of Commerciality of PHINMA Renewable's 54 MW San Lorenzo Wind power project ("SLWP") in Guimaras. On October 7, 2014, the SLWP started delivering power to the grid and on February 16, 2015, PHINMA Renewable received from the DOE the confirmation of start of Commercial Operations declared on December 27, 2014. On December 1, 2015, PHINMA Renewable received its Certificate of Compliance from the Energy Regulatory Commission ("ERC"). On December 8, 2015, PHINMA Renewable's BOD approved to increase its authorized capital stock from ₱2,000.00 million divided into 2 billion shares with par value of ₱1.00 per share to ₱5,000.00 million composed of ₱2,000.00 million common shares with par value of ₱1.00 per share and ₱3,000.00 million preferredshares with a par value of ₱1.00 per share. The increase in authorized capital stock was approved by the SEC on March 31, 2017. The registered office address of PHINMA Renewable is Barangay Suclaran, Municipality of San Lorenzo, Province of Guimaras.

On December 26, 2019, the BOD and the stockholders approved the change of the corporate name to "Guimaras Wind Corporation" The amendment is pending SEC approval.

One Subic Oil Distribution Corporation (One Subic Oil)
One Subic Oil, formerly Trans-Asia Gold and Minerals Development Corporation, was incorporated and registered with the SEC on July 2, 2007 to primarily engage in the business of mining and mineral exploration within the Philippines and other countries. On February 16, 2009, the BOD approved the suspension of exploration activities of One Subic Oil effective March 31, 2009. On August 9, 2017, One Subic Oil's BOD approved the amendment of the Articles of Incorporation to change the corporate name to One Subic Oil Distribution Corporation, to change its primary purpose to importation, storage, transportation, distribution and disposal of any and all kinds of fuel and petroleum products, and to change the principal office of the corporation to Causeway Extension, Subic Gateway District, Subic Bay Freeport Zone, Subic. The amended Articles of Incorporation were issued by the SEC on September 20, 2017. As at March 25, 2020, One Subic Oil has not started commercial operations for its petroleum distribution business.

ACE Enexor, Inc. ("ACEX")
ACEX, formerly PHINMA Petroleum and Geothermal, Inc., was incorporated and registered with the SEC on September 28, 1994. ACEX is engaged in oil exploration and well development. On November 28, 2012, the SEC approved the increase in authorized capital stock of ACEX from ₱40.00 million divided into 4 billion shares with a par value of ₱0.01 per share to ₱1.00 billion divided into 100 billion shares with a par value of ₱0.01 per share. It also approved the change in its primary purpose from power generation to oil and gas exploration and production.

On April 22, 2013, ACEX's BOD and stockholders voted to increase the par value of capital stock from ₱0.01 to ₱1.00 per share, which reduced the number of authorized capital stock from 100 billion to 1 billion and the issued and outstanding shares from 25 billion to 250 million. The increase in par value per share was approved by the SEC on June 3, 2013.

ACEX listed its shares with the PSE by way of introduction on August 28, 2014. On April 10, 2017, ACEX's BOD approved the amendment of its Articles of Incorporation to include on its primary and secondary purposes the exploration and development of geothermal resources. The amended Articles of Incorporation were issued by the SEC on May 31, 2017.

On June 24, 2019, ACEPH purchased PHINMA Inc.'s and PHINMA Corporation's combined stake in ACEX representing 25.28% ownership. This increased the Parent Company's effective ownership in ACEX from 50.74% to 75.92%.

As at March 25, 2020, ACEX has not started commercial operations. The registered office address of ACEX is at 4th Floor, 6750 Office Tower, Ayala Ave., Makati City.

Palawan55 Exploration & Production Corporation ("Palawan55")
Palawan55 was incorporated and registered with the SEC on November 16, 2012. Palawan55 is engaged in the development and utilization of crude oil, natural gas, natural gas liquids and other forms of petroleum. As at March 25, 2020, Palawan55 has not started its commercial operations. The registered office address of Palawan55 is Level 11 PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

South Luzon Thermal Energy Corporation ("SLTEC")
On June 29, 2011, the Parent Company entered into a 50-50 joint venture agreement with AC Energy to form SLTEC. SLTEC was incorporated on July 29, 2011, and is engaged in the operation and maintenance of the SLTEC Power Plant. Unit 1 of the Power Plant commenced commercial operations on April 24, 2015 while Unit 2 started commercial operation on February 21, 2016. On December 20, 2016, the Parent Company and AC Energy sold 5% and 15% respectively of their interest in SLTEC to Axia Power Holdings Philippines Corporation (Axia), giving Axia a 20% ownership stake in SLTEC. The registered office address of SLTEC is KM. 117 National Road, Phoenix Industrial Park Phase II Puting Bato West, Calaca, Batangas.

On July 10, 2019 , AC Energy and Axia Power Holdings Philippines Corp. (Axia) signed a share purchase agreement where AC Energy has the right to purchase Axia's 20% interest in SLTEC. AC Energy paid the downpayment and has gained control over SLTEC over said date. As of July 10, 2019, both SLTEC and ACEPH are under the common control of AC Energy.

On November 5, 2019, the Parent Company signed a deed of assignment with AC Energy whereby AC Energy transferred its right to purchase APHPI's 20% ownership stake to the Parent Company. As a result of the assignment of right, the Parent Company exercised its right and purchased Axia's 20% interest in SLTEC for a total consideration of ₱3.40 billion. The Parent Company has gained control over SLTEC as a result of the business combination involving entities under common control. The Parent Company has consolidated SLTEC starting July 10,2019, the date when SLTEC and the Parent Company started being under the common control of AC Energy. The ownership structure of SLTEC as of December 31,2019 is as follows: 65% ACEPH and 35% AC Energy.

Buendia Christiana Holdings Corp. ("BCHC")
On December 12, 2019, the Parent Company entered into a subscription agreement with BCHC to subscribe to the increase of BCHC's authorized capital stock, as follows: i) 325,000,000 common shares with a par value of ₱0.10 per share, or for a total subscription price of ₱32.50 million; and ii) 2,925,000 redeemable preferred shares B with a par value of ₱100.00 per share, or for a total subscription price of ₱292.50 million. BCHC was incorporated and registered with the SEC on May 10, 2019. BCHC is engaged in the activities of a holding company and non-operating as of date. BCHC has an existing land located in the province of Zambales amounting to ₱273.50 million The registered office address of BCHC is Room 412 Executive Building Center, Makati Avenue cor. Gil Puyat Avenue, Bel-air, Makati City.

ACE Shared Services, Inc. ("ACES")
On November 18, 2019, the Parent Company subscribed to 250,000 shares in ACES with a par value of ₱1.00 per share, or for a total subscription price of ₱0.25 million. ACES was incorporated and registered with the SEC on December 5, 2019. ACES is engaged in providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services (without engaging in the practice of accountancy), information technology services, procurement services, sales administration services, human resources management, manpower related services and other related functions. The registered office address of ACES is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

Material Interest in Joint Ventures
PHINMA Solar Energy Corporation (PHINMA Solar)
PHINMA Solar, formerly Trans-Asia Wind Power Corporation and a wholly-owned subsidiary of the Parent Company, was incorporated and registered with the SEC on July 26, 2013. Its primary purpose is to construct, develop, own, operate, manage, repair and maintain wind power generation plants, to generate electricity from such power plants and to market and sell the electricity produced thereby. On January 30, 2017, PHINMA Solar's BOD approved the amendment of the Articles of Incorporation to change the corporate name to PHINMA Solar Energy Corporation, to include in its primary and secondary purposes the development, operation and maintenance of solar power generation plants and the development of solar products, and to increase the number of directors to nine (9). The amended Articles of Incorporation were issued by the SEC on June 27, 2017.

On December 11, 2018, the Parent Company and Union Galvasteel Corporation ("UGC"), a subsidiary of PHINMA Inc., entered into a Deed of Sale for the sale of the Parent Company's 50% interest in PHINMA Solar to UGC for ₱225 million. As a result of the sale transaction, PHINMA Solar ceased to be a subsidiary of the Parent Company (see Note 12). In 2018, PHINMA Solar completed installation and commenced operations of two (2) solar panel projects.

On June 19, 2019, the Parent Company sold its remaining 50% interest in PHINMA Solar to PHINMA Corporation for ₱218.30 million resulting in a gain of ₱1.38 million.

ACTA Power Corporation ("ACTA")
The Parent Company has 50% interest in ACTA, a joint venture with AC Energy. ACTA is engaged in the business of owning, developing, constructing, operating and maintaining power generation facilities as well as generation and sale of electricity. ACTA was incorporated on February 9, 2012 and has not started commercial operations as at March 25, 2020. The registered office address of ACTA is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

Authorization for Issuance of Consolidated Financial Statements
The consolidated financial statements of the Group were approved and authorized for issuance by the Parent Company's BOD on March 25, 2020.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), derivative financial instruments and equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands ('000), except par values, per share amounts, number of shares and when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring its accounting policies in line with the Parent Company's accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resulting gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

NCI represents the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the NCI in the subsidiary.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

		Percentage of Ownership (%)			
		December 31, 2019		December 31, 2018	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
PHINMA Power	Power generation	**100.00**	**–**	100.00	–
CIPP	Power generation	**100.00**	**–**	100.00	–
PHINMA Renewable	Renewable energy generation	**100.00**	**–**	100.00	–
One Subic Oil	Distribution of petroleum products	**100.00**	**–**	100.00	–
One Subic Power	Power generation	**–**	**100.00**	–	100.00
ACEX	Oil, gas, and geothermal exploration	**75.92**	**0.40**	50.74	0.40
Palawan55	Oil and gas exploration	**30.65**	**52.93**	30.65	35.46
SLTEC	Power generation	**65.00**	**–**	45.00	–
BCHC	Holding company	**100.00**	**–**	–	–
ACES	Shared services	**100.00**	**–**	–	–

3. Summary of Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures

The Group has adopted the following new accounting pronouncements. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated. The Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

Starting January 1, 2019

- PFRS 16, *Leases*

  The Group applies, for the first time, PFRS 16, *Leases*. The nature and effect of these changes are disclosed below.

  PFRS 16 supersedes PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

  Lessor accounting under PFRS 16 is substantially unchanged under PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect increase/(decrease) of adoption PFRS 16 as at January 1, 2019 is as follows:

Assets	
Right-of-use assets	₱548,449
Property, plant and equipment	(116,810)
Intangible assets	(24,959)
Advances	(5,865)
Prepayments	(4,317)
Deferred tax assets	143,990
Other noncurrent assets	(44,029)
Total Assets	**₱496,459**
Liabilities	
Accounts payable and other current liabilities	(₱18,305)
Current portion of lease liabilities	75,770
Lease liabilities – net of current portion	496,534
Deferred tax liabilities	105,474
Other noncurrent liabilities	(72,299)
Total Liabilities	**587,174**
Equity	
Retained earnings	(90,715)
	₱496,459

Deferred taxes is computed by using the Gross method where both the carrying amount of the ROU asset and the Lease Liability are multiplied by the applicable tax rate to set up the beginning balances of the deferred taxes.

a) **Nature of the effect of adoption of PFRS 16**

The Group has lease contracts for various items of land (for PHINMA Renewable), power plant (for One Subic Power) and office space (for ACEPH and SLTEC). Before the adoption of PFRS 16, the Group classified each of these leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group, otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Other current assets and Accounts payable and other current liabilities, respectively. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- Leases previously classified as finance leases

  The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under PAS 17). The requirements of PFRS 16 were applied to these leases from January 1, 2019. The finance lease reclassed to lease liabilities amounted to ₱87.10 million.

- Leases previously accounted for as operating leases

  The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

  Operating lease commitments amounted to ₱822.87 million as at December 31, 2018. The weighted average incremental borrowing rate of the Group applied to lease liabilities is 8.14% which resulted to a discounted operating lease commitments amounting to ₱485.20 million recognized as at January 1, 2019.

  The total lease liability (previously recorded as operating and finance leases) amounted to ₱572.30 million.

b) **Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of PFRS 16:

- *Right-of-use assets*

  The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- *Lease liabilities*

  At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has elected to use the two exemptions proposed by the standard on the following contracts:

a. Lease contracts for which the lease terms ends within 12 months from the date of initial application
b. Lease contracts for which the underlying asset is of low value

- *Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option to renew the lease contract for an additional term subject to the mutual agreement with the lessors. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

- *Deferred taxes*

Upon adoption of PFRS 16, the Group has adopted the modified retrospective approach for accounting the transition adjustments and has elected to recognize the deferred income tax assets and liabilities pertaining to right-of-use assets and lease liabilities on a gross basis.

c) **Amounts recognized in the consolidated statements of financial position, statement of income and statement of comprehensive income**

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets					
	Land and Easement Rights	Land with Power plants	Office Space and Parking Slots	Leasehold Rights	Total	Lease liabilities
As at January 1, 2019	**₱167,399**	**₱356,091**	**₱–**	**₱24,959**	**₱548,449**	**₱572,304**
New lease agreements	–	–	30,075		30,075	27,323
Acquired from SLTEC	–	–	12,032		12,032	13,520
Amortization expense	(8,322)	(30,743)	(10,365)	(16,190)	(65,620)	–
Interest expense	–	–	–		–	56,560
Payments	–	–	–		–	(92,806)
Remeasurement due to termination of lease contract*	–	–	–		–	(2,604)
Foreign exchange adjustments	–	–	–		–	(14,726)
As at December 31, 2019	**₱159,077**	**₱325,348**	**₱31,742**	**₱8,769**	**₱524,936**	**₱559,571**

**Effect of pre-termination of SLTEC's office lease contract which will be effective on March 31, 2020*

The Group recognized rent expense from short-term leases of ₱0.25 million for the year ended December 31, 2019.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

  Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance and assessment, that it is probable that its tax treatments (including those for its subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group, unless otherwise stated.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associates and joint ventures .

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

  The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in the Group's consolidated financial statements, unless otherwise indicated.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in the consolidated statement of income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Business Combination Involving Entities Under Common Control

Business combinations involving entities under common control are accounted for by applying the pooling of interests method. The pooling of interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their statutory carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place.
- Comparatives are presented as if the entities had always been combined since the date entities had been under common control.

Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (consolidated statement of income) and a second statement beginning with profit or loss and displaying components of OCI (consolidated statement of comprehensive income).

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;

- it is due to be settled within twelve (12) months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of financial position is composed of cash in banks and on hand and short-term deposits with a maturity of three (3) months or less, which are subject to an insignificant risk of changes in value.

Short-term Investments

Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three (3) months to one (1) year.

Fair Value Measurement

The Group measures financial assets at FVTPL, FVOCI and derivative financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosures of fair value measurement hierarchy, see Note 37
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 37

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described in Note 37, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial Instruments – Classification and Measurement

Classification of Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at FVTPL
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Other income-net" in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for credit losses" in the consolidated statement of income.

As at December 31, 2019 and 2018, the Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments, trade receivables and receivables from third parties under "Receivables" and refundable deposits (see Notes 5, 7, 9 and 36).

Financial Assets at FVOCI
Debt instruments
A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2019 and 2018, the Group does not have debt instruments at FVOCI.

Equity instruments
The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:
- the Group's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Group; and
- the amount of the dividend can be measured reliably.

As at December 31, 2019 and 2018, the Group's investments in quoted and unquoted equity securities and golf club shares are classified as financial asset at FVOCI (see Notes 13 and 36).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As at December 31, 2018, the Group's investments in Unit Investment Trust Funds (UITF) and Fixed Interest Treasury Notes (FXTN) and derivative assets are classified as financial assets at FVTPL (see Notes 6 and 36).

<u>Derivative financial instruments and hedge accounting</u>
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognized in the consolidated statement of income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in consolidated statement of income.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

The Group uses a coal swap contract as a hedge of its exposure to coal price risk on its coal purchases (see Note 18).

Classification of Financial Liabilities

Financial liabilities are measured at amortized cost, except for the following:
- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:
- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

As at December 31, 2019 and 2018, the Group has not designated any financial liability at FVTPL.

The Group's accounts payable and other current liabilities (excluding derivative liability and statutory payables), due to stockholders, short-term and long-term loans, deposit payables and other noncurrent liabilities are classified as financial liabilities measured at amortized cost under PFRS 9 (see Notes 18, 19, 21, 31 and 36).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:
- the rights to receive cash flows from the asset have expired; or,
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of Contractual Cash Flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

There are no offsetting of financial assets and financial liabilities and any similar arrangements that are required to be disclosed in the Group's consolidated financial statements as at December 31, 2019 and 2018.

Impairment of Financial Assets
PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL on debt instruments that are measured at amortized. No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three (3) stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss Allowance
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

For all debt financial assets other than trade receivables, ECLs are recognized using general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Determining the Stage for Impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-off policy
The Group writes-off a financial asset and any previously recorded allowance, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Fuel and Spare Parts
Fuel and spare parts are stated at the lower of cost or net realizable value (NRV). Cost is determined using the first-in, first-out method. NRV is the current replacement cost of fuel and spare parts.

Non-current Assets Held for Sale
The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Property, Plant and Equipment
Property, plant and equipment, except land, is stated at cost, net of accumulated depreciation and impairment losses. Such cost includes the cost of replacing a part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Land is stated at cost, net of accumulated impairment losses, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation of property and equipment, except land, begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases when the assets are fully depreciated or at the earlier of the date that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, and the date the item is derecognized. The estimated useful lives used in depreciating the Group's property, plant and equipment are as follows:

Category	In Years
Land improvements	10
Buildings and improvements	6-25
Machinery and equipment:	
Wind towers and equipment	25
Power plant	20
Power barges	10
Others	10-15
Tools and other miscellaneous assets	5-10
Transportation equipment	3-5
Office furniture, equipment and others	3-10

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. These are adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

Construction in progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Leases (Prior to adoption of PFRS 16)
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A reassessment is made after the inception of the lease, if any, if the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d) there is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Group as a Lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized under “Other income - net” account in the consolidated statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as “Rent” included under “Cost of sale of electricity” and “General and administrative expenses” in the consolidated statement of income on a straight-line basis over the lease term.

Group as a Lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate used by the Group is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

All other borrowing costs are expensed in the period in which these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Denominated Transactions and Balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized as "Foreign exchange loss - net" under "Other income - net" in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gains or losses arising on translation of non-monetary items measured at fair value are treated in line with the recognition of the gains or losses on the change in fair values of the items (i.e., translation differences on items which the fair value gains or losses are recognized in OCI or in profit or loss are also recognized in OCI or in profit or loss, respectively).

Interests in Joint Arrangements
Joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities and share in the revenues and expenses relating to the arrangement. The Group's service contracts (SC) are assessed as joint operations.

Investments in Associates and Joint Ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share in the net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflect the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in profit or loss of the associate or the joint venture is shown in the consolidated statement of income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint venture.

If the Group's share in losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties are carried at cost, including transaction costs, net of accumulated depreciation. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized either when disposed of or when permanently withdrawn from use and no future economic benefit is expected from disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Leasehold Rights (Prior to adoption of PFRS 16)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

The useful lives of leasehold rights are assessed as finite. The amortization expense on leasehold rights are recognized as “Depreciation and amortization” under “Cost of sale of electricity” account in the consolidated statement of income.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided with an allowance when there are indications that the exploration results are negative. These are written-off against the allowance when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the net exploration costs and subsequent development costs are capitalized and amortized from the start of commercial operations.

Impairment of Non-financial Assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired in accordance with PAS 36. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth (5^{th}) year.

Impairment losses are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

The following assets have specific characteristics for impairment testing:

Property, Plant and Equipment and Investment Properties
For property, plant and equipment and investment properties, the Group assesses for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage.

Investments in Associates and Interests in Joint Ventures
The Group determines at the end of each reporting period whether there is any objective evidence that the investments in associates and interests in joint ventures are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in associates and interests in joint ventures, and their carrying amounts.

Goodwill
Goodwill is tested for impairment annually and more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Right-of-Use Assets and Leasehold Rights
Right of use assets and leasehold rights with finite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired.

Deferred Exploration Costs
Deferred exploration costs are reassessed for impairment on a regular basis. An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- When a service contract where the Group has participating interest in is permanently abandoned; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented and disclosed in accordance with PAS 36, *Impairment of Assets*.

<u>Provisions</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as “Other income” in the consolidated statement of income.

Asset Retirement Obligation
The Group is legally required under a lease agreement to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. The Group recognizes the fair value of the liability for this obligation and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts, which are being depreciated on a straight-line basis over the shorter of the useful life of the related asset or the lease term. The liability is subsequently carried at amortized cost using the EIR method with the related interest expense recognized in the consolidated statement of income.

Pensions and Other Post-employment Benefits
Defined Benefit Plan
The Group operates separate and distinct retirement plans for ACEPH, PHINMA Power, PHINMA Renewable and CIPP, which require contributions to be made to separately administered funds. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The cost of providing benefits is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which these occur. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier of:
- the date of the plan amendment or curtailment; or,
- the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under "Cost of sale of electricity" and "General and administrative expenses" accounts in the consolidated statement of income:
- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when these are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Other long-term benefits
Vacation and sick leaves are recognized as a liability when these are accrued to the employees. Unused vacation and sick leave credits shall be converted to cash upon separation of employee. Leave expected to be settled wholly before twelve months after the end of the annual reporting period is reclassified to short-term benefits.

Capital Stock

Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Stock Options and Grants

Stock option and grants are accounted for in accordance with PFRS 2, that is, the cost of stock option awards is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the binomial method. The cost of such awards is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense that is recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of the period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of the award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where the stock option is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the preceding paragraph.

If the outstanding options are dilutive, its effect is reflected as additional share dilution in the computation of diluted earnings per share.

Additional Paid-in Capital (APIC)

APIC represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Share options exercised during the reporting period are satisfied with treasury shares.

Other Equity Reserve

Other equity reserves are made up of equity transactions other than capital contributions such as share in equity transactions of associates and joint ventures and difference between considerations paid or transferred and the entity acquired through business combinations involving entities under common control.

Retained Earnings
Retained earnings include all current and prior period results of operations as reported in the consolidated statement of income, net of any dividend declaration and adjusted for the effects of changes in accounting policies as may be required by PFRS's transitional provisions.

Cash Dividend and Non-cash Dividend to Equity Holders of the Parent Company
The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity
Sale of electricity is consummated whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is based on sales price. Sales of electricity using bunker fuel are composed of generation fees from spot sales to the WESM and supply agreements with third parties and are recognized monthly based on the actual energy delivered.

Starting December 27, 2014, sales of electricity to the WESM using wind are based on the Feed in Tariff (FIT) rate under the FIT System and are recognized monthly based on the actual energy delivered. Meanwhile, revenue from sale of electricity through ancillary services to the National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided. Revenue from sale of electricity through Retail Supply Contract (RSC) is composed of generation charge from monthly energy supply with various contestable customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

The Group identified the sale of electricity as its performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Group concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Group supplies electricity.

Amounts Reimbursed to Customers
Certain revenue contracts with customers provide for the sale of any unutilized electricity to the WESM. The proceeds are recorded as reduction in "Revenue from sale of electricity" in the consolidated statement of income.

Dividend Income
Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders of the investees approve the dividend.

Rental Income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature.

Claims for business interruption and property damage
Income is recognized when an acknowledgment for the proposed claims is received from insurers. The income arises from unplanned shutdown of an insured property which results to business interruption and property damage.

Other Income
Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized when incurred.

Taxes
Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Deferred Income Tax
Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:
- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, including carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) which can be deducted against future RCIT due to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statement of income.

Creditable Withholding Taxes
Creditable withholding taxes represent amounts withheld by the Group’s customers and is deducted from the Group’s income tax payable.

Value-added Tax (VAT)
Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,
- When receivables and payables are stated with the amount of VAT included

The amount of VAT recoverable from the taxation authority is recognized as "Input VAT", while VAT payable to taxation authority is recognized as "Output VAT" under "Accounts payable and other current liabilities" in the consolidated statement of financial position.

Output VAT is recorded based on the amount of sale of electricity billed to third parties. Any amount of output VAT not yet collected as at reporting period are presented as "Deferred output VAT" under "Income and withholding taxes payable" account in the consolidated statement of financial position.

Earnings (Loss) Per Share
Basic earnings (loss) per share is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted earnings (loss) per share is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Group does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 38 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. If it is probable that an outflow of resources embodying economic benefits will occur and the liability's value can be measured reliably, the liability and the related expense are recognized in the consolidated financial statements.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to the financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it is virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the consolidated financial statements.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The Group's consolidated financial statements prepared in conformity with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. In preparing the Group's consolidated financial statements, management made its best estimates and judgments of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

The Group believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

Judgments

Revenue Recognition *(2019 and 2018)*

Identifying Performance Obligations
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customers and the Group's promise to transfer the good or service to the customer is separately identifiable.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if (i) each distinct good or service in the series are transferred over time and (ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

For power generation, trading and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the customer cannot benefit from the contracted capacity alone without the corresponding energy and the customer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Retail supply also qualifies as a series of distinct services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

Identifying Methods for Measuring Progress of Revenue Recognized Over Time
The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For ancillary services, the Group determined that the output method is the best method in measuring progress since actual energy is supplied to customers. The Group recognizes revenue based on contracted and actual kilowatt hours (kwh) dispatched which are billed on a monthly basis.

For power generation and trading and retail supply, the Group uses the actual kwh dispatched which are also billed on a monthly basis.

Determining Method to Estimate Variable Consideration and Assessing the Constraint
The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will subject to constraint. Factors such as (i) highly susceptible to factors outside of the Group's influence, (ii) timing of resolution of the uncertainty, and (iii) having a large number and broad range of possible outcomes are considered.

Some contracts with customers provide for unspecified quantity of energy, index adjustments and prompt payment discounts that give rise to variable considerations. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while most likely amount is used when the outcome is binary.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration given the large number of customer contracts that have similar characteristics and wide the range of possible outcomes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are to be fully constrained based on its historical experience (i.e., prompt payment discounts), the range of possible outcomes (i.e., unspecified quantity of energy), and the unpredictability of other factors outside the Group's influence (i.e., index adjustments).

<u>Lease Accounting</u>
Determining Whether an Arrangement Contains a Lease (Prior to adoption of PFRS 16)
ACEPH supplies the electricity requirements of certain customers under separate Electricity Supply Agreements (ESA) (see Note 35). The Group has evaluated the arrangements and the terms of the ESA and determined that the agreements do not qualify as leases. Accordingly, fees billed to these customers are recognized as revenue from sale of electricity.

Under ACEPH's Power Purchase Agreement (PPA) with SLTEC and Maibarara Geothermal Inc. (MGI), ACEPH agreed to purchase all of SLTEC's and MGI's output (see Note 35). The Group has evaluated the arrangements and the terms of the PPA and determined that the agreements do not qualify as leases prior to adoption of PFRS 16. Accordingly, prior to the consolidation of SLTEC to the Group, the fees paid to SLTEC and MGI are recognized under "Cost of sale of electricity" (see Note 24).

PHINMA Renewable also entered into various easements and right of way agreements with various land owners to support the erection of transmission lines to be used to connect its 54 MW Wind Farm Project in Guimaras. These agreements contain a lease as the arrangements convey the right to use the item and PHINMA Renewable has control over the utility of the asset. Accordingly, the Group has accounted for these agreements as leases upon adoption of PFRS 16 (see Note 3).

Classification of Leases - the Group as Lessee (Prior to adoption of PFRS 16)
The Group exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Group. Lease agreements, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased items are classified as finance leases. Otherwise, these are considered as operating leases (see Note 35).

The Parent Company has entered into a lease agreement with Guimaras Electric Company (GUIMELCO) for a parcel of land used only as a site for electric generating plant and facilities, where it has determined that the risks and rewards related to the properties are retained with the lessor (e.g., no bargain purchase option and transfer of ownership at the end of the lease term). The lease is, therefore, accounted for as an operating lease.

One Subic Power has a lease agreement with SBMA for a parcel of land and electric generating plant and facilities where it has determined that the risks and rewards related to the properties are retained with the lessor (e.g., no bargain purchase option and transfer of ownership at the end of the lease term). The lease is, therefore, accounted for as an operating lease (see Note 35).

PHINMA Renewable has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset, among others, which indicates that it does not transfer substantially all the risks and rewards from the various land owners to the Group incidental to the ownership of the parcels of land. These leases are classified as operating leases.

PHINMA Renewable has entered into various lease agreements with individual land owners where the present value of the minimum lease payments amount to at least substantially all of the fair value of the leased asset, which indicates that the risks and rewards related to the asset are transferred to the Group. These leases are classified as finance leases.

The Parent Company, AC Energy, Ayala Land, Inc. (ALI) and Ayalaland Offices, Inc. entered an agreement on assignment of contract of lease. AC Energy assigned a portion of its office unit and parking slots.

Details of the above lease agreements are disclosed in Note 35.

Classification of Leases - the Group as Lessor
The Group had a lease agreement for the lease of its investment property. The Group had determined that the risks and rewards of ownership of the underlying property were retained by the Group. Accordingly, the leases are classified as an operating lease (see Note 35).

Determination of lease term of contracts with renewal and terminations options – the Group as Lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for leases of land and power plant because as at commencement date, the Group assessed that it is not reasonably certain that it will exercise the renewal options since the renewal options are subject to mutual agreement of the lessor and the Group. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Discount rate
The Group used the risk free rate per PHP-BVAL plus the credit spread provided by the bank or the incremental borrowing rate which is the rate of interests that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

Practical expedient
The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application. All leases with a term of 1 year and below shall be expensed outright.
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

Refer to Note 35 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Identification of Business Models
The Group manages its financial assets based on a business model that maintains adequate level of financial assets to match expected cash outflows while maintaining a strategic portfolio of financial assets for trading activities.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. The following are the Group's business models:

Portfolio 1, Operating and Liquidity Fund (Amortized Cost)
Portfolio 1 is classified as amortized cost with the objective to hold to collect the financial asset to ensure sufficient funding to support the Group's operations and project implementation. It also aims to generate interest income from low-risk, short-term investments in highly liquid assets.

Funds in this portfolio is comprised of financial assets classified by the Bangko Sentral ng Pilipinas (BSP) and trust entities as conservative assets, which are principal-protected and highly liquid. These are placed in investment outlets that are redeemable within thirty (30) to ninety (90) days. This includes the Group's cash and cash equivalents, short-term investments, receivables and refundable deposits.

Main risks are credit risk, liquidity risk, market risk and interest rate risk. The performance of the portfolio is evaluated based on the yield of the investments. For further details on risks and mitigating factors, see Note 36.

Sales may be made when the financial assets are close to maturity and prices from the sales approximate the collection of the remaining contractual cash flows. Further, disposal is permitted when the Group believes that there is a credit deterioration of the issuer.

PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

Portfolio 2, Operating and Liquidity Fund
Portfolio 2 is classified as FVOCI with the objective to hold to collect and sell to ensure sufficient funding to support operations and project implementation. It also aims to generate interest income from low-risk, short-term investments in highly liquid assets.

Funds in this portfolio is comprised of financial assets classified by the BSP and trust entities as conservative assets, which are principal-protected and highly liquid. These are placed in investment outlets that are redeemable within thirty (30) to ninety (90) days. This includes the Group's UITFs, FXTNs and derivative assets.

Main risks are credit risk, liquidity risk, market risk and interest rate risk. The performance of the portfolio is evaluated based on the yield and fair value changes of the investments. For further details on risks and mitigating factors, see Note 36.

Sales may be made when the financial assets are close to maturity and prices from the sales approximate the collection of the remaining contractual cash flows. Further, disposal is permitted when the Group believes that there is a credit deterioration of the issuer.

Portfolio 3, Strategic Fund
Portfolio 3 is classified as FVOCI with the objective to hold to collect and to sell the financial asset to generate interest income from low-risk, long-term investments in liquid assets and maximize the returns from excess funds of the Group.

Funds in this portfolio have an overall weighted duration risk exposure of one (1) year or less. These are placed in investment outlets with tenors of at least ninety (90) days. The Group does not have debt instruments at FVOCI.

Main risks are credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk. The performance of the portfolio is evaluated based on the yield and fair value changes of outstanding investments. For further details on risks and mitigating factors, see Note 36.

Sales may be made when the financial assets are close to maturity and prices from the sales approximate the collection of the remaining contractual cash flows. Further, disposal is permitted when the Group believes that there is a credit deterioration of the issuer.

Definition of Default and Credit-impaired Financial Assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The borrower is more than ninety (90) days past due on its contractual payments, i.e., principal and/or interest, which is consistent with the Group's definition of default.

- *Qualitative criteria*
  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  a. The borrower is experiencing financial difficulty or is insolvent
  b. The borrower is in breach of financial covenant(s)
  c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty
  d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
  e. Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Determining and Classifying Joint Arrangements
Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangements.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- the structure of the joint arrangement - whether it is structured through a separate vehicle;
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  a. the legal form of the separate vehicle;
  b. the terms of the contractual arrangement; and,
  c. other facts and circumstances (when relevant).

This assessment often requires significant judgments on the conclusion on joint control and whether the arrangement is a joint operation or a joint venture, which may materially impact the accounting. As at December 31, 2019 and 2018, the Group's SCs are joint arrangements in the form of a joint operation.

The Group's joint control arrangements in which the Group has rights to the net assets of the investees are classified as joint ventures.

As at December 31, 2018, the Parent Company holds 50% of the voting rights of PHINMA Solar. The Parent Company also holds 50% of the voting rights of ACTA as at December 31, 2019 and 2018. The Parent Company holds 45% of the voting rights of SLTEC as at June 30,2019 and December 31, 2018. Under the contractual agreements, the Group has joint control over these arrangements as there is a unanimous consent where any party can prevent the other party from making unilateral decisions on the relevant activities without the other party's consent (see Notes 1 and 12).

The Group's joint arrangements are also structured through separate vehicles and provide the Group and the parties to the agreements with rights to the net assets of the separate vehicle under the arrangements.

Material Partly-Owned Subsidiaries
The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Group (see Note 34). Management determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of total NCI's and those subsidiaries which type of activities those engage in are important to the Group as at the end of the year.

Material Associates and Joint Ventures
The consolidated financial statements include additional information about associates and joint ventures that are material to the Group (see Note 12). Management determined material associates and joint ventures as those associates and joint ventures where the Group's carrying amount of investments is greater than 5% of the total investments and advances in associates and joint ventures as at the end of the year.

Asset acquisitions and business combinations
Where asset is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the asset.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Otherwise, corporate acquisitions are accounted for as business combinations.

The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The Group's acquisition of SLTEC has been accounted for as a business combination involving entities under common control (see Notes 1 and 33).

The Group's acquisition of BCHC has been accounted for as a purchase of an asset and has allocated the acquisition cost to individual assets and liabilities (see Notes 1 and 33).

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax assessment, in consultation with its tax counsel, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

Estimates

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an

asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entities’ stand-alone credit rating).

The Group’s lease liabilities amounted to ₱572.30 million as at December 31, 2019.

Estimating Allowance for Credit Losses

Measurement of expected credit losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

The Group leverages existing risk management indicators, credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets has significantly increased.

Inputs, Assumptions and Estimation Techniques

General approach for cash in banks and other financial assets measured at amortized cost
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, LGD and EAD, defined as follows:

- *Probability of Default*
  The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

  The 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at reporting date and future economic conditions that affect credit risk.

- *Loss Given Default*
  Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

- *Exposure at Default*
  EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Simplified Approach for Trade Receivables
The Group uses a provision matrix to calculate ECLs for certain trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by revenue stream, customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate, GDP, foreign exchange rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of Forward-Looking Information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and credit losses of each financial instrument and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios used as at December 31, 2019 is Global 7 term interest rate from Macroeconomics Indicators. As of December 31, 2018, the Group included the following economic scenarios included the following ranges of key macroeconomics indicators.

Economic indicators	2018
Inflation rates	Base 3.90%
	Range between -0.4% and 6.7%
Foreign exchange rate	Base ₱52.61
	Range between ₱40.67 and ₱51.34
GDP growth	Base 6.90%
	Range between 5.10% and 7.20%

Predicted relationship between the key economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past five (5) to nine (9) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Grouping of Instruments for Losses Measured on Collective Basis
For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the Group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below.

- *Universal and Commercial banks - Groupings for collective measurement*
  a. Instrument type
  b. Credit risk rating

- *Independent Electricity Market Operator of the Philippines [IEMOP; formerly Philippine Electricity Market Corporation (PEMC)], NGCP, RES, Direct and Wholesale Aggregator (WA) Customers - Groupings for collective measurement*
  a. Customer revenue classification (revenue stream)
  b. Credit risk rating band

The appropriateness of groupings is monitored and reviewed on a periodic basis. In 2019 and 2018, the total gross carrying amount of receivables for which lifetime ECLs have been measured on a collective basis amounted to nil and ₱1,597.57 million, respectively.

The carrying values of receivables and the related allowance for doubtful accounts of the Group are disclosed in Note 7. In 2019 and 2018, provision for doubtful accounts amounted to ₱1.16 million and ₱14.55 million, respectively (see Note 7).

As at December 31, 2019 and 2018, allowance for doubtful accounts on receivables amounted to ₱122.24 million and ₱131.33 million, respectively (see Notes 7 and 17).

Estimating Allowance for Doubtful Accounts (Prior to adoption of PFRS 9)
The Group maintains allowance for doubtful accounts based on the results of the individual and collective assessment. Under the individual assessment, the Group considers the significant financial difficulties of the customer or significant delays in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for doubtful accounts is recorded when management believes that the receivable balance cannot be provided or realized after exhausting all efforts and courses of action. For the collective assessment, the Group groups its receivables based on the credit risk characteristics (customer type, past-due status and terms) of its customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The Company estimates the provision for doubtful accounts related to trade and other receivables based on specific evaluation of its receivables considering efforts exerted to collect the amounts due from customers and where the Company has information that certain customers are unable to meet their financial obligations. In 2017, provision for doubtful accounts amounted to ₱4.54 million (see Note 8).

Evaluating net realizable value of inventories
The Company writes down its inventory to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, changes in price levels or other causes.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount expected to be realized. Review is performed on a regular basis to reflect the reasonable valuation of the inventory in the financial statements.

As of the December 31, 2019 and 2018, the carrying value of inventories amounting to ₱855.28 million and ₱413.67 million, respectively (see Note 8).

Recoverability of Input VAT
Input VAT represents taxes paid on purchases of applicable goods and services which can be recovered as tax credit against future output VAT liability of the Group. The Group is also allowed to recover excess input VAT by filing a claim for refund or tax credit certificate with the BIR. In 2016, PHINMA Renewable filed with the BIR a claim for tax credit certificate of its input VAT amounting to ₱335.76 million (see Note 41). Considering the uncertainty in the timing of the final decision of the Court of Tax Appeals (CTA), the input VAT claimed for refund was recognized as part of noncurrent asset in the consolidated statements of financial position.

In addition, the Parent Company has written off ₱21.90 million of input VAT in 2018 as these are considered no longer recoverable. The Parent Company also provided provisions for unrecoverable input tax amounting to nil in 2019 and 2017 and ₱43.71 million in 2018 (see Note 28). The carrying amounts of input VAT as at December 31, 2019 and 2018 amounted to ₱484.08 million and ₱362.09 million, respectively.

Realizability of Deferred Income Tax Assets
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2019 and 2018, deferred income tax assets recognized by the Group amounted to ₱612.55 million and ₱261.35 million, respectively (see Note 29). The Group's deductible temporary differences, unused NOLCO and unused MCIT for which no deferred income tax assets were recognized are disclosed in Note 29.

Estimating Useful Lives of Property, Plant and Equipment, Investment Properties, Right-of-Use Assets and Leasehold Rights
The Group estimates the useful lives of property, plant and equipment, investment properties, right-of-use assets and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, investment properties, right-of-use assets and leasehold rights are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. In 2019, 2018 and 2017, there were no changes in the estimated useful lives of the assets.

The total depreciation and amortization of property, plant and equipment, right-of-use assets investment properties and leasehold rights amounted to ₱892.47 million, ₱405.84 million and ₱399.38 million in 2019, 2018 and 2017, respectively (see Note 27).

Impairment of Deferred Exploration Costs
The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount under PFRS 6. Among the factors considered by management in the impairment review of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic. In the event of impairment, the Group measures, presents and discloses the resulting impairment loss in accordance with PAS 36.

The Group considers the status of the service contracts and its plans in determining the recoverable amount of the deferred exploration costs.

The Group recognized impairment losses on deferred exploration costs amounting to ₱34.49 million, ₱48.26 million and ₱4.89 million in 2019, 2018 and 2017, respectively. The carrying value of deferred exploration costs amounted to ₱46.04 million and ₱61.11 million as at December 31, 2019 and 2018, respectively (see Notes 15 and 25).

Impairment of Non-financial Assets, Other than Goodwill and Deferred Exploration Costs
The Group assesses whether there are any indicators of impairment for all non-financial assets, other than goodwill and deferred exploration costs, at each reporting date in accordance with PAS 16. These non-financial assets (investments and advances, property, plant and equipment, right-of-use assets, investment properties and leasehold rights) are tested for impairment whenever events or changes in circumstances indicate that carrying amount of the asset may not be recoverable. This requires an

estimation of the value in use of the CGUs. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use cannot be reliably measured, the recoverable amount is based on fair value less costs to sell.

The carrying amounts of the Group's non-financial assets other than goodwill and deferred exploration costs as at December 31 are as follows:

	2019	2018
Property, plant and equipment (see Note 11)	**₱21,564,260**	₱5,760,963
Creditable withholding taxes	**983,726**	784,169
Investments (see Note 12)	**723,165**	4,322,684
Right of use assets (see Note 16)	**524,936**	–
Input VAT (see Note 41)	**484,077**	362,091
Investment properties (see Note 14)	**13,085**	13,085
Leasehold rights (see Note 15)	**–**	24,959

Impairment loss on property, plant and equipment amounted to ₱2.07 million in 2018. No impairment loss was recognized on these non-financial assets in 2019 and 2017.

Accumulated impairment losses on investments amounted to ₱1.56 million as at December 31, 2019 and 2018 (see Note 12).

Impairment of Goodwill
The Group subjects goodwill to an impairment test annually and whenever there is an indication that it is impaired. This requires an estimation of the value in use of the related CGU. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Management used an appropriate discount rate for cash flows which is consistent with the valuation practice. The management used the weighted average cost of capital (WACC) wherein the source of the cost of equity and debt financing are weighted. The pre-tax discount rates of 8.4% to 9.4% were used in 2019. The Group used a capital structure of 50.3% debt/equity (DE) ratio based on industry comparable weights and the growth rate used in extrapolating cash flows beyond the period covered by the Group's recent budget was 3%.

The carrying amount of goodwill amounted to ₱234.15 million as at December 31, 2019 and 2018 (see Note 15). No impairment loss has been recognized on goodwill in 2019, 2018 and 2017.

Estimation of Pension and Other Employee Benefits Liabilities
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Pension and other employee benefits liability amounted to ₱60.50 million and ₱40.25 million as at December 31, 2019 and 2018, respectively (see Note 30).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 30.

Contingencies and Tax Assessments
The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 41). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements.

5. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	**₱1,100,551**	₱151,317
Short-term deposits	**7,481,112**	871,049
	₱8,581,663	₱1,022,366

Cash in banks earn interest at the applicable bank deposit rates for its peso and dollar accounts. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Interest income earned on cash in banks and short-term deposits in 2019, 2018 and 2017 amounted to ₱61.83 million, ₱34.04 million and ₱33.12 million, respectively (see Note 28).

Short-term deposits account includes debt service reserves amounting to ₱281.65 million and ₱54.77 million as at December 31, 2019 and 2018, respectively. These accounts are reserved for the payment of loans by PHINMA Renewable and SLTEC (see Note 19).

6. Financial Assets at FVTPL

Financial assets at FVTPL as at December 31, 2018 consists of:

Current:	
UITFs	₱743,739
Noncurrent:	
UITF	5,452
	₱749,191

On January 1, 2018, the Group reclassified all of its investments held for trading to financial assets at FVTPL. Further, investment in a UITF previously recorded under AFS investments was reclassified to financial assets at FVTPL amounting to ₱5.45 million since as at date of initial application of PFRS 9, this was assessed to have contractual terms that do not represent solely payments of principal and interest (see Note 3).

The net changes in fair value of financial assets at FVTPL, included in “Interest and other financial income” account presented under “Other income - net” in the consolidated statements of income, amounted to ₱30.84 million and ₱24.83 million in 2019 and 2018, respectively (see Note 28).

Financial assets at FVTPL as at December 31, 2018 include debt service reserves amounting to ₱57.80 million for the wind project loan facility (see Note 19).

As of December 31, 2019, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

7. Receivables

	2019	2018
Trade	**₱2,233,782**	₱2,154,348
Due from related parties (see Note 31)	**9**	333,576
Receivables from:		
Third parties (see Note 17)	**376,351**	179,550
Employees	**102,628**	2,881
Assignment of Mineral Production Sharing Agreement (MPSA) (see Note 15)	**39,365**	39,365
Consortium - SC 50 (see Note 15)	**20,000**	20,000
Consortium - SC 52 (see Note 15)	**19,444**	19,444
Others	**59,076**	9,461
	2,850,655	2,758,625
Less allowance for credit losses	**122,236**	131,334
	₱2,728,419	₱2,627,291

Trade receivables mainly represent receivables from PEMC, IEMOP, NGCP, National Transmission Corporation (TransCo) for the FIT and from the Group’s bilateral customers. Trade receivables consist of both noninterest-bearing and interest-bearing receivables. The term is generally thirty (30) to sixty (60) days.

Receivables from third parties as at December 31, 2019 and 2018 mainly represent the current portion of the Group’s noninterest-bearing receivables from NGCP (see Note 17).

As at December 31, the aging analysis of receivables is as follows:

	2019						
			Past Due but not Impaired				
	Total	**Neither Past Due nor Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**More than 90 Days**	**Past Due and Impaired**
Trade	**₱2,233,782**	**₱1,944,167**	**₱6,159**	**₱6,793**	**₱8,819**	**₱228,831**	**₱39,013**
Due from related parties	**9**	**9**	**–**	**–**	**–**	**–**	**–**
Others	**616,864**	**96,640**	**12,755**	**45,506**	**4,219**	**374,521**	**83,223**
	₱2,850,655	**₱2,040,816**	**₱18,914**	**₱52,299**	**₱13,038**	**₱603,352**	**₱122,236**

	2018							
			Past Due but not Impaired					
	Total	Neither Past Due nor Impaired	<30 Days	30–60 Days	61–90 Days	More than 90 Days	Past Due and Impaired
Trade	₱2,154,348	₱1,712,945	₱40,844	₱19,387	₱191,896	₱148,354	₱40,922
Due from related parties	333,576	320,642	–	–	–	2,674	10,260
Others	270,701	183,751	8	106	39	6,645	80,152
	₱2,758,625	₱2,217,338	₱40,852	₱19,493	₱191,935	₱157,673	₱131,334

The movements in the allowance for credit losses on individually impaired receivables in 2019 and 2018 are as follows:

	2019		
	Trade	**Others**	**Total**
Balances at beginning of year	**₱37,851**	**₱93,483**	**₱131,334**
Effect of consolidation of SLTEC	**–**	**(10,260)**	**(10,260)**
Provision for the year - net (see Note 25)	**1,162**	–	**1,162**
Balances at end of year	**₱39,013**	**₱83,223**	**₱122,236**

	2018		
	Trade	Others	Total
Balances at beginning of year	₱25,015	₱82,103	₱107,118
Effect of adoption of PFRS 9	9,668	–	9,668
Provision for the year (see Note 25)	6,239	8,309	14,548
Balances at end of year	₱40,922	₱90,412	₱131,334

Mineral Production Sharing Agreement (MPSA) 252-2007-V (Camarines Norte)

On July 28, 2007, the Parent Company was awarded MPSA No. 252-2007-V by the Philippine Department of Environment and Natural Resources (DENR) covering parcels of land with an aggregate area of more or less 333 hectares, located in the municipality of Camarines Norte, Philippines (the "Property"). On February 14, 2008, One Subic Oil, then TA Gold, and the Parent Company, entered into an Operating Agreement where the Parent Company granted unto and in favor of One Subic Oil the exclusive right to explore, develop and operate for commercial mineral production the Property under the MPSA. In June 2009, the Parent Company received a notice of an Order of the Secretary of the DENR excising portions of the MPSA area that are covered by alleged mineral patents of a third party for which the Parent Company filed a Motion for Reconsideration.

In December 2009, the DENR denied the Parent Company's Motion for Reconsideration. The Parent Company filed a timely Appeal of the DENR's ruling with the Office of the President, which was also denied. The Parent Company then elevated the case to the Court of Appeals.

The Parent Company signed an Agreement on October 18, 2011 for the assignment of the MPSA to Investwell Resources, Inc. (Investwell), subject to certain conditions for a total consideration of US$4.00 million payable in four tranches. The receipt of the first nonrefundable tranche amounting to US$0.50 million (₱21.93 million) was recognized as income in 2011. The receipt of the second and third nonrefundable tranches amounting to US$1.00 million (₱42.20 million), net of the related deferred exploration cost of ₱11.47 million, was also recognized as income in the year payments were received.

On October 30, 2012, the Court of Appeals granted the Parent Company's petition to reverse and set aside the resolutions of the DENR and the Office of the President that ordered and affirmed, respectively, excision of certain areas covered by alleged mining patents of a third party from the contract area of the MPSA. Subsequently, the third party elevated the case to the Supreme Court.

In Agreements dated May 29, 2012, March 19, 2013, June 25, 2013 and December 18, 2013, the Parent Company and Investwell amended and restructured the payment of the fourth tranche of the total consideration.

The DENR approved on February 7, 2013 the assignment of the MPSA to Investwell, and the Parent Company recognized US$0.87 million (₱37.93 million) income representing a portion of the final tranche.

On January 12, 2015, the Supreme Court ruled that the rights pertaining to mining patents issued pursuant to the Philippine Bill of 1902 and existing prior to November 15, 1935 are vested rights that cannot be impaired by the MPSA granted by the DENR to the Parent Company on July 28, 2007.

As at December 31, 2019 and 2018, the receivable from Investwell amounted to ₱39.37 million which was provided with a full allowance for impairment in 2014 since Investwell did not comply with the restructured payment schedule.

8. Fuel and Spare Parts

	2019	2018
Fuel - at cost	**₱247,570**	₱315,737
Fuel - at net realizable value	**66,217**	2,027
Spare parts - at cost	**216,212**	84,900
Spare parts - at net realizable value	**325,276**	11,009
	₱855,275	₱413,673

Fuel charged to "Cost of sale of electricity" in the consolidated statements of income amounted to ₱2,568.33 million, ₱766.48 million and ₱763.87 million in 2019, 2018 and 2017, respectively (see Note 24).

In 2019, 2018 and 2017, the Group recognized provision for impairment of fuel inventory amounting to ₱5.55 million, ₱0.16 million and nil, respectively. No such provision was recognized as spare parts in those years.

The carrying amount of the fuel - at net realizable value as at December 31, 2019 and 2018 amounted to ₱71.83 million and ₱2.19 million, respectively.

The carrying amount of the spare parts - at net realizable value as at December 31, 2019 and 2018 amounted to ₱326.62 million and ₱11.50 million, respectively.

9. Other Current Assets

	2019	2018
Deposits	**₱77,284**	₱100,185
Prepaid expenses	**62,225**	82,577
Derivative assets (see Notes 36 and 37)	**33**	4
Others	**373**	–
	₱139,915	₱182,766

Prepaid expenses pertain to insurance, subscriptions, rent and other expenses paid in advance.

Deposits include advances to suppliers, contractors and deposits to distribution utilities.

10. Assets Held For Sale

ACEPH

On August 7, 2018, the BOD approved the Parent Company's decision to sell the Guimaras Power Plant located in Jordan, Guimaras. As at December 31, 2018, the Guimaras Power Plant was classified as "Assets held for sale" in the consolidated statements of financial position in accordance with PFRS 5, as the sale is highly probable (i.e., sale transaction will be completed within a year from the reporting date) and the asset is available for immediate sale in its present condition. The asset was previously presented as part of investment properties (see Note 14).

As at December 31, 2018, no impairment loss was recognized as the carrying value amounting to ₱30.71 million is below its fair value less costs to sell.

Subsequently, on January 7, 2019, the BOD approved the sale of the Guimaras Power Plant and on January 24, 2019, the Asset Purchase Agreement (APA) between the Parent Company and S.I. Power Corporation (the buyer) was signed and notarized with an agreed selling price of ₱45.00 million. The sale resulted in a gain of ₱14.29 million (see Note 28).

One Subic Oil

In 2018, the management communicated with its affiliates, suppliers, and other third-party buyers its plan to sell some of its equipment and parts presented as part of "Machinery and equipment". Although nothing yet has been finalized, management has been actively looking for interested buyers.

The remaining unsold assets as at December 31, 2019 and 2018 were classified as "Assets held for sale" in the consolidated statements of financial position as the sale is highly probable (i.e., sale transaction will be completed within a year from the reporting date) and the asset is available for immediate sale in its present condition.

Immediately before the reclassification of the equipment and parts as held for sale, the recoverable amount was estimated. An impairment loss amounting to ₱1.13 million was recognized in 2018 to reduce the carrying amount of the assets held for sale to their fair value less costs to sell. The carrying value of the remaining asset classified as assets held for sale amounted to ₱3.55 million and ₱3.62 million as at December 31, 2019 and 2018, respectively.

SLTEC

Under the Republic Act No. 9136 Electric Power Industry Reform Act (EPIRA) of 2001, NGCP, as National Transmission Commission's concessionaire, is solely responsible for the operation and/or maintenance of the connection assets and is designated as the only entity which possesses the required technical expertise to maintain and operate the nationwide power grid. Following a decision by the ERC based on the EPIRA, SLTEC determined on June 19, 2017 that certain transmission line assets need to be transferred, conveyed, and turned-over to NGCP, hence, it classified said assets as noncurrent assets held for sale. The transmission line assets pertain to the easements or Right-of-Way (ROW) granted by land owners over portions of land, for the installation and maintenance of the 230kV Salong-Calaca Line.

However, in 2018, NGCP informed SLTEC of additional requirements relating to the documentation of the ROW which need to be complied with as a condition for the sale and transfer of the assets.

Due to the significant change in the circumstances, the transmission line assets are not readily available for immediate sale as at December 31, 2019. As a result, SLTEC reclassified the 230kV Salong-Calaca Line back to Property, Plant and Equipment. The cost of the transmission line assets transferred to Property, plant and Equipment amounted to ₱152.38 million and the accumulated depreciation amounted to ₱15.30 million (see Note 11).

11. **Property, Plant and Equipment**

The details and movements of this account for the years ended December 31 are shown below:

	2019							
	Land and Land Improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Tools and Other Miscellaneous Assets**	**Office Furniture, Equipment and Others**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱252,241**	**₱489,170**	**₱6,863,611**	**₱38,971**	**₱68,746**	**₱51,179**	**₱419**	**₱7,764,337**
Acquisition through business combination – net of accumulated depreciation (see Note 33)	**669,850**	**6,508,629**	**8,505,210**	**10,206**	**10,949**	**20,627**	**252,952**	**15,978,423**
Additions	**135,930**	**26,295**	**433,007**	**2,589**	**16,062**	**45,359**	**243,500**	**902,742**
Transfer from asset held for sale (see Note 10)	**–**	**–**	**152,376**	**–**	**–**	**–**	**–**	**152,376**
Transfer to right of use assets (see Note 16)	**(116,810)**	**–**	**–**	**–**	**–**	**–**	**–**	**(116,810)**
Insurance claims	**–**	**–**	**–**	**–**	**–**	**–**	**(222,789)**	**(222,789)**
Disposals and retirement	**–**	**(209,095)**	**(55,225)**	**(23,102)**	**(23)**	**(87)**	**–**	**(287,532)**
Reclassification	**–**	**1,538**	**94,467**	**–**	**–**	**–**	**(96,005)**	**–**
Balance at end of year	**941,211**	**6,816,537**	**15,993,446**	**28,664**	**95,734**	**117,078**	**178,077**	**24,170,747**
Accumulated depreciation								
Balance at beginning of year	**1,236**	**363,926**	**1,466,138**	**20,642**	**33,968**	**40,859**	**–**	**1,926,769**
Depreciation (see Note 27)	**–**	**179,136**	**584,306**	**8,392**	**5,199**	**49,813**	**–**	**826,846**
Disposals and retirement	**–**	**(170,389)**	**(50,983)**	**(17,564)**	**(14)**	**(82)**	**–**	**(239,032)**
Transfer from asset held for sale (see Note 10)	**–**	**–**	**15,299**	**–**	**–**	**–**	**–**	**15,299**
Balance at end of year	**1,236**	**372,673**	**2,014,760**	**11,470**	**39,153**	**90,590**	**–**	**2,529,882**
Accumulated impairment loss								
Balance at beginning and end of year	**–**	**933**	**75,672**	**–**	**–**	**–**	**–**	**76,605**
Net Book Value	**₱939,975**	**₱6,442,931**	**₱13,903,014**	**₱17,194**	**₱56,581**	**₱26,488**	**₱178,077**	**₱21,564,260**

	2018							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of year	₱252,241	₱476,418	₱6,881,019	₱38,869	₱54,662	₱60,750	₱419	₱7,764,378
Additions	–	10,907	83,571	2,891	15,705	2,070	4,536	119,680
Disposals	–	–	–	(2,789)	(1,125)	(11,525)	–	(15,439)
Deconsolidation	–	–	(6,083)	–	–	(116)	(4,536)	(10,735)
Insurance claims	–	–	(90,146)	–	–	–	–	(90,146)
Transfer to asset held for sale (see Note 10)	–	–	(4,750)	–	(496)	–	–	(5,246)
Transfer from investment property (see Note 14)	–	1,845	–	–	–	–	–	1,845
Balance at end of year	252,241	489,170	6,863,611	38,971	68,746	51,179	419	7,764,337
Accumulated depreciation								
Balance at beginning of year	1,236	288,599	1,175,938	15,942	29,201	47,589	–	1,558,505
Depreciation (see Notes 27)	–	75,327	290,354	7,489	6,388	4,813	–	384,371
Disposals	–	–	–	(2,789)	(1,125)	(11,518)	–	(15,432)
Deconsolidation	–	–	(154)	–	–	(25)	–	(179)
Transfer to asset held for sale (see Note 10)	–	–	–	–	(496)	–	–	(496)
Balance at end of year	1,236	363,926	1,466,138	20,642	33,968	40,859	–	1,926,769
Accumulated impairment loss								
Balance at beginning of year	–	–	75,672	–	–	–	–	75,672
Allowance for impairment loss	–	933	1,133	–	–	–	–	2,066
Transfer to asset held for sale (see Note 10)	–	–	(1,133)	–	–	–	–	(1,133)
Balance at end of year	–	933	75,672	–	–	–	–	76,605
Net Book Value	₱251,005	₱124,311	₱5,321,801	₱18,329	₱34,778	₱10,320	₱419	₱5,760,963

Sale of Properties
The Parent Company executed Deeds of Sale with PHINMA Inc. and Mariposa Properties, Inc. (MPI) on July 4, 2019 for the sale of the Group's share in the Mezzanine, 3rd and 11th floors of the PHINMA Plaza amounting to ₱316.97 million, resulting in a gain of ₱286.75 million.

Land Held under Finance Leases
The Group entered into finance leases of land in Barangay Suclaran and Cabano in San Lorenzo, Guimaras and Barangay Zaldivar and Sawang in Buenavista, Guimaras to facilitate the construction of the San Lorenzo wind farm (see Note 35). The carrying amount of land held under finance leases, included under "Land and land improvements", as at December 31, 2018 amounted to ₱116.81 million. These were reclassified to right-of-use assets as at January 1, 2019 upon adoption of PFRS 16.

Mortgaged Property and Equipment
PHINMA Renewable's wind farm with carrying value of ₱4,106.00 million and ₱4,310.28 million as at December 31, 2019 and 2018, respectively, included under "Machinery and equipment" account is mortgaged as security for the ₱4.30 billion term loan (see Note 19).

Pledges of Shares, Assignment of Receivables and all Material Contracts
As security for the timely payment, discharge, observance and performance of the secured obligations, AC Energy, ACEPH, and Axia, to the extent of their ownership interests in SLTEC, pledged shares owned by it, whether now owned or existing or hereafter acquired to the Security Trustee for the benefit of the Lenders and the Security Trustee.

In addition, SLTEC, and AC Energy, ACEPH and/or APHPC, as the relevant Sponsor under the New Omnibus Agreement, have assigned, conveyed and transferred unto the Security Trustee, for the benefit of the Lenders and the Security Trustee, all of its respective rights, title and interest in, to and under the following: (i) all monies standing in the cash flow waterfall accounts, with respect to SLTEC; (ii) all project receivables, with respect to SLTEC; (iii) the proceeds of any asset and business continuity insurance obtained by SLTEC; (iv) any advances or subordinated loans, if any, granted by any of AC Energy, ACEPH and APHPC to SLTEC; and (v) the proceeds, products and fruits of those provided under items (i) to (iv) hereof.

SLTEC, as continuing security for the timely payment and discharge of the secured obligations, has also assigned, conveyed and transferred to the Security Trustee all of its rights, title and interests in and to the Project Agreements to which it is a party. Project agreements include: (i) power purchase agreements; (ii) all fuel purchase agreements, together with corresponding performance guarantees and bonds having a total amount of at least ₱25.00 million per agreement; (iii) all operations and maintenance agreements, together with corresponding performance guarantees and bonds, for the operation and maintenance of the power plant; (iv) all asset and business continuity insurance obtained in relation to the power plant and its operation; (v) government approvals obtained by SLTEC in relation to the ownership, operation and maintenance of the power plant, except governmental approvals covered by excluded assets; and (vi) any and all other material contracts as may be agreed upon by SLTEC and the Lenders.

Power Plant Rehabilitation
The Group has contractual commitments and obligations for the rehabilitation of One Subic Power amounting to ₱550.00 million as of December 31, 2019.

SLTEC's Contract for the Design and Supply of Hip Rotor with Harbin Electric International Co., Ltd.,(HEI)
On July 29, 2019, SLTEC engaged the services of HEI to design, fabricate, and supply SLTEC with the brand-new spare HIP rotor and it is expected to be completed and delivered within the next seven (7) months. SLTEC recognized the advance payment made on September 19, 2019.

Insurance Claims
In 2019, SLTEC recognized a claim amounting to ₱222.79 million as compensation for the property damage covered by industrial all risk insurance. This was deducted from the construction-in-progress.

In 2018, ACEPH recognized a claim amounting to ₱90.15 million for the net insurance proceeds from third parties for the reimbursement of capital expenditures relating to the repair of Power Barge 103 as a result of damages due to typhoon.

12. Investments in Associates and Joint Ventures

Details of this account as at December 31 are as follows:

	Percentage of Ownership	**2019**	2018
Investments in associates:			
MGI	25.00	**₱685,133**	₱630,173
Asia Coal Corporation (Asia Coal)*	28.18	**631**	631
		685,764	630,804
Interests in joint ventures:			
ACTA	50.00	**37,401**	36,676
SLTEC**	45.00	–	3,438,199
PHINMA Solar	50.00	–	217,005
		37,401	3,691,880
		₱723,165	₱4,322,684

**Shortened corporate life to October 31, 2009. As at March 25, 2020, Asia Coal is still in the process of securing a tax clearance with the BIR in connection with the filing with the SEC of its application for dissolution.*
***45% interest as of December 31, 2018 and as of June 30, 2019, prior to consolidation of SLTEC (see Notes 1 and 33)*

The movements of the investments under the equity method are as follows:

	2019	2018
Investments in associates and joint ventures		
Acquisition costs:		
Balance at beginning of year	**₱3,911,572**	₱3,675,257
Effect of a business combination (see Note 33)	**(3,224,723)**	–
Sale of joint venture interest	**(225,000)**	–
Additions	–	236,315
Balance at end of year	**461,849**	3,911,572
Accumulated equity in net earnings:		
Balance at beginning of year	**397,633**	370,086
Equity in net earnings (losses) for the year	**(24,461)**	532,460
Dividends received	**(25,000)**	(504,913)
Sale of joint venture interest	**8,027**	–
Effect of a business combination (see Note 33)	**(91,217)**	–
Balance at end of year	**264,982**	397,633

(Forward)

	2019	2018
Accumulated share in OCI:		
Balance at beginning of year	**(₱2,193)**	(₱3,413)
Share in other comprehensive income	**86**	1,220
Balance at end of year	**(2,107)**	(2,193)
Accumulated impairment losses	**(1,559)**	(1,559)
Other equity transactions:		
Balance at beginning of year	**17,231**	17,231
Effect of a business combination (see Note 33)	**(17,231)**	–
Balance at end of year	**–**	17,231
Total investments	**₱723,165**	₱4,322,684

Investment in an Associate

MGI

The Parent Company subscribed to 25% of the capital stock of MGI which was incorporated and registered with the SEC on August 11, 2010, to implement the integrated development of the Maibarara geothermal field in Calamba, Laguna and Sto. Tomas, Batangas for power generation. MGI's registered business address is 7th F JMT Building, ADB Avenue, Ortigas Center, Pasig City.

The summarized financial information of MGI, a material associate of the Parent Company, and the reconciliation with the carrying amount of the investments and advances in the consolidated financial statements are shown below:

Summarized Statement of Financial Position as of December 31:

	2019	2018
Current assets	**₱1,101,966**	₱997,778
Noncurrent assets	**4,796,719**	4,860,066
Total assets	**5,898,685**	5,857,844
Current liabilities	**(496,559)**	(450,925)
Noncurrent liabilities	**(2,661,593)**	(2,887,058)
Net assets	**2,740,533**	2,519,861
Proportion of the Parent Company's ownership	**25%**	25%
Carrying amount of the investment	**₱685,133**	₱629,965

Summarized Statement of Income for the Years Ended December 31:

	2019	2018	2017
Revenue from sale of electricity	**₱1,139,163**	₱1,110,004	₱832,084
Cost of sale of electricity	**574,002**	507,587	384,475
Gross profit	**565,161**	602,417	447,609
Interest expense - net	**(203,611)**	(181,323)	(129,147)
General and administrative expenses	**(59,978)**	(55,341)	(35,163)
Other income - net	**19,255**	10,843	4,976
Income before income tax	**320,827**	376,596	288,275
Provision for (benefit from) income tax	**154**	(903)	163
Net income	**320,673**	377,499	288,112
Other comprehensive income (loss)	**–**	346	(7,772)
Total comprehensive income	**₱320,673**	₱377,845	₱280,340

On September 16, 2011, the Parent Company entered into an ESA with MGI under which the Parent Company will purchase the entire net electricity output of MGI's power plant for a period of 20 years at an agreed price, subject to certain adjustments (see Note 35). Commercial operations of MGI started in February 2014.

The Parent Company is also a Project Sponsor for MGI's ₱2.40 billion Term Loan Facility for the 20 MW Maibarara Geothermal Power Plant and ₱1.40 billion Project Loan Facility for its 12 MW Maibarara Expansion Project. In the event of a default of MGI, as a Project Sponsor, the Parent Company is obligated to:

- assign, mortgage or pledge all its right, title and/or interest in and its shares of stocks in MGI, including those that may be issued in the name of the Parent Company;
- assign its rights and/or interests in the Joint Venture Agreement executed on May 19, 2010 with PNOC Renewables Corporation;
- secure the debt service reserve account (DSRA) with a standby letter of credit, when reasonably required and pursuant to the terms of the facilities;
- guarantee the completion of the projects and for this purpose, the Parent Company undertakes to:
  i. contribute to MGI its pro-rata share of the funds necessary to enable MGI to complete the construction of its projects; and,
  ii. make cash advances or otherwise arrange to provide MGI with funds sufficient to complete construction, in the event that MGI does not have sufficient funds available to cover the full cost of constructing and completing the project due to costs overrun.

The loan covenants covering the outstanding debt of MGI include, among others, maintenance of debt-to-equity and debt-service ratios. As at December 31, 2019 and 2018, MGI is in compliance with the said loan covenants.

In 2015, the construction of Phase 2 of the project commenced. MGI successfully commissioned the 12-megawatt (MW) Maibarara Geothermal Power Plant-2 (MGPP-2) and successfully synchronized to the Luzon grid on March 9, 2018. On April 30, 2018, MGPP-2 commenced its commercial operations.

The Parent Company received dividend amounting to ₱25.00 million and ₱80.25 million in 2019 and 2018, respectively. It also invested additional capital of ₱12.50 million in 2018.

Interests in Joint Ventures

SLTEC
The summarized financial information of SLTEC, a material joint venture of the Parent Company, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are shown below:

Summarized Statement of Financial Position

	December 31, 2018
Current assets	₱4,219,021
Noncurrent assets	16,497,811
Current liabilities	(3,024,932)
Noncurrent liabilities	(10,098,160)
Net assets	7,593,740

(Forward)

	December 31, 2018
Proportion of the Parent Company's ownership	45%
Parent Company's share in the net assets	₱3,417,183
Other adjustments*	21,016
Carrying amount of investment	₱3,438,199

**Alignment of accounting policies on excess revenue over costs of testing and commissioning.*

Additional Information

	December 31, 2018
Cash and cash equivalents	₱1,337,712
Current financial liabilities*	1,556,016
Noncurrent financial liabilities	10,082,253

**Excluding trade and other payables and provision.*

Summarized Statement of Income

	December 31, 2018	December 31, 2017
Revenue from sale of electricity	₱6,270,087	₱8,248,140
Cost of sale of electricity	4,674,873	5,163,660
Gross profit	1,595,214	3,084,480
General and administrative expenses	(109,274)	(152,125)
Interest expenses - net	(749,724)	(868,554)
Other income - net	346,691	70,302
Income (loss) before income tax	1,082,907	2,134,103
Provision for (benefit from) income tax	(104,953)	13,421
Net income (loss)	977,954	2,120,682
Other comprehensive income (loss) – net	1,976	(2,171)
Total comprehensive income (loss)	₱979,930	2,118,511

Additional Information

	2018	2017
Depreciation and amortization	₱781,075	₱742,782
Interest income	68,776	49,983
Interest expense	749,724	868,554

Dividends earned from SLTEC amounted to ₱492.42 million in 2018.

On November 5, 2019, the Parent Company signed a deed of assignment with AC Energy to transfer AC Energy's rights to purchase 20% ownership stake of Axia. As a result of the assignment, the Parent Company's interest in SLTEC increased from 45% to 65%. SLTEC ceased to be a joint venture and became a subsidiary. The Parent Company accounted for the business combination using the pooling-of-interests method which resulted in the consolidation of SLTEC from July 1, 2019. The Parent Company's share in the net losses of SLTEC for the period ended June 30, 2019 amounted to ₱108.45 million.

PHINMA Solar
On December 11, 2018, the Parent Company and UGC, a subsidiary of PHINMA Inc., entered into a Deed of Sale for the sale of the Parent Company's 50% interest to UGC amounting to ₱225 million. The sale resulted in a gain of ₱5.83 million. As a result of the sale transaction, PHINMA Solar ceased to be a subsidiary as at December 31, 2018. In 2018, PHINMA Solar completed installation and commenced operations of two (2) solar panel projects.

On June 19, 2019, the Parent Company sold its remaining 50% interest in PHINMA Solar to PHINMA Corporation for ₱218.3 million which resulted in a gain of ₱1.38 million. The Parent Company recognized a share in PHINMA Solar's net loss amounting to ₱0.03 million for the period January 1 to June 19, 2019

The summarized financial information of PHINMA Solar, a material joint venture of the Parent Company, are shown below:

Summarized Statement of Financial Position as of December 31, 2018:

	2018
Current assets	₱390,840
Noncurrent assets	45,856
Current liabilities	(2,463)
Noncurrent liabilities	(224)
Net assets	434,009
Proportion of the Parent Company's ownership	50%
Parent Company's share in the net assets	217,005
Carrying amount of investment	₱217,005

Additional Information

	2018
Cash and cash equivalents	₱213,103
Investments held for trading	81,612
Current financial liabilities	2,463
Noncurrent financial liabilities	224

Summarized Statement of Income

	2018
	Oct – Dec
Revenue from sale of electricity	₱467
Cost of sale of electricity	183
Gross profit	284
General and administrative expenses	(7,755)
Other income - net	480
Loss before income tax	(6,991)
Benefit from income tax	2,439
Net loss	(4,552)
Other comprehensive income - net	231
Total comprehensive loss	(₱4,321)

Additional Information

	2018
	Oct – Dec
Depreciation and amortization	₱190
Interest income	1,659

13. **Financial assets at FVOCI**

This account consists of the following:

	2019	2018
Shares of stock:		
Listed	**₱21**	₱137,096
Unlisted	–	109,399
Golf club shares	**1,230**	11,500
	₱1,251	₱257,995

The movements in net unrealized gain on financial assets at FVOCI for the years ended December 31 are as follows:

	2019	2018
Balance at beginning of year - net of tax	**₱59,772**	₱–
Changes upon adoption of PFRS 9 - net of tax:		
Unrealized gain on AFS equity securities transferred to FVOCI	**–**	85,924
Remeasurement gain of unlisted equity securities (Note 3)	**–**	13,643
Unrealized gain on investment in a UITF closed to retained earnings due to change in classification (Note 3)	**–**	(54)
Unrealized loss (gain) recognized in other comprehensive income	**(27,369)**	2,106
Cumulative unrealized gain on disposal of equity instruments at FVOCI transferred to retained earnings	**(40,532)**	(41,847)
Balance at end of year - net of tax	**(₱8,129)**	₱59,772

As at December 31, 2019, some of the Group's financial assets at FVOCI were sold in relation to the purchase agreement between AC Energy and PHINMA in which the latter have excluded certain assets which it intends to keep within the PHINMA Group. The "excluded assets" pertains to the following: 50% share in PHINMA Solar, Guimaras Power Plant, various PPE and some of the Group's financial assets at FVOCI. Sale and transfer of the said assets were approved by the Board of Directors last January 7, 2019.

Dividend income earned from financial assets at FVOCI amounted to ₱7.59 million, ₱9.12 million in 2019 and 2018, respectively. Available for sale investments earned dividend income amounted to ₱8.48 million in 2017.

14. **Investment Properties**

As at December 31,2019 and 2018, this account pertains to land amounting to ₱13.09 million, which is stated at cost.

Below is the rollforward of investment properties for the year ended December 31,2018.

	2018			
	Land	Property and Equipment	Office Unit	Total
Cost:				
Balance at January 1,2018	₱13,085	₱106,902	₱–	₱119,987
Transfer to PPE (see Note 11)	–	(9,005)	–	(9,005)
Transfer to asset held for sale (see Note 10)		(97,897)		(97,897)
Balance at December 31,2018	13,085	–	–	13,085
Less accumulated depreciation				
Balance at January 1,2018	₱–	₱69,072	₱–	₱69,072
Transfer to PPE (see Note 11)	–	(7,160)	–	(7,160)
Depreciation for the year ended December 31,2018 (see Note 27)	–	5,274	–	5,274
Transfer to asset held for sale (Note 10)	–	(67,186)	–	(67,186)
Balance at December 31,2018	–	–	–	–
Net book value	₱13,085	₱–	₱–	₱13,085

The fair value of the land is based on the latest valuation as at June 24, 2018 by an independent firm of appraisers amounted to ₱13.98 million. Management expects that there is no significant change in fair value as at December 31, 2019. The investment property is valued at a weighted average of ₱1,732/sqm given the range of inputs between ₱800 to ₱2,500.

The fair value of the land is arrived using the Market Data Approach which estimates the value of the land based on sales and listings of comparable property registered within the vicinity. This technique requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the land. The comparison was premised on the factors of location, size and shape of lot, time element and bargaining allowance.

Revenue from investment properties amounted to nil, ₱16.44 million and ₱18.24 million in 2019, 2018 and 2017, respectively, which was recognized in the consolidated statement of income, while related direct costs and expenses amounted to ₱0.01 million, ₱15.68 million and ₱17.91 million in 2019, 2018 and 2017, respectively, which was included as part of under "Cost of sale of electricity" account in the consolidated statement of income.

15. **Goodwill and Other Intangible Assets**

Changes in goodwill and other intangible assets for the years ended December 31, 2019 and 2018 are as follows:

		2019		
	Goodwill	**Deferred Exploration Costs**	**Leasehold Rights**	**Total**
Cost:				
Balance at beginning of year	**₱234,152**	**₱136,976**	**₱99,839**	**₱470,967**
Cash calls	–	**19,426**	–	**19,426**
Write-off	–	**(48,263)**	–	**(48,263)**
Reclassification to right-of-use assets (see Note 3)	–	–	**(99,839)**	**(99,839)**
Balance at end of year	**234,152**	**108,139**	–	**342,291**
Accumulated depreciation:				
Balance at beginning of year	**₱–**	**₱–**	**₱74,880**	**₱74,880**
Reclassification to right-of-use assets (see Note 3)	–	–	**(74,880)**	**(74,880)**
Balance at end of year	–	–	–	–
Accumulated impairment:				
Balance at beginning of year	–	**75,868**	–	**75,868**
Provisions for the year (see Note 25)	–	**34,493**	–	**34,493**
Write-off	–	**(48,263)**	–	**(48,263)**
Balance at end of year	–	**62,098**	–	**62,098**
Net book value	**₱234,152**	**₱46,041**	**₱–**	**₱280,193**

		2018		
	Goodwill	Deferred Exploration Costs	Leasehold Rights	Total
Cost:				
Balance at beginning of year	₱234,152	₱132,450	₱99,839	₱466,441
Cash calls	–	4,526	–	4,526
Balance at end of year	234,152	136,976	99,839	470,967
Accumulated depreciation:				
Balance at beginning of year	–	–	58,690	58,690
Amortization (see Note 27)	–	–	16,190	16,190
Balance at end of year	–	–	74,880	74,880
Accumulated impairment:				
Balance at beginning of year	–	27,605	–	27,605
Provisions for the year (see Note 25)	–	48,263	–	48,263
Balance at end of year	–	75,868	–	75,868
Net book value	₱234,152	₱61,108	₱24,959	₱320,219

Leasehold Rights and Goodwill

The leasehold rights and goodwill arose from PHINMA Power's acquisition of the entire outstanding shares of stocks of One Subic Power in 2014. One Subic Power and SBMA have an existing Facilities Lease Agreement (FLA) for a period of five (5) years up to July 19, 2020, as amended, with the option to extend subject to mutually acceptable terms and conditions. On December 21, 2017, the SBMA Board approved and ratified the amendment of the Facilities Lease Agreement extending the lease term until July 19, 2030. As at January 1, 2019, the leasehold rights were reclassified as right-of-use assets as a result of adoption of PFRS 16 (see Note 3).

Impairment Testing of Goodwill

The Parent Company performs its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements as of December 31, 2019 and 2018 (see Note 4). The recoverable amount of the CGU was determined using the value-in-use approach calculated using all cash flow projections related to CGU based on the financial budgets and forecasts approved by the BOD, which management believes are reasonable and are management's best estimate of the ranges of economic conditions that will exist over the forecast period.

The recoverable amount exceeded the carrying amount of the CGU and, as a result, no impairment was recognized for the years ended December 31, 2019 and 2018.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trend, target market analysis, government regulations and other economic factors.

- EBITDA margin - It is a measure of a firm's profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation, interest expenses and changes in net working capital and maintenance capital expenditures in arriving in the free cash flow

- Discount rates - represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

An increase of 100 basis points in the Group's pre-tax discount rate will not result in an impairment of goodwill.

Deferred Exploration Costs
Details of deferred exploration costs are as follows:

	2019	2018
Petroleum and gas:		
SC 55 (Southwest Palawan)	**₱23,063**	₱6,817
SC 6 (Northwest Palawan)		
Block A	**22,978**	22,568
Block B	**4,892**	4,892
SC 50 Northwest Palawan	**11,719**	11,719
SC 52 (Cagayan Province)	**10,994**	10,994
SC 51/Geophysical Survey and Exploration Contract (GSEC) No. 93 (East Visayas)	**–**	32,666
SC 69 (Camotes Sea)	**–**	15,597
Geothermal - SC 8 (Mabini, Batangas)	**34,493**	31,723
	108,139	136,976
Allowance for impairment loss	**(62,098)**	(75,868)
Net book value	**₱46,041**	₱61,108

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under petroleum SCs with the Department of Energy (DOE). The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

The following summarizes the status of the foregoing projects:

Palawan55

a. SC 55 (Southwest Palawan)

On June 14, 2016, the DOE extended the term of SC 55 until December 23, 2017.

On November 21, 2016, Otto Energy and Otto Energy Philippines notified the DOE of their withdrawal from SC 55.

On November 22, 2017, Palawan55 notified the DOE of its willingness to assume its pro-rata, post- adjustment share (37.50%) amounting to US$64,613 of Otto Energy's outstanding training fund obligation of US$172,300 in conjunction with the DOE's approval of the assignment of interests and favorable consideration for a reasonable extension of the moratorium period that would allow execution of the committed technical studies.

On March 26, 2018, the DOE approved the transfer of participating interests from Otto Energy to its Partners, Palawan55, Century Red and Pryce Gases, Inc. Palawan55's 6.82% participating interest in SC 55 was adjusted to 37.50% upon the DOE's approval of the withdrawal of Otto Energy. The Moratorium Period until April 26, 2019 was also approved with a budget of US$478,750 for 3D seismic reprocessing and Quantitative Inversion Study.

On August 23, 2018, Palawan55 awarded the 3D Marine PreSTM and PreSDM Reprocessing and Quantitative Services Contract to a third party. The Notice to Proceed was issued on September 10, 2018. Said work program is currently ongoing.

On November 19, 2018, Palawan55 requested for an extension of the SC 55 Moratorium Period up to December 31, 2019 due to the fact that the Quantitative Interpretation Study and Resource Assessment will only be completed after April 2019. The work program was completed in October 2019. Palawan55 is currently interpreting the reprocessed seismic data to generate additional prospects in the Greater Hawkeye Area and to refine the mapping of the CINCO Prospect. The DOE acknowledged the receipt of this request from Palawan55 on November 23, 2018. The said request is still pending approval as at March 25, 2020.

In December 2018, a third party Partner in the consortium advanced its payment for its share in the 2019 work program amounting to US$69,669 or ₱3.66 million. This shall be applied to the third party's share in the subsequent expenditure of SC 55. Palawan55 also accrued its share in the training obligations for SC55 payable to the DOE amounting to ₱3.49 million.

On August 9, 2019, the SC 55 Consortium formally notified the DOE that is directly proceeding into the Appraisal Period effective August 26, 2019. The Consortium committed to drill one (1) deepwater well within the first two years of the Appraisal period and re-interpretation of legacy seismic data over the rest of the block which may lead to the conduct of new 3D seismic campaign to mature other identified prospects to drillable status.

On September 26, 2019, Palawan55 informed the DOE of Century Red Pte. Ltd. Withdrawal from SC 55 and accordingly requested for the approval of the transfer of Century Red's entire 37.50% participating interest.

On February 13, 2020, Palawan55 received DOE's approval on the transfer of the 37.50% participating interest of Century Red in SC 55. After careful review and evaluation of DOE, Palawan55 is found to be technically, financially and legally qualified to assume the participating interests of Century Red. Palawan55's participating interest in SC 55 is adjusted from 37.50% to 75.00%.

No impairment was recognized for SC 55 in 2019 and 2018 as the Group believes that the related deferred exploration costs are recoverable.

Enexor

b. SC 6 (Northwest Palawan)

<u>Block A</u>

On December 20, 2016, the consortium submitted to the DOE its proposed 2017 work program consisting of advanced geophysical studies. On February 13, 2017, the program was approved by the DOE. The work program of advanced seismic data reprocessing and quantitative seismic inversion study was completed in December 2017. The studies yielded significant improvement in the imaging of complex and deeper geological structures.

On January 8, 2018, the consortium submitted to the DOE its proposed 2018 work program composed of seismic interpretation and mapping and integration of quantitative inversion results that would serve as input to preliminary well design and cost estimates.

The Consortium completed its 2018 work program and said undertaking have improved the resource evaluation of the mapped leads and prospects in the area.

On December 18, 2018, the Partners have approved and the Operator, Philodrill Corporation (Philodrill), submitted to the DOE the proposed 2019 SC 6A Work Program and Budget amounting to US$314,116 composed of geological and geophysical evaluation and engineering projects. The same was approved by the DOE on January 23, 2019.

No impairment was recognized for SC 6 Block A in 2019 and 2018 as the Group believes that the related deferred exploration costs are recoverable.

Block B
Enexor holds 7.78% and 14.063% participating interests in Block A and Block B, respectively. SC 6 is valid until February 28, 2024 subject to fulfillment of work commitments for each of the three 5-year terms comprising the 15-year extension period of SC 6 in respect of Block A and B and payment of training assistance, development assistance and scholarship funds to the DOE.

On February 20, 2017, Enexor gave notice to the consortium of relinquishment of its 14.063% participating interest in SC 6 Block B and the Operating Agreement, but said relinquishment shall not include its 2.475% carried interest. The retained carried interest would entitle the Group for a share in the gross proceeds from any production in the block, once all exploration costs have been recovered. The carried interest will be valued upon establishment of the commercial viability of the project.

In 2017, the Group recognized full provision for probable loss on SC 6B amounting to ₱4.89 million due to the Group's relinquishment of its participating interest.

On April 12, 2018, the transfer of participating interest from Enexor to SC6 Block B continuing parties was approved by the DOE.

c. SC 50 (Northwest Palawan)

In 2013, Enexor commenced negotiations with Frontier Energy Limited (Frontier Energy), the Operator, regarding a Farm-in Agreement that would provide for the Group's acquisition of 10% participating interest in SC 50.

Subject to execution of said Farm-in Agreement, Enexor has committed to subscribe to 136,000,000 in Frontier Oil shares through the latter's planned initial public offering.

On September 1, 2014, the Parent Company made advance payment to Frontier Oil amounting to ₱20.00 million pursuant to the Memorandum of Agreement with Frontier Energy and Frontier Oil dated August 22, 2014 subject to execution of a Farm-in Agreement and Loan Agreement among the parties not later than 30 days from date of execution of the MOA. The advances are due 24 months after the release of the funds. In the event a Loan Agreement for ₱136.00 million is signed between the Group and Frontier Oil, the advances shall be considered as initial drawdown on the Loan.

On October 16, 2014, Enexor signed the following agreements providing for its acquisition of 10% participating interest in SC 50:

1. Farm-in Agreement with Frontier Energy and Frontier Oil
2. Deed of Assignment with Frontier Energy
3. Loan Agreement with Frontier Oil

Frontier Oil, the Operator, applied for a Force Majeure in view of the unilateral cancellation of its rig contract by the other partners in the consortium.

On October 5, 2015, the DOE denied the Operator's request and, consequently, ruled that the contract effectively expired in March 2015. On October 20, 2015, Frontier Oil contested DOE's position and engaged the DOE in discussions aimed at a mutually acceptable resolution of the issue.

In 2016, the advances to Frontier Oil amounting to ₱20.00 million was fully provided with an allowance for credit losses account (see Note 7) and the deferred exploration costs amounting to ₱11.72 million was fully provided with an allowance for probable losses, due to the expiration of the SC's term and denial by the DOE of the request for Force Majeure.

In January 2016, Frontier Oil requested a 2-year moratorium on contract obligations. A subsequent letter was sent to the DOE, dated December 14, 2016, requesting for reconsideration of the termination of SC 50.

As at March 25, 2020, approval of the assignment of 10% participating interest in SC 50 to Enexor remains pending with the DOE.

d. SC 51/GSEC 93 (East Visayas)

On May 15, 2018, Enexor notified the DOE of its withdrawal from SC 51 and advised the latter that it would no longer pursue its entitlement to Otto Energy's participating interest under the Deed of Undertaking dated March 3, 2017. The DOE acknowledged this formal notification from Enexor on May 23, 2018.

On June 1, 2018, the DOE approved the transfer of Otto Energy's participating interests in SC 51 to the Filipino Partners. Enexor's participating interest was adjusted from 6.67% to 33.34% after the DOE's approval of the withdrawal of Otto Energy.

On July 4, 2018, the SC 51 Consortium, noting that the attendant requested conditions that would allow full implementation of the proposed work program were not covered in the said approval (i.e., SC 51 term extension, revision of work program), notified the DOE of their decision to relinquish SC 51 block, to withdraw from SC 51 and to waive their rights to Otto Energy's interest.

The SC 51 Consortium met with the DOE on several occasions to craft the best way forward in SC 51. On December 17, 2018, as had been agreed in a number of meetings, the Consortium provided further justification for waiver to pay the outstanding financial obligation of Otto Energy, as executed in the Deed of Undertaking, given that the aforementioned conditions were not met.

In 2018, Enexor recognized full provision for probable loss on SC 51 amounting to ₱32.67 million due to deemed expiration of the exploration period. On July 1, 2019, Enexor received the DOE's approval of the relinquishment of SC51. Consequently, the deferred exploration costs and related allowance for probable losses of SC51 were written off.

e. SC 69 (Camotes Sea)

On June 4, 2018, the SC 69 Consortium notified the DOE of its relinquishment of SC 69 block in view of the strong oppositions to the Project from various stakeholders, including several Local Government Units and Non-Government Organizations, making the conduct of petroleum exploration business in the area very challenging, if not impossible.

In 2018, Enexor recognized full provision for probable loss on SC 69 amounting to ₱15.60 million due to vigorous opposition of stakeholders and recent issuances of concerned LGUs declaring the Visayan Sea as a protected area and marine reserve. On July 29, 2019, Enexor received DOE's approval of the relinquishment of SC69. Consequently, the deferred exploration costs and related allowance for probable losses of SC69 were written off.

In 2018, the Group neither incurred nor capitalized share in various expenses to deferred exploration costs due to its operatorship in SC 69. No similar costs were incurred and capitalized in 2019.

ACEPH

f. SC 52 (Cagayan Province)

In 2016, the Parent Company assessed and fully provided for probable losses for deferred exploration costs pertaining to SC 52 amounting to ₱10.99 million due to the expiration of its terms and subsequent denial of the DOE of the request for Force Majeure.

In December 2016, Frontier Oil, as instructed by the DOE, submitted certain documents in support of its request for Force Majeure. As at March 25, 2020, the requests for Moratorium and appeal for contract reinstatement are still pending DOE's approval.

g. SC 8 (Batangas - Mabini Geothermal Service Contract)

In 2018, the Consortium held continuing Information and Electronic Campaigns (IEC) together with the DOE and PHIVOLCS to obtain support from the local government units towards lifting of the Cease-and-Desist Order.

On July 3, 2018, the Parent Company formally notified Basic Energy, the Operator, of its withdrawal from the service contract and Joint Operating Agreement (JOA) for the block.

In August 2018, Basic Energy proposed to conduct the forward drilling program on its own, "Operation by Fewer than all the Parties: under the JOA" and carry the Parent Company's share of attendant costs. The Parent Company expressed its willingness to consider the said proposal and requested Basic Energy's key terms for the Parent Company's consideration.

In June 2019, the Parent Company decided to push through with the withdrawal from the SC and JOA. As at December 31, 2019, the Parent Company recognized full provision for probable loss on SC 8 amounting to ₱34.49 million.

<u>Pililia Hydropower Service Contract (HSC) (Rizal)</u>
The Parent Company requested for the reinstatement of Pililia HSC and the DOE approved the reinstatement until July 7, 2016, subject to certain conditions.

The Parent Company also requested a three-year extension of the pre-development stage of the service contract and as at March 25, 2020, is still waiting for the response from the DOE.

16. Right-of-Use Assets

The rollforward analysis of this account follows:

	Right-of-Use Assets				
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Leasehold Rights	Total
As at January 1, 2019	**₱167,399**	**₱356,091**	**₱–**	**₱24,959**	**₱548,449**
New lease agreements	–	–	30,075	–	30,075
Acquired from SLTEC	–	–	12,032	–	12,032
Amortization expense	(8,322)	(30,743)	(10,365)	(16,190)	(65,620)
As at December 31, 2019	**₱159,077**	**₱325,348**	**₱31,742**	**₱8,769**	**₱524,936**

The Group's Right-of-Use Asset arise from the lease agreements of the following entities:

- ACEPH - the rental of office space in 22nd Floor of Ayala Tower together with 8 parking slots.
- OSPGC – Facilities and Lease agreement with SBMA for the Land in Subic including the 116 MW Diesel Powerplant.
- PREC – Operating and Finance lease commitments from various land owners in Guimaras for land, easement rights and right of way use to connect to the grid.
- SLTEC – the rental of office space in 8 Rockwell, Plaza Dr. Makati City.

The Group recognized rent expense from short-term leases of ₱0.25 million in 2019.

The Group elected to use the modified retrospective method to account for the transition provisions of PFRS 16. The assessment led to computing the PV unpaid cashflows as of January 1, 2019 up to the end of the lease term and then accounted any balance of prepaid rent or accrued rent to be closed out as an addition to or deduction from to the Right-of-Use Asset account respectively.

There were no land or lease improvements noted. Each entity did not exercise or avail any renewal, extension, or termination option.

No practical expedient was elected such as short-term lease or lease of low-value assets except for PREC which used the short-term lease practical expedient which impact amounted to ₱0.25 million.

At year-end, there was no indication of impairment on the Right-of-Use Asset of the Group.

17. Other Noncurrent Assets

	2019	2018
Trade receivable (see Note 21)	**₱1,123,511**	₱1,123,511
Receivables from third parties (see Note 7)	**423,705**	501,266
Advances to suppliers	**292,113**	–
Advances to affiliates	**176,000**	–
Deposits	**109,419**	102,346
Prepaid rent	**–**	50,079
Balance at end of year	**₱2,124,748**	₱1,777,202

Noncurrent trade receivable (see Note 21) relate to receivable from the execution of the Multilateral Agreement.

Due to its interpretation of the WESM Rules, PEMC allocates its uncollected receivables due from power purchasers in the WESM to the generators which sold power to the WESM. On December 23, 2013, the Supreme Court (SC) issued a 60-day Temporary Restraining Order (“TRO”) enjoining the Manila Electric Company (MERALCO) and the ERC from implementing the Automatic Generation Rate Adjustment (AGRA) mechanism for the November 2013 billing period. The AGRA allows automatic pass through of the cost of power purchased from WESM. In turn, MERALCO did not pay PEMC a significant portion of its November and December 2013 power bills. PEMC in turn, did not pay the Group the full amount of its electricity sales. On April 22, 2014, the SC extended indefinitely the TRO it issued over the collection of the November 2013 power rate increase.

The ERC issued an Order (ERC Case No. 2014-021 MC) dated March 3, 2014 voiding the WESM prices of November and December 2013 power bills. As directed by the ERC, PEMC recalculated the regulated prices and issued WESM adjusted power bills in March 2014 which the Group recorded resulting in an increase in receivables and net trading revenues.

Certain market players filed motions for reconsideration resulting in ERC’s issuance of another Order dated March 27, 2014 for PEMC to provide market participants an additional forty-five (45) days, or up to May 12, 2014 to settle their WESM power bills covering the adjustments for the period October 26 to December 25, 2013. ERC extended the settlement of WESM power bills to a non-extendible period of thirty (30) days up to June 11, 2014 which resulted in a Multilateral Agreement where the WESM Trading Participants agreed to be bound to a payment schedule of six (6) months or twenty-four (24) months subject to certain conditions. The Group signed the Agreement on June 23, 2014. In 2016, the Group collected ₱205.31 million, under the said Multilateral Agreement. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to the receivables under the Multilateral Agreement amounting to ₱13.75 million.

Receivables from third parties include interest-bearing receivables of ACEPH collectible until April 2021 and noninterest-bearing receivables from NGCP arising from the sale of transmission assets, which are collectible annually within three (3) years from the date of sale, discounted using the PHP BVAL Reference Rates on transaction date ranging from 2.14% - 4.56%. It includes also SLTEC’s receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets in 2016. The receivable is noninterest-bearing and is expected to be collected over five (5) years.

Advances to suppliers consist of advance payments for capital expenditures which will be capitalized to property, plant and equipment once fully rendered by the suppliers.

Advances to affiliates consist of advances to Ingrid Power Holdings, Inc. (Ingrid) and SolarAce1 Energy Corp. (SolarAce1) amounting to ₱150.00 million and ₱26.00 million, respectively, for the purchase of shares (see Notes 31, 35 and 40).

Deposits include deposits to distribution utilities and noncurrent portion of the refundable security deposit with SBMA.

18. **Accounts Payable and Other Current Liabilities**

	2019	2018
Nontrade	**₱1,957,480**	₱192,154
Trade payables	**961,726**	519,505
Output VAT	**427,752**	144,366
Due to related parties (see Note 31)	**190,062**	801,165
Accrued interest expense (see Note 36)	**137,618**	79,297
Accrued expenses	**66,798**	121,534
Derivative liability (see Note 36)	**21,060**	–
Retention payables	**2,050**	1,096
Accrued directors' and annual incentives (see Note 31)	**50**	–
Deferred revenue - current portion	**–**	387,289
Finance lease obligations - current portion (see Note 35)	**–**	14,803
Others	**23,117**	8,189
	₱3,787,713	₱2,269,398

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Nontrade payables include liabilities for various purchases such as acquisition of 20% interest in SLTEC (see Note 1) and additions to property, plant and equipment and spare parts.

Trade payables refer to liabilities to suppliers of electricity and fuel purchased by the Group.

Deferred revenue pertains to the upfront payment received from a customer in consideration of the contract amendments and modifications. The deferred revenue was amortized over the remaining term of the contract until December 2019.

Accrued expenses include insurance, sick and vacation leave accruals (see Note 30), station use, One Subic Power variable rent in SBMA (see Note 35) and accruals for incentive pay.

Finance lease obligations refer to lease agreements entered into by the Group with individual land owners. These leases have terms of twenty (20) to twenty-five (25) years (see Note 35).

Retention payables pertain to amounts retained from liabilities to suppliers and contractors.

Derivative liability pertains to coal swaps contracts with a bank used to hedge the risks associated with changes in coal prices.

Others consist of liabilities to employees, statutory payables, deposit payables and installment payable pertaining to BCHC's acquisition of land.

The Group is a party to certain claims and assessments in the ordinary conduct of business. The information usually required by PAS 37 is not disclosed on the ground that it can be expected to prejudice the outcome or the Group's position with respect to these matters.

19. **Loans**

Long-term loans

As at December 31, this account consists of:

	2019	2018
ACEPH long-term loans	**₱8,634,812**	₱4,728,870
SLTEC long-term loans	**10,870,683**	–
PHINMA Renewable term-loan facility	**1,531,734**	1,644,743
	21,037,229	6,373,613
Add premium on long-term loans (embedded derivative)	**2,429**	4,247
Less unamortized debt issue costs	**253,730**	40,927
	20,785,928	6,336,933
Less current portion of long-term loans (net of unamortized debt issue costs)	**593,847**	265,460
Noncurrent portion	**₱20,192,081**	₱6,071,473

Movements in derivatives and debt issue costs related to the long-term loans follow:

	Derivatives	Debt Issue Costs
As at December 31, 2017	₱6,009	₱45,482
Additions	–	6,975
Amortization/accretion for the year*	(1,762)	(11,530)
As at December 31, 2018	4,247	40,927
Acquired from SLTEC	–	186,314
Additions	–	43,003
Amortization/accretion for the year*	(1,818)	(16,514)
As at December 31, 2019	**₱2,429**	**₱253,730**

**Included under "Interest and other financial charges" in the "Other income - net" account in the consolidated statements of income (see Note 28).*

ACEPH

The relevant terms of the long-term loans of the Parent Company are as follows:

Description	Interest Rate (per annum)	Terms	**2019**	2018
₱5.00 billion loan with BDO	5.0505% per annum for the first 5 years; repricing for the succeeding 5 years is the average of the 5-year BVAL, three (3) days prior to Repricing Date, plus a margin of ninety basis points per annum (0.90%), with the sum divided by 0.95	Availed on November 15, 2019, payable in semi-annual installment within 10 years with final repayment on November 14, 2029; contains negative pledge	**₱4,957,717**	₱–
₱1.50 billion loan with China Banking Corporation (CBC)	The higher of 7-year PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.675% for the first 7 years; repricing for the last 3 years, the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate.	Availed on April 14, 2014, payable in quarterly installment within 10 years to commence 1 year after the first interest payment date with final repayment on April 30, 2024; contains negative pledge	**1,358,727**	1,388,693

(Forward)

Description	Interest Rate (per annum)	Terms	2019	2018
₱1.18 billion loan with SBC	Fixed at a rate of 6.50% per annum which shall be payable at the end of the interest period of six months	Availed on January 11, 2017 payable in semi-annual installments within 12.5 years to commence 6 months after the Drawdown Date and every 6 months thereafter with final repayment on July 11, 2029; contains negative pledge	**₱904,018**	₱965,456
₱1.18 billion loan with DBP	Fixed at a rate of 6.00% for the first 7 years; repricing for the last 5.5 years, the higher of 5-year PDST-R2 plus a spread of 1.625% or 6.25%	Availed on January 10, 2017 payable in semi-annual installments within 12.5 years to commence 6 months after the Drawdown Date and every 6 months thereafter with final repayment on July 10, 2029; contains negative pledge	**904,004**	965,469
₱0.50 billion loan with Banco De Oro Unibank, Inc. (BDO)	The higher of 7Y PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.8146% for the first 7 years; repricing for the last 3 years), the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate	Availed on July 30, 2014, payable in quarterly installments within 10 years to commence 1 year after the first interest payment date with final repayment on April 30, 2024; contains negative pledge	**452,083**	461,467
₱0.93 billion loan with SBC	The applicable peso benchmark (based on BVAL) plus minimum of 2.0% spread, with quarterly repricing, which shall be payable quarterly in arrears.	Availed on December 28, 2018 payable on June 28, 2020; up to 18 months from drawdown date	**–**	923,061
Carrying value (net of unamortized debt issue costs and embedded derivatives of ₱58.26 million and ₱24.72 million as of December 31, 2019 and 2018, respectively)			**₱8,576,549**	₱4,704,146

In 2019 and 2018, principal repayments made relative to Group's loans amounted to ₱1,094.06 million and ₱1,357.42 million, respectively. ACEPH paid ₱43.00 million debt issue costs for the ₱5.00 billion additional loans availed in 2019.

ACEPH's long-term loans also contain prepayment provisions as follows:

Description	Prepayment provision
₱5.00 billion loan with BDO	Early redemption is at the option of the Borrower any time after the 4th Interest Payment Date. Prepayment shall be in integral multiples of ₱50 Million. Prepayment is not subject to penalty on the Repricing Date, else a prepayment premium of 3.0%, 2.5%, 2.0%, 1.0% and 0.5% is applied to the outstanding principal amounts prepaid from after the 4th to until before the 10th Interest Payment Date, from after the 10th to until before the 14th Interest Payment Date, from the 14th to until before the 16th Interest Payment Date, from the 16th to until before the 18th Interest Payment Date, and from the 18th to until before the 20th Interest Payment Date, respectively.
₱1.50 billion loan with CBC	Early redemption is at the option of the issuer exercisable on an interest payment date every anniversary starting from the 7th year from Issue date. Prepayment amount is at par. Transaction cost is minimal.

Description	Prepayment provision
₱0.50 billion loan with BDO	Early redemption is at the option of the issuer exercisable on an interest payment date every anniversary starting from the 7th year from Issue date. Prepayment amount is at par. Transaction cost is minimal.
₱1.18 billion loan with SBC	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Transaction cost is minimal.
₱1.18 billion loan with DBP	Early redemption is at the option of the issuer exercisable on the interest repricing date (8th anniversary of the drawdown date). Prepayment amount is at par. If redemption is exercised on a date that is not the interest repricing date, prepayment amount is at par plus break-funding cost. Transaction cost is minimal.
₱0.93 billion loan with SBC	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Break-funding cost on principal repayment shall be based on the difference between the contracted interest rate and the comparable benchmark rate. The negative difference shall be multiplied by the prepaid amount and the remaining tenor to come up with break-funding cost, which in no case is less than zero.

The prepayment option on all loans were assessed as closely related and, thus, not required to be bifurcated.

In 2019, ACEPH prepaid ₱930 million of its long term debt accordance with the terms of the Agreement with SBC. In 2018, ACEPH prepaid ₱1,210.00 million of its long-term debt in accordance with the terms of the Agreements with SBC and DBP.

Covenants
Under the loan agreements, ACEPH has certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control.

Description	Covenants
₱5.00 billion loan with BDO	(a) Maximum Net Debt to Equity ratio of 3 times
₱1.50 billion loan with CBC	(a) Minimum DSCR of 1.0 times (b) Maximum Debt to Equity ratio of 1.5 times
₱0.50 billion loan with BDO	(a) Minimum DSCR of 1.0 times (b) Maximum Debt to Equity ratio of 1.5 times
₱1.18 billion loan with SBC	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times*
₱1.18 billion loan with DBP	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times*
₱0.93 billion loan with SBC	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times*

**Applicable only if there's short-term borrowing*

In addition, there is also a restriction on the payment or distribution of dividends to its stockholders other than dividends payable solely in shares of its capital stock if payment of any sum due the lender is in arrears or such declaration, payment or distribution shall result in a violation of the financial ratios prescribed.

ACEPH was in compliance with loan covenants as at December 31, 2018. ACEPH was able to obtain waivers of compliance from BDO, CBC, SBC, and DBP for the Debt Service Cover Ratio and Debt-to-Equity ratio covenant testing for 2019 required by the terms of each respective Lender's loan agreement. ACEPH, therefore, classified the loans amounting to ₱8.36 billion as noncurrent as of December 31, 2019.

PHINMA Renewable

On December 18, 2013, PHINMA Renewable entered into a ₱4.30 billion Term Loan Facility with Security Bank Corporation ("SBC") and Development Bank of the Philippines ("DBP"). The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm composed of 272 MW wind turbine generators and related roads, jetty, substations, transmission line facilities and submarine cable to connect to the grid. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing ("PDST-F") plus a spread of 1.625% or a minimum interest rate of 6.25% for the first 10 years, to be repriced at higher of existing rate or 5-year PDST-F plus a spread of 1.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or a minimum interest rate of 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. In 2013, the Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

On April 1, 2015, the publication of PDST-F rates ceased pursuant to the memo of the Bankers Association of the Philippines ("BAP") dated January 8, 2015. Subsequently, the parties agreed to adopt PDST-R2 and BVAL rates as benchmark rate in lieu of PDST-F rates. BVAL rates were adopted starting October 29, 2018 when the Bankers Association of the Philippines (BAP) launched its new set of reference rates to replace the current set of PDST Reference Rates, PDST-R1 and PDST-R2.

The loan facility also contains a prepayment provision which allows PHINMA Renewable to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of (a) the principal amount of the loan being prepaid, or (b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor as shown in the Philippine Dealing and Exchange Corporation ("PDEx") Market Page, Reuters and the PDS website (www.pds.com.ph) at approximately 11:16 am on the business day immediately preceding the prepayment date. In addition, PHINMA Renewable is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

On April 28, 2016, PHINMA Renewable prepaid ₱150.50 million of its long-term debt in accordance with the terms of the Agreement as follows:

- The PHINMA Renewable shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by PHINMA Renewable of any transmission line proceeds;
- Prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- The remaining thirty percent (30%) shall be transferred directly into PHINMA Renewable controlled distribution account for further distribution to the Project Sponsor.

On December 20, 2016, the BOD resolved to amend the Omnibus Loan and Security Agreement (OLSA) to allow PHINMA Renewable to prepay a portion of the long-term debt to SBC and DBP without penalties. On January 11, 2017, PHINMA Renewable prepaid ₱2,350.00 million of its long-term debt.

Under the terms of the Agreement, ACEPH, as the Project Sponsor, shall:

- Provide equity contributions equivalent to 30% of the project cost;
- Fund any cost overruns on the project and the required debt service reserve amount DSRA in the event of delays in obtaining FIT eligibility or Renewable Energy Payment Agreement; and,
- Redeem the loan in the event that PHINMA Renewable defaults on the loan and titles to the project properties have not been issued to PHINMA Renewable or notwithstanding such titles, lenders fail to acquire title to the project properties due to lack of annotation or third party claims.

The loan agreement provides loan disbursement schedule for the drawdown of the loan. PHINMA Renewable made the following drawdowns during the years 2015 and 2014 with the corresponding carrying values as at December 31, 2019:

	Tranche A (DBP)		Tranche B (SBC)	
Drawdown date	Gross Amount[a]	Carrying Value[b]	Gross Amount[a]	Carrying Value[b]
February 14, 2014	₱110,427	₱111,281	₱110,427	₱109,689
May 27, 2014	195,919	196,092	195,919	194,799
August 5, 2014	195,920	197,949	195,920	194,860
September 2, 2014	178,109	178,965	178,109	177,206
July 30, 2015	85,492	82,103	85,492	82,065
	₱765,867	₱766,390	₱765,867	₱758,619

[a]*Net of prepayments made in 2016 and 2017*
[b]*Net of unamortized debt issue costs.*

In 2019, 2018 and 2017 PHINMA Renewable made the following payments with their corresponding carrying values:

	Tranche A (DBP)		Tranche B (SBC)	
Payment date	Gross Amount	Carrying value	Gross Amount	Carrying value
January 11, 2017	₱1,175,000	₱1,169,712	₱1,175,000	₱1,172,004
February 14, 2017	16,735	16,422	16,735	16,558
August 14, 2017	16,735	15,093	16,735	15,809
February 14, 2018	16,735	15,047	16,735	15,786
August 14, 2018	27,172	25,491	27,172	26,231
February 14, 2019	27,173	25,466	27,173	26,225
August 14, 2019	29,332	27,784	29,332	28,479
	₱1,308,882	₱1,295,015	₱1,308,882	₱1,301,092

The loan's principal repayment is variable amount payable semi-annually; amount of principal repayment to be determined during the due diligence stage based on the required debt service coverage ratio ("DSCR") and financial projections using the Financial Model validated by an independent financial model auditor. Any incremental revenue resulting from a subsequent increase in the applicable FIT rate shall be applied to principal repayment of the loan in the inverse order of maturity. Incremental revenue is the difference in the revenue based on existing FIT rate of ₱7.40/kwh and a new base rate as defined by the relevant government agency excluding annual adjustments to account for inflation and foreign exchange movements.

Under the loan facility agreement, PHINMA Renewable must maintain a debt service account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. The funds in the debt service reserves can be used by PHINMA Renewable provided that thirty (30) days prior to payment, the fund is replenished. Debt service reserves are included in the consolidated statement of financial position under "Cash and cash equivalents" (see Note 5).

Covenants.
The Term Loan Facility includes, among others, certain restrictive covenants and requirements with respect to the following, effective upon commercial operations of PHINMA Renewable:

(a) Historical DSCR post dividend declaration of 1.20x and Debt to Equity Ratio not exceeding 70:30 throughout the term of the loan;
(b) Equity infusion amounting to ₱328.13 million for retention and contingencies;
(c) Limitation on investments (not to enter into joint ventures, partnership; create subsidiary/branch); and
(d) Restricted payments (not to distribute dividends, make payments to affiliates).

PHINMA Renewable is in compliance with loan covenants as at December 31, 2019 and 2018.

The loan facility is secured by PHINMA Renewable's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying values amounting to ₱4,106.00 million and ₱4,310.28 million as at December 31, 2019 and 2018, respectively (see Note 11). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEPH entered into a Pledge Agreement covering the subscriptions of stocks of ACEPH and its nominees.

<u>SLTEC</u>

On April 29, 2019, SLTEC entered into an Omnibus Loan and Security Agreement (the "New Omnibus Agreement") with the following:

a) BDO, SBC and Rizal Commercial Banking Corporation ("RCBC") as the Lenders;
b) AC Energy, ACEPH, and APHC as the Sponsors;
c) BDO Capital & Investment Corporation as the Mandated Lead Arranger and Sole Bookrunner;
d) RCBC Capital Corporation and SB Capital Investment Corporation as the Lead Arrangers; and,
e) Banco de Oro Unibank, Inc. - Trust and Investments Group as the Facility Agent, Security Trustee and Paying Agent

The New Omnibus Agreement covering a ₱11,000.00 million syndicated loan facility was entered into for the purpose of re-leveraging and optimizing the capital structure of SLTEC as permitted by law and other agreements to which SLTEC is a party and to fund its general corporate requirements. Tenor of the loan in 12 years from initial drawdown date.

SLTEC incurred deferred financing costs amounting to ₱188.70 million in connection with the credit facility obtained from creditor banks.

On May 7, 2019, SLTEC paid-off the outstanding loans payable from the old Omnibus Agreement amounting to ₱10,950.00 million using the proceeds from the New Omnibus Agreement with principal amount of ₱11,000.00 million received on the same date. SLTEC accounted the transaction as extinguishment of financial liability. The difference between the carrying amount of the old loan and the total consideration paid amounting to ₱78.10 million was charged to interest expense.

Consequently, SLTEC also paid prepayment penalties amounting to ₱25.36 million which was charged as other financing charge. Furthermore, SLTEC paid additional gross receipts tax due to the pre-termination of the old loan of ₱161.18 million charged as other financing charge.

Details of the loan are as follows:

a) Interest

SLTEC shall pay the interest at the applicable interest rate on the unpaid principal amount of each advance on each interest payment date for the interest period then ending. Such interest shall accrue from and including the first day of each interest period and excluding the last day of such interest period. Interest rates range from 4.44% to 7.11% for the New Omnibus Agreement and 4.49% to 6.60% for the old Omnibus Agreement.

b) Repayment

The principal amount shall be paid in consecutive semi-annual installments on each of the repayment dates as specified in the New Omnibus Agreement, adjusted to coincide with the relevant interest payment date occurring in the same month (each, a "Repayment Date") with a final repayment date falling on the last day of the initial term. Provided it is not in default in the payment of any sum due, SLTEC may, at its option, prepay the loan in part or in full on any Interest Payment Date together with accrued interest thereon up to and including the date immediately preceding the date of prepayment, subject to prepayment penalties ranging from nil to 1.25%.

Under the terms and conditions of the loan, the security trust indentures are the following: a) real estate mortgage and chattel mortgage on project assets; b) pledge on 66.67% of the voting shares of SLTEC; c) assignment of receivables; d) assignment of all material contracts, guarantees, insurance and; e) assignment of cash flow waterfall accounts.

Covenants

The New Omnibus Agreement provides for covenants which include, among others, maintaining historical DSCR of not less than 1.10x and net debt to equity ratio not exceeding 3.00x. SLTEC has complied with these contractual agreements and is compliant with these covenants as of reporting dates.

Total interest expense recognized on ACEPH's, PHINMA Renewable's and SLTEC's long-term loans amounted to ₱797.86 million, ₱396.90 million and ₱432.59 million in 2019, 2018 and 2017, respectively (see Note 28).

Short-term loan

As at December 31, 2018, the Parent Company has outstanding short-term loan amounting to ₱400.00 million which was obtained thru a promissory note to BDO Unibank Inc. on August 14, 2018 with a maturity date of February 8, 2019. Interest on principal amount is 5.25% per annum fixed for 31 days to be repriced every 30 to 180 days as agreed by the parties. This was subsequently extended on February 8, 2019 for six (6) months. As at December 31, 2019, the Parent Company has paid out its short-term loan.

In 2019 and 2018, the Parent Company recognized interest expense amounting to ₱7.02 million and ₱8.12 million, respectively (see Note 28).

20. **Lease Liabilities**

The rollforward analysis of lease liabilities follows:

As at January 1, 2019	**₱572,304**
Interest expense (see Note 28)	56,560
New lease agreements (see Note 3)	27,323
Effect of business combination (see Note 3)	13,520
Remeasurement due to termination of lease contract	(2,604)
Foreign exchange adjustments	(14,726)
Payments	(92,806)
As at December 31, 2019	**₱559,571**

As at December 31, 2019, the current portion of lease liability amounts to ₱33.54 million and the noncurrent portion amounts to ₱526.03 million.

21. **Other Noncurrent Liabilities**

	2019	2018
Trade payable (see Note 17)	**₱1,123,511**	₱1,123,511
Nontrade payable	**1,870,755**	–
Deposit payables	**169,773**	174,370
Accrued expenses	**12,807**	12,897
Finance lease obligation - noncurrent portion (see Note 35)	**–**	72,299
	₱3,176,846	₱1,383,077

Nontrade payable amounting to ₱1.87 billion pertains to the noncurrent portion of the amount payable to Axia for the purchase of the additional 20% interest in SLTEC thru the assignment of ACEI to ACEPH of the Share Purchase Agreement executed by ACEI and Axia. The amount is payable on September 30, 2021.

Deposit payables consist of security deposits from RES Customers refundable at the end of the contract.

Finance lease obligation refer to lease agreements entered by the Group with individual landowners. These leases have terms of 20 to 25 years. This has been reclassified under lease liabilities as a result of adoption of PFRS 16 (see Note 20).

Accrued expenses pertain to accrual of asset retirement obligation and various provisions.

The Group is a party to certain claims and assessments in the ordinary conduct of business. The information usually required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the ground that it can be expected to prejudice the outcome or the Group's position with respect to these matters recorded under accrued expenses.

22. **Equity**

Capital Stock

Following are the details of the Parent Company's capital stock:

	Number of Shares	
	2019	2018
Authorized capital stock - ₱1 par value	**8,400,000,000**	8,400,000,000
Issued shares:		
Balance at beginning of year	**4,889,774,922**	4,889,774,922
Issuance during the year	**2,632,000,000**	–
Balance at end of year	**7,521,774,922**	4,889,774,922

The issued and outstanding shares as at December 31, 2019 and 2018 are held by 3,192 and 3,191 equity holders, respectively.

The following table presents the track record of registration of capital stock:

Date of SEC Approval	No. of Shares Registered	No. of Shares Issued	Par Value	Issue/ Offer Price
08-Feb-69	2,000,000,000	1,000,000,000	₱0.01	₱0.01
22-Jul-75	2,000,000,000	937,760,548	0.01	0.01
16-Jul-79	6,000,000,000	6,058,354,933	0.01	0.01
12-Feb-88	10,000,000,000	7,643,377,695	0.01	0.02
08-Jun-93	10,000,000,000	8,216,141,069	0.01	0.01
15-Jul-94	70,000,000,000	50,170,865,849	0.01	0.01
24-Aug-05	1,000,000,000	264,454,741	1.00	1.00
06-Jun-11	2,200,000,000	1,165,237,923	1.00	1.00
12-Nov-12	4,200,000,000	2,027,395,343	1.00	1.00
15-Apr-19	156,476	156,476	1.00	1.00
24-Jun-19	2,632,000,000	2,632,000,000	1.00	1.00

Retained Earnings
The Group's retained earnings balance amounted to ₱2.92 billion and ₱3.30 billion, respectively, as at December 31, 2019 and 2018. Retained earnings not available for declaration, computed based on the guidelines provided in Revised SRC Rule 68, to the extent of (a) undistributed earnings of subsidiaries, associates and joint venture included in the Group's retained earnings amounted to ₱1,109.97 million and ₱1,285.25 million as at December 31, 2019 and 2018, respectively; and (b) cost of treasury shares amounted to ₱27.70 million and ₱27.71 million as at December 31, 2019 and 2018, respectively.

Treasury Shares
As a result of PHINMA Power becoming a wholly owned subsidiary of ACEPH effective January 1, 2013, the Parent Company's shares of stock held by PHINMA Power amounting to ₱28.79 million were considered as treasury shares. On December 21, 2018, PHINMA Power sold 1,152,000 shares of the Parent Company.

Other Equity Reserves
This account consists of:

	2019	2018
Effect of purchase of SLTEC's 20% share (a)	**(₱2,229,587)**	₱–
Effect of purchase of ACEX shares (b)	**(130,854)**	–
Other equity reserves from a joint venture (c)	**17,231**	17,231
Effect of distribution of property dividends - ACEX shares (d)	**1,107**	1,107
	(₱2,342,103)	₱18,338

a. This represents the impact of step acquisition where ACEI assigned to ACEPH the purchase of the 20% interest in SLTEC thereby increasing ACEPH's ownership of SLTEC to 65% which already qualifies as a controlling interest (see Note 33).

b. This represents the impact of ACEPH's purchase of PHINMA Inc.'s and PHINMA Corporation's combined stake in ACEX on June 24, 2019. As at December 31, 2019, the Parent Company's effective ownership in ACEX increased from 50.74% to 75.92%.

c. This relates to the accumulated share in expenses directly attributable to issuance of shares of stocks of SLTEC, one of the Parent Company's joint ventures (see Note 12).

d. This represents the impact of the property dividend distribution in the form of ACEX's shares to the equity attributable to equity holders of the Parent Company when the Parent Company's ownership interest decreased but did not result in loss of control. The Parent Company's effective ownership in ACEX decreased from 100% to 50.74% in 2014.

Dividends
Cash dividends declared follows:

	Dividend			
Date of Declaration	Type	Rate	Amount *	Record Date
March 3, 2017	Cash	0.04 per share	₱195,436	March 17, 2017
February 28, 2018	Cash	0.04 per share	195,591	March 14, 2018

**Includes dividends on shares held by PHINMA Power amounting to ₱993.00 million each declaration.*

There was no dividend declared in 2019.

23. Revenue from Sale of Electricity

The table presents the Group's revenue from different revenue streams:

	2019	2018
Revenue from power supply contracts	**₱13,217,501**	₱13,079,769
Revenue from power generation and trading	**1,743,276**	1,639,533
Revenue from ancillary services	**336,942**	394,299
	₱15,297,719	₱15,113,601

24. Cost of Sale of Electricity

	2019	2018	2017
Costs of power purchased	**₱10,330,590**	₱13,327,756	₱15,158,639
Fuel (see Note 8)	**2,568,330**	766,480	763,872
Depreciation and amortization (see Notes 11, 14, 15, 16 and 27)	**842,976**	379,901	370,332
Repairs and maintenance	**456,936**	185,872	192,145
Taxes and licenses	**190,590**	72,633	76,028
Insurance	**183,690**	71,749	68,631
Salaries (see Note 26)	**140,659**	96,682	90,380
Stations used	**87,077**	13,901	4,690
Transmission costs	**63,317**	66,855	76,541
Pension and other employee benefits (see Notes 26 and 30)	**48,984**	25,498	25,983
Rent	**13,611**	79,461	75,774
Filing fees	**1,337**	2,627	337
Others	**86,702**	20,076	25,887
	₱15,014,799	₱15,109,491	₱16,929,239

25. General and Administrative Expenses

	2019	2018	2017
Salaries and directors' fees (see Notes 26 and 30)	**₱166,896**	₱149,127	₱138,818
Management and professional fees (see Note 31)	**125,874**	103,240	187,814
Taxes and licenses	**121,379**	139,233	132,493
Bank charges	**57,933**	11,874	9,493
Depreciation and amortization (see Notes 11, 16, and 27)	**49,490**	25,934	29,052
Provision for probable losses on deferred exploration costs (see Note 15)	**34,493**	48,263	4,892
Pension and other employee benefits (see Notes 26 and 30)	**26,136**	22,618	22,838
Insurance, dues and subscriptions	**24,946**	10,759	21,197
Building maintenance and repairs	**12,830**	20,314	18,681
Provision for inventory obsolescence (see Note 8)	**5,554**	159	–
Contractor's fee	**5,220**	6,674	15,158
Provisions for claims and professional fees	**5,000**	600	16,720
Transportation and travel	**4,428**	13,786	12,808
Communication	**4,107**	4,365	5,374

(Forward)

	2019	2018	2017
Meeting and conferences	**₱4,082**	₱2,979	₱4,476
Office supplies	**3,900**	4,322	5,278
Advertisements	**2,756**	1,721	2,334
Corporate social responsibilities	**2,300**	640	5,539
Provision for credit losses (see Note 7)	**1,162**	14,548	4,542
Donation and contribution	**367**	592	870
Plug and abandonment	**202**	38,776	4,384
Entertainment, amusement and recreation	**92**	180	41
Provision for impairment of property, plant and equipment (see Note 11)	**–**	2,066	–
Others	**8,068**	31,747	21,748
	₱667,215	₱654,517	₱664,550

26. Personnel Expenses

	2019	2018	2017
Salaries and directors' fees included under:			
Cost of sale of electricity (see Note 24)	**₱140,659**	₱96,682	₱90,380
General and administrative expenses (see Note 25)	**166,896**	149,127	138,818
Pension and other employee benefits included under:			
Cost of sale of electricity (see Notes 24 and 30)	**48,984**	25,498	25,983
General and administrative expenses (see Notes 25 and 30)	**26,136**	22,618	22,838
	₱382,675	₱293,925	₱278,019

27. Depreciation and Amortization

	2019	2018	2017
Property, plant and equipment (see Notes 11)	**₱826,846**	₱384,371	₱380,117
Right-of-use assets (see Note 16)	**65,620**	–	–
Investment property (see Note 14)	**–**	5,274	3,077
Leasehold rights (see Note 15)	**–**	16,190	16,190
	₱892,466	₱405,835	₱399,384
Cost of sale of electricity (see Note 24)	**₱842,976**	₱379,901	₱370,332
General and administrative expenses (see Note 25)	**49,490**	25,934	29,052
	₱892,466	₱405,835	₱399,384

28. Other Income (Charges)

	2019	2018	2017
Claims for business interruptions	**₱236,306**	₱10,167	₱–
Interest and other financial income (see Notes 5, 6 and 7)	**107,602**	96,851	87,185
Gain (loss) on sale of:			
Property and equipment	**294,100**	254	–
Asset held for sale (see Note 10)	**14,289**	–	–
Fly ash and scrap	**13,226**	–	–

(Forward)

	2019	2018	2017
Investments (see Note 12)	**₱1,375**	₱5,834	₱–
Inventories	**(461)**	–	–
AFS investments	**–**	–	(17)
Recovery of costs from third party	**–**	28,626	–
Foreign exchange gain (loss) - net	**12,330**	29,329	(8,373)
Gain (loss) on derivatives - net (see Note 37)	**(6,851)**	(15,056)	9,399
Provision for unrecoverable input tax (see Note 4)	**–**	(43,712)	–
Others	**44,137**	7,959	17,423
	₱716,053	₱120,252	₱105,617

Claims for business interruptions pertain to insurance claimed due to the temporary shutdown of the power plant.

Others pertains to reimbursement of feasibility cost, reversal of outstanding payables, sale of scrap materials, refund of excess business taxes paid, oil hauling and disposal and reimbursement from a third party.

Financial Income

The details of interest and other financial income are as follows:

	2019	2018	2017
Interest income on:			
Cash in banks and Short-term deposits (see Note 5)	**₱61,826**	₱34,041	₱33,117
Receivables and others*	**14,934**	37,983	17,093
Net gains on financial asset at FVTPL (see Note 6)	**30,842**	24,827	–
Net gains on investments held for trading	**–**	–	36,975
	₱107,602	₱96,851	₱87,185

**Includes amortization of security deposit amounting to nil and ₱0.32 million in 2019 and 2018, respectively. The security deposit has been reclassed to Right of Use Asset*

Interest and Other Finance Charges

The details of interest and other finance charges are as follows:

	2019	2018	2017
Interest expense on:			
Long-term loans* (see Note 19)	**₱797,858**	₱396,901	₱432,594
Lease obligations (see Note 35)	**56,560**	16,635	14,656
Amortization of debt issue cost (see Note 19)	**16,514**	11,530	39,139
Short-term loans (see Note 19)	**7,019**	8,115	–
Asset retirement obligation	**–**	372	372
Contract termination (see Note 35)	**–**	–	15,032
Others	**–**	35	10,732
Other finance charges	**4,012**	61	1,041
	₱881,963	₱433,649	₱513,566

** Net of accretion of interest expense of ₱1.82 million, ₱1.76 million and ₱1.71 million for the years ended December 31, 2019, 2018 and 2017, respectively, as an effect of amortization of embedded derivatives (see Note 19).*

29. **Income Taxes**

a. Current income tax pertains to the following:

	2019	2018	2017
RCIT	**₱68,611**	₱20,496	₱63,514
MCIT	**62**	203	9,208
	₱68,673	₱20,699	₱72,722

b. The components of the Group's net deferred income tax assets (liabilities) as at December 31 are as follows:

	2019	2018
Deferred income tax assets:		
NOLCO	**₱459,737**	₱81,306
Lease liability	**140,759**	–
Accrued expenses	**67,369**	8,211
Allowance for credit losses	**35,952**	36,008
Allowance for probable losses on deferred exploration costs	**13,646**	3,298
Pension and other employee benefits	**12,973**	15,292
Allowance for impairment on property and equipment	**2,550**	280
Asset retirement obligation	**2,792**	2,095
Unamortized discount on long-term receivable	**2,252**	3,228
Unrealized forex loss	**883**	48
Unamortized past service cost	**772**	2,528
Derivative liabilities on long-term loans	**729**	1,274
Deferred revenue	**420**	116,186
Allowance for inventory obsolescence	**404**	194
PAS 17 lease levelization	**–**	1,051
Others	**–**	202
	741,238	271,201
Deferred income tax liabilities:		
Accrual of trading revenues	**(63,584)**	–
Unamortized interest cost on payable to Axia	**(50,773)**	–
Unamortized debt issue costs	**(14,557)**	(6,235)
Right-of-use assets	**(7,929)**	–
Accrual of bonus	**(848)**	–
Unrealized foreign exchange gain	**(274)**	(517)
Unrealized fair value gains on FVTPL	**(133)**	(958)
Asset retirement obligation-asset	**(10)**	–
Others	**(303)**	(1)
	(138,411)	(7,711)
	602,827	263,490

(Forward)

	2019	2018
Presented in other comprehensive income		
Deferred tax asset:		
Unrealize FV Loss on Derivative	**6,318**	–
Remeasurement loss on defined benefit obligation	**3,244**	–
Unrealized fair value losses on financial assets at FVOCI	**187**	3,778
	9,749	3,778
Deferred tax liabilities:		
Remeasurement gain on defined benefit obligation	**–**	(1,571)
Unrealized fair value gains on financial assets at FVOCI	**(31)**	(4,351)
	(31)	(5,922)
Total deferred income tax assets - net	**₱612,545**	₱261,346

	2019	2018
Deferred income tax assets:		
Excess of cost over fair value of power plant	**₱2,421**	₱2,421
Pension and other employee benefits	**–**	289
Allowance for credit losses	**–**	181
Unamortized past service costs	**–**	27
	2,421	2,918
Deferred income tax liabilities:		
Right-of-use asset	**(100,146)**	–
Excess of fair value over cost of power plant	**(76,902)**	(87,827)
Unamortized capitalized borrowing costs	**(12,576)**	(1,946)
Unrealized forex gain	**(260)**	(3)
Unrealized fair value gains on FVTPL	**(161)**	(834)
Leasehold rights	**–**	(7,488)
	(190,045)	(98,098)
Total deferred income tax liabilities - net	**(₱187,624)**	(₱95,180)

The Group's deductible temporary differences and unused NOLCO for which no deferred income tax assets were recognized in the consolidated statement of financial position are as follows:

	2019	2018
NOLCO	**₱1,457,445**	₱1,680,346
Accrued expenses	**138,568**	–
Allowance for impairment loss on property and equipment	**106,141**	106,885
Allowance for probable losses	**64,874**	64,874
Allowance for credit losses	**20,000**	20,000
Excess MCIT	**9,208**	9,559

Deferred income tax assets have not been recognized on these temporary differences as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

As at December 31, 2019 and 2018, NOLCO totaling ₱2,989.90 million and ₱1,951.37 million, respectively, can be claimed as deduction from regular taxable income and MCIT amounting to ₱9.21 million and ₱9.56 million, respectively, can be credited against future RCIT. The movement in NOLCO and MCIT is shown in the tables below:

Year	NOLCO					Expiry
Incurred	Beginning	Additions	Application	Expiration	Ending	Date
2017	₱102,230	₱470,200	₱–	(₱48,077)	₱524,353	2020
2018	524,353	1,443,190	–	(16,177)	1,951,366	2021
2019	1,951,366	1,048,227	–	(9,691)	2,989,902	2022

Year	MCIT					Expiry
Incurred	Beginning	Additions	Application	Expiration	Ending	Date
2017	₱371	₱9,208	₱–	₱–	₱9,579	2020
2018	9,579	–	(20)	–	9,559	2021
2019	9,559	–	–	351	8,680	2022

The reconciliation between the effective income tax rates and the statutory income tax rates follows:

	2019	2018	2017
Applicable statutory income tax rates	**(30.00%)**	(30.00%)	30.00%
Increase (decrease) in tax rate resulting from:			
Financial income subject to final tax	**(6.40)**	(3.80)	(32.72)
Net loss (income) under tax holiday	**(5.14)**	(3.89)	(37.69)
Dividend income exempt from tax	**(0.44)**	(0.65)	(5.85)
Nondeductible expenses	**1.32**	(1.83)	21.00
Equity in net loss (income) of associates and joint ventures	**1.41**	(37.89)	(707.05)
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized and others	**12.94**	115.11	34.05
Effective income tax rates	**26.31%**	40.71%	(698.26%)

c. R.A. No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date.

   The TRAIN changes the existing tax law and includes several provisions that generally affected businesses on a prospective basis. In particular, management assessed that amendment of Section 148 - Excise tax on manufactured oil and other fuels - which increases the excise tax rates of lubricating oil, diesel fuel oil and bunker fuel oil, among others that are used for the power plants, may have material impact to the operations of the Group. Management has considered the impact of TRAIN in managing the operation hours of its power plants.

d. On April 8, 2019, SLTEC submitted to the Board of Investments (BOI) an Application for Extension of Income Tax Holiday of Unit 1. The period applied for extension is from April 24, 2019 to April 23, 2020. SLTEC used the cost of indigenous raw (local coal) criterion wherein the ratio of indigenous raw materials to total raw materials used should not be lower than fifty percent (50%).

On August 13, 2019, the BOI approved the extension, subject to the to the following conditions:

1. At the time of the actual availment of the ITH bonus year incentive, the derived ratio of the cost of indigenous raw materials shall be at least 50% of the raw materials cost wherein SLTEC complied with a ratio of 75:25; and

2. SLTEC undertake Corporate Social Responsibilities (CSR) activities which shall be completed on the actual availment of the bonus year. The CSR activity shall be aligned with the priority programs/projects of the National Anti-Poverty Commission and/or other special laws such as R.A. 7942 or the Mining ACT and DOE Energy Regulation 1-94. Failure to complete the CSR activity shall mean forfeiture of the approved ITH bonus year. SLTEC undertook the required CSR activities in 2019.

e. PREC is a duly registered renewable energy developer under Renewable Energy (RE) Act of 2008, PREC is entitled to income tax holiday (ITH) for the first seven years of its commercial operations on all its registered activities starting 2015. Under the RE Act, PREC can avail a corporate tax rate of 10% after the ITH period. Since PREC will avail the 10% after the ITH, the deferred tax asset expected to be reversed after the ITH period were set up at 10%.

30. Pension and Other Employee Benefits

The Group has a funded, noncontributory defined benefit retirement plan covering all of its regular and full time employees.

Pension and employee benefits consist of:

	2019	2018
Pension liability	**₱44,673**	₱23,781
Vacation and sick leave accrual	**22,734**	30,370
	67,407	54,151
Less current portion of vacation and sick leave accrual*	**6,904**	13,905
	₱60,503	₱40,246

**Included in "Accrued expenses" under "Accounts payable and other current liabilities".*

Pension and other employee benefits included under "Cost of sale of electricity" and "General and administrative expenses" accounts in the consolidated statement of income, consist of the following:

	2019	2018	2017
Pension expense	**₱19,160**	₱14,571	₱18,401
Vacation and sick leave accrual (reversal)	**(7,393)**	(5,488)	1,343
	₱11,767	₱11,767	₱19,744

Net Defined Benefit Liability

The fund is managed by a trustee under the PHINMA Jumbo Retirement Plan.

Changes in net defined benefit liability of funded plan in 2019 are as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability**
At January 1, 2019	**₱166,279**	**₱142,498**	**₱23,781**
Effect of business combination	**22,316**	**18,249**	**4,067**
Pension expense in consolidated statement of income:			
Current service cost	**21,238**	**–**	**21,238**
Net interest	**10,739**	**9,823**	**916**
Effect of curtailment	**(2,994)**	**–**	**(2,994)**
Net acquired/(transferred) obligation	**(4,801)**	**(4,801)**	**–**
	24,182	**5,022**	**19,160**
Remeasurements in OCI:			
Return on plan assets (excluding amount included in net interest)	**–**	**(2,461)**	**2,461**
Experience adjustments	**(13,577)**	**–**	**(13,577)**
Changes in demographic assumption	**7,179**	**–**	**7,179**
Actuarial changes arising from changes in financial assumptions	**14,751**	**–**	**14,751**
	8,353	**(2,461)**	**10,814**
Benefits paid	**(79,395)**	**(76,980)**	**(2,415)**
Contributions	**–**	**10,734**	**(10,734)**
At December 31, 2019	**₱141,735**	**₱97,062**	**₱44,673**

Changes in net defined benefit liability of funded plan in 2018 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
At January 1, 2018	₱154,912	₱126,518	₱28,394
Pension expense in consolidated statement of income:			
Current service cost	14,240	–	14,240
Net interest	7,573	6,137	1,436
Net acquired/(transferred) obligation	426	–	426
	22,239	6,137	16,102
Return on plan assets (excluding amount included in net interest)	–	6,115	(6,115)
Experience adjustments	14,819	–	14,819
Changes in demographic assumption	(2,796)	–	(2,796)
Actuarial changes arising from changes in financial assumptions	(11,145)	–	(11,145)
	878	6,115	(5,237)
Benefits paid	(11,750)	(11,750)	–
Contributions	–	15,478	(15,478)
At December 31, 2018	₱166,279	₱142,498	₱23,781

Changes in net defined benefit liability of funded plan in 2017 are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1, 2017	₱156,854	₱123,043	₱33,811
Pension expense in consolidated statement of income:			
Current service cost	16,818	–	16,818
Net interest	6,532	4,949	1,583
	23,350	4,949	18,401

(Forward)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Remeasurements in OCI:			
Return on plan assets (excluding amount included in net interest)	₱–	(₱7,786)	₱7,786
Experience adjustments	(13,454)	–	(13,454)
Changes in demographic assumption	99	–	99
Actuarial changes arising from changes in financial assumptions	(2,191)	–	(2,191)
	(15,546)	(7,786)	(7,760)
Benefits paid	(9,746)	(9,746)	–
Contributions	–	16,058	(16,058)
At December 31, 2017	₱154,912	₱126,518	₱28,394

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The fair value of plan assets by each class as at December 31 follows:

	2019	2018	2017
Investments in:			
Equity instruments	**₱47,248**	₱89,409	₱79,382
UITFs	**41,916**	4,461	3,961
Government securities	**5,000**	48,607	43,156
Cash and cash equivalents	**3,150**	226	201
Liabilities	**(252)**	(205)	(182)
	₱97,062	₱142,498	₱126,518

Investments in government securities, mutual funds and UITFs can be readily sold or redeemed. Marketable equity securities, which can be transacted through the PSE, account for less than 10% of plan assets; all other equity securities are transacted over the counter.

The plan assets include shares of stock of the Parent Company with fair value of nil and ₱1.15 million as at December 31, 2019 and 2018 respectively. The shares were acquired at a cost of ₱0.03 million in 2018. There are no restrictions or limitations on the shares and there was no material gain or loss on the shares for the years ended December 31, 2019 and 2018. The voting rights over the shares are exercised through the trustee by the retirement committee, the members of which are directors or officers of the Parent Company.

The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are shown below:

	2019	2018
Discount rate	**5.92%**	7.34%
Salary increase rate	**5.00%**	5.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		2019		2018	
			Increase (Decrease) in Pension Liability		Increase (Decrease) in Pension Liability
Discount rate	(Actual + 1.00%)	**6.92%**	**(₱10,466)**	8.34%	(₱6,040)
	(Actual – 1.00%)	**4.92%**	**12,416**	6.34%	6,911
Salary increase rate	(Actual + 1.00%)	**6.00%**	**₱12,906**	6.00%	7,889
	(Actual – 1.00%)	**4.00%**	**(11,084)**	4.00%	(7,035)

Management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans. The Group's current strategic investment strategy consists of 68% of equity instruments, 28% fixed income instruments and 4% cash and cash equivalents.

The Group expects to contribute ₱17.28 million to the defined benefit pension plan in 2020.

The following table sets forth the expected future settlements by Plan of maturing defined benefit obligation as at December 31:

	2019	2018
Less than one year	**₱27,173**	₱82,379
More than one year to five years	**60,434**	57,159
More than five years to 10 years	**82,800**	73,705
More than 10 years to 15 years	**91,177**	40,976
More than 15 years to 20 years	**94,088**	83,435
More than 20 years	**506,959**	296,129

The average duration of the expected benefit payments at the end of the reporting period ranges from 9.53 to 23.25 years.

Vacation and Sick Leave
The following tables summarize the components of vacation and sick leave expense (income) recognized in the consolidated statement of income and the amounts recognized in the consolidated statement of financial position.

	2019	2018	2017
Current service costs	**₱4,445**	₱2,041	₱2,772
Interest costs	**1,696**	1,937	1,290
Actuarial loss (gain)	**(13,534)**	1,510	(2,719)
	(₱7,393)	5,488	₱1,343

Changes in present value of the vacation and sick leave obligation are as follows:

	2019	2018
Balance at the beginning of year	**₱30,370**	₱26,174
Current service cost	**4,445**	2,041
Net interest	**1,696**	1,937
Actuarial loss (gain)	**(13,534)**	1,510
Benefits paid	**(243)**	(1,292)
Balance at the end of year	**₱22,734**	₱30,370

31. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and are to be settled in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. Provision for credit losses recognized for receivables from related parties amounted to nil, ₱10.26 million and nil for 2019, 2018 and 2017, respectively. The assessment of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply. The transactions and balances of accounts as at and for the years ended December 31 with related parties are as follows:

	As at and for the Year Ended December 31, 2019					
	Amount/		**Outstanding Balance**			
Company	**Volume**	**Nature**	**Receivable**	**Payable**	**Terms**	**Conditions**
Parent						
AC Energy, Inc.						
General and administrative expenses	**₱38,664**	Management fee and bonus	**₱–**	**(₱31,489)**	30-day, non-interest bearing	Unsecured
General and administrative expenses	**9**	Transportation and travel expense	**9**			
General and administrative expenses	**638**	Miscellaneous-Guarantee fee	**–**	**(354)**	30-day, non-interest bearing	Unsecured

(Forward)

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Payable	Terms	Conditions
	As at and for the Year Ended December 31, 2019					
Associates						
MGI						
Cost of sale of electricity	**₱758,974**	Purchase of electricity	**₱–**	**(₱157,965)**	30-day, non-interest bearing	Unsecured; no impairment
Asia Coal						
Due to related parties	**–**	Advances	**–**	**(254)**	Non-interest bearing	Unsecured
Entities Under Common Control						
Direct Power Services, Inc.						
Revenue from sale of electricity	**193,644**	Sale of electricity	**–**	**–**	30-day, non-interest bearing	Unsecured; no impairment
Ingrid Power Holdings, Inc.						
Advances to affiliates	**150,000**	Advances	**150,000**	**–**	Subsequently on demand	Unsecured
SolarAce1 Energy Corp.						
Advances to affiliates	**26,000**	Advances	**26,000**	**–**	Subsequently on demand	Unsecured
Parent						
Other Related Parties						
Directors						
General and administrative expenses	**8,993**	Directors' fee and annual incentives	**–**	**(50)**	On demand	Unsecured
Stockholders						
Due to stockholders	**–**	Cash Dividends	**–**	**(16,594)**	On demand	Unsecured
Due from related parties (see Note 7)			**₱9**	**₱–**		
Advances to affiliates (see Note 17)			**176,000**	**–**		
Due to related parties (see Note 18)			**–**	**(190,062)**		
Accrued director's and annual incentives (see Note 18)			**–**	**(50)**		
Due to stockholders (see Note 36)			**–**	**(16,594)**		

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Payable	Terms	Conditions
	As at and for the Year Ended December 31, 2018					
Ultimate Parent						
PHINMA, Inc.						
Rental and other income	₱103	Rent and share in expenses	₱–	₱–	30-60 day, non-interest bearing	Unsecured
Due to related parties/ General and administrative expenses	27,968	Management fees and share in expenses	–	(23,521)	30-day, non-interest bearing	Unsecured
Accounts payable and other current liabilities	49,308	Cash dividend	–	–	Payable on April 05, 2018; subsequently on demand	Unsecured
Due to related parties	–	Rental deposit	–	(186)	End of lease term	Unsecured
Joint Ventures						
SLTEC						
Due to related parties/ Cost of sale of electricity	6,283,516	Purchase of electricity	–	(508,808)	30-day, non-interest bearing	Unsecured
Revenue from sale of electricity, rental, dividend and other income	517,911	Sale of electricity, rent, dividend and share in expenses	288,453	–	30-day, non-interest bearing	Unsecured, with impairment
Investments and advances (see Note 13)	–	Dividends received	–	–	30-day, non-interest bearing	Unsecured
Due to related parties	–	Rental deposit	–	(497)	End of lease term	Unsecured
PHINMA Solar						
Due to related parties	–	Advances	–	(90,000)	Non-interest bearing	Unsecured

(Forward)

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Outstanding Balance Payable	Terms	Conditions
	As at and for the Year Ended December 31, 2018					
Associates						
MGI						
Due to related parties/ Cost of sale of electricity	₱1,142,885	Trading cost	₱–	(₱144,224)	30-day, non-interest bearing	Unsecured
Investments and advances (see Note 13)	12,500	Dividend received	–	–	Non-interest bearing	Unsecured
Asia Coal						
Due to related parties	–	Advances	–	(253)	Non-interest bearing	Unsecured
Entities Under Common Control						
PHINMA Property Holdings Corporation (PPHC)						
Due to related parties	–	Advances	–	(171)	30-60 day, non-interest bearing	Unsecured
PHINMA Corporation						
Dividend and other income	5,804	Cash dividend and share in expenses	–	–	30-60 day, non-interest bearing	Unsecured
Due to related parties/ Other expenses	3,778	Share in expenses	–	(490)	30-day, non-interest bearing	Unsecured
Accounts payable and other current liabilities	51,293	Cash dividends	–	–	Payable on April 05, 2018; subsequently on demand	Unsecured
Union Galvasteel Corp. (UGC)						
Due from related parties/	619	Rental income and advances	123	–	30-60 day, non-interest bearing	Unsecured, no impairment
Receivables	225,000	Sale of 50% Interest in PHINMA Solar	45,000		Noninterest-bearing	Unsecured, no impairment
Due to related parties		Rental deposit	–	(158)		
Dividend income	3,458	Cash dividend	–	–	30-60 day, non-interest bearing	Unsecured
General and administrative expenses	136	Roofing materials	–	–	30-60 day, non-interest bearing	Unsecured
T-O Insurance, Inc.						
Due to related parties/ General and administrative expenses	59,146	Insurance expense and membership fees	–	(32,857)	30-60 day, non-interest bearing	Unsecured
Other Related Parties						
Directors						
General and administrative expenses	10,145	Directors' fee and annual incentives	–	–	On demand	Unsecured
Stockholders						
Due to stockholders	89,718	Cash dividends	–	(16,651)	On demand	Unsecured
Due from related parties (see Note 7)			₱333,576	₱–		
Due to related parties (see Note 18)			–	(801,165)		
Due to stockholders (see Note 36)		–	(16,651)			

AC Energy

The Parent Company and its subsidiaries PHINMA Power, CIPP and PHINMA Renewable have management contracts with PHINMA, Inc. This Management Contracts were assigned to AC Energy on June 25, 2019 through the executed Deed of Assignment. The management fees billed by ACEI in 2019 include ₱15.60 million which pertain to compensation of officers.

For each coal swap transaction which the Parent Company enters, AC Energy charges guarantee fee. It is payable 30 days post the confirmation of the transaction.

SLTEC
The transactions with SLTEC include the sale and purchase of electricity (see Note 35), reimbursements of expenses and receipt of dividends. SLTEC became a subsidiary and was consolidated effective July 1, 2019.

MGI
The Parent Company purchases the entire net electricity output of MGI (see Note 35). Other transactions with MGI include reimbursements of expenses and advances for future subscriptions. In 2018, the Parent Company invested additional capital to MGI amounting to ₱12.50 million (see Note 12).

Ayala Land, Inc. (ALI)
The Parent Company leases office unit and parking slots from ALI (see Note 35).

Retirement Fund
The fund is managed by a trustee under the PHINMA Jumbo Retirement Plan (see Note 30).

Indebtedness of or Advances to Related parties
As at December 31, 2019, the Group's advances to related parties arise from the acquisition of shares of Ingrid Power Holdings, Inc. and Solar Ace1 Energy, Corp of the Parent Company.

The Risk Management and Related Party Transactions (RPT) Committee shall review and the Board of Directors approve all SEC defined and Company Recognized Material RPTs before its commencement. SEC defined material related party transactions are any RPT, either individually, or in aggregate over a 12-month period of the Group with the same related party, amounting to 10% or higher of the Group's total consolidated assets based on the latest audited financial statements. Company Recognized Material RPT are any related party transaction/s that meet the threshold values approved by the RPT Committee, i.e. 50 million or 5% of the Group's total consolidated assets, whichever is lower, and other requirements as may be determined by the Committee upon the recommendation of the Risk Management Group.

Identification, review and approval of related party transactions
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/.3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

For related party transactions that, aggregately within a 12-month period, breach the SEC materiality threshold, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group are as follows:

	2019	2018	2017
Short-term employee benefits	**₱47,943**	₱57,702	₱74,447
Post-employment benefits	**4,405**	4,643	4,810
	₱52,348	₱62,345	₱79,257

32. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are computed as follows:

	2019	2018	2017
	(In Thousands, Except for Number of Shares and Per Share Amounts)		
(a) Net income (loss) attributable to equity holders of Parent Company	**(₱331,011)**	(₱560,496)	₱353,764
Common shares outstanding at beginning of year (see Note 22)	**4,889,774,922**	4,889,774,922	4,885,897,908
Weighted average number of shares issued during the year	**1,316,000,000**	–	1,614,537
(b) Weighted average common shares outstanding	**6,205,774,922**	4,889,774,922	4,887,512,445
Basic/Diluted earnings (loss) per share (a/b)	**(₱0.05)**	(₱0.11)	₱0.07

On June 25, 2019, AC Energy subscribed to 2,632,000,000 shares of ACEPH at par value of ₱1.00 per share on closing date.

In 2019, 2018 and 2017, the Parent Company does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings (loss) per share is the same as basic earnings (loss) per share in 2019, 2018 and 2017.

33. Business Combinations, Asset Acquisitions and Non-controlling Interests

Acquisition of SLTEC
As discussed in Note 1, the Parent Company gained control of SLTEC through purchase of Axia’s 20% interest in SLTEC. Pooling of interests was adopted for business combination involving entities under common control.

The carrying values of the identifiable assets and assumed liabilities arising as at July 1, 2019 (earliest period when the parties were under common control), the date the business combination was accounted for, follow:

Assets	
Cash and cash equivalents	₱1,967,463
Receivables - current portion	254,907
Inventories	611,090
Other current assets	526,920
Property, plant and equipment (see Note 11)	15,839,996
Receivables - net of current portion	91,453
Other noncurrent assets	304,977
Liabilities	
Accounts payable and other current liabilities	798,933
Loans payable - current portion (see Note 19)	254,047
Loans payable - net of current portion (see Note 19)	10,560,408
Other noncurrent liabilities	635,424
Net assets	7,347,994
Less: Non-controlling interests	3,041,805
Net assets acquired	4,306,189
Cost of acquisition	(6,535,776)
Other equity reserves (see Note 22)	(₱2,229,587)

From July 1 to December 31, 2019, SLTEC's contribution to revenue and net loss amounted to ₱2,420.99 million and ₱225.72 million, respectively, where the revenue is fully eliminated since the sale was made solely to the Parent Company. If the business combination had taken place at the beginning of 2019, SLTEC's contribution to revenue and net loss would have been ₱4,735.04 million and ₱458.24 million, respectively.

Acquisition of BCHC
As discussed in Note 1, the Parent Company acquired BCHC through the execution of a subscription agreement. The transaction was concluded as a purchase of asset since BCHC does not currently have any substantive process that, together with its inputs, significantly contribute to the ability to create outputs.

The carrying values of the identifiable assets and assumed liabilities arising as at December 12, 2019, the date the business combination was accounted for, follow:

Assets	
Cash and cash equivalents	₱168
Other current assets	88,116
Land (see Note 11)	138,427
Liabilities	
Accounts payable and other current liabilities	224,252
Net assets	2,459
Cost of acquisition	₱2,500

34. Material Partly-Owned Subsidiaries

Financial information of SLTEC and ACEX are provided below:

Equity interest held by NCI as at December 31, 2019 and 2018 are as follows:

	Percentage of Ownership (%)	
Name	**2019**	2018
ACEX	**23.684%**	48.868%
Palawan55	**16.425%**	33.891%
SLTEC	**35.000%**	–

Accumulated balances of NCI as at December 31 are as follows:

Subsidiary	**2019**	2018
SLTEC	**₱2,962,804**	₱–
Enexor	**15,392**	44,658
Palawan55	**384**	792
	₱2,978,580	₱45,450

Net loss allocated to NCI for the years ended December 31 are as follows:

Subsidiary	**2019**	2018	2017
SLTEC	**₱79,001**	₱–	₱–
Enexor	**6,473**	30,800	6,583
Palawan55	**418**	1,860	13
	₱85,892	₱32,660	₱6,596

Summarized statement of financial position as at December 31, 2019 and 2018 are as follows:

Enexor	**2019**	2018
Current assets	**₱54,097**	₱63,753
Noncurrent assets	**30,702**	29,527
Current liabilities	**11,256**	1,590
Noncurrent liability	**16**	281
Total equity	**₱73,527**	₱91,409
Attributable to:		
Equity holders of the Parent Company	**₱58,135**	₱46,751
NCI	**15,392**	44,658
	₱73,527	₱91,409

Palawan55	**2019**	2018
Current assets	**₱16,542**	₱5,777
Noncurrent assets	**23,063**	6,816
Current liabilities	**39,090**	10,249
Noncurrent liability	**–**	6
Total equity	**₱515**	₱2,338
Attributable to:		
Equity holders of the Parent Company	**₱131**	₱1,546
NCI	**384**	792
	₱515	₱2,338

Summarized statement of income and statement of comprehensive income for the years ended December 31, 2019, 2018 and 2017 are as follows:

Enexor	**2019**	2018	2017
Expenses	**₱19,463**	₱64,405	₱14,850
Other income - net	**1,320**	1,543	1,249
Provision for (benefit from) deferred income tax	**(293)**	170	(128)
Net loss	**₱17,850**	₱63,032	₱13,473
Total comprehensive loss attributable to:			
Equity holders of the Parent Company	**₱11,377**	₱32,232	₱6,890
NCI	**6,473**	30,800	6,583
	₱17,850	₱63,032	₱13,473

Palawan55	**2019**	2018	2017
Expenses	**₱1,631**	₱5,516	₱50
Other expenses (income)	**(198)**	35	13
Provision for (benefit from) deferred income tax	**(6)**	6	–
Net loss	**₱1,823**	₱5,487	₱37
Total comprehensive loss attributable to:			
Equity holders of the Parent Company	**₱1,405**	₱3,627	₱24
NCI	**418**	1,860	13
	₱1,823	₱5,487	₱37

Summarized statement of cash flows for the years ended December 31, 2019, 2018 and 2017 are as follows:

Enexor	**2019**	2018	2017
Operating activities	**(₱25,374)**	(₱16,061)	(₱8,903)
Investing activities	**57,739**	19,025	8,454
Net increase (decrease) in cash and cash equivalents	**₱32,365**	₱2,964	(₱449)

Palawan55	**2019**	2018	2017
Operating activities	**₱4,519**	₱2,757	(₱39)
Investing activities	**(16,588)**	(1,102)	–
Financing activities	**22,465**	1,950	–
Net increase (decrease) in cash and cash equivalents	**₱10,396**	₱3,605	(₱39)

There were no dividends paid to NCI for the years ended December 31, 2019, 2018 and 2017.

Summarized statement of financial position of SLTEC as at December 31, 2019 are as follows:

SLTEC	
Current assets	₱2,642,266
Noncurrent assets	15,987,044
Current liabilities	1,042,651
Noncurrent liability	10,452,349
Total equity	₱7,134,310
Attributable to:	
Equity holders of the Parent Company	₱4,171,506
NCI	2,962,804
	₱7,134,310

Summarized statement of income and statement of comprehensive income of SLTEC for the period July 10 to December 31, 2019 are as follows:

SLTEC	
Revenues	₱2,420,993
Expenses	(2,512,018)
Other income	(95,823)
Provision for deferred income tax	(38,868)
Net loss	₱225,716
Total comprehensive loss attributable to:	
Equity holders of the Parent Company	₱146,715
NCI	79,001
	₱225,716

Summarized statement of cash flows of SLTEC for the period July 10 to December 31, 2019 are as follows:

SLTEC	
Operating activities	₱701,507
Investing activities	69,137
Financing activities	(407)
Net increase in cash and cash equivalents	₱770,237

There were no dividends paid to NCI for the period July 10 to December 31, 2019.

35. Significant Laws, Commitments and Contracts

Electric Power Industry Reform Act (EPIRA)
R.A. No. 9136, the EPIRA, and the covering Implementing Rules and Regulations (IRR) provide for significant changes in the power sector which include, among others, the following:

(1) The unbundling of the generation, transmission, distribution and supply, and other disposable assets of the Group, including its contracts with independent power producers, and electricity rates;
(2) Creation of a WESM;
(3) Open and non-discriminatory access to transmission and distribution systems;

(4) Public listing of generation and distribution companies; and,
(5) Cross-ownership restrictions and concentrations of ownership.

The Group believes that it is in compliance with the applicable provisions of the EPIRA and its IRR.

Retail Competition and Open Access (RCOA)
Upon meeting all conditions set forth in the EPIRA, the ERC promulgated the Transitory Rules for the RCOA, by virtue of ERC Resolution No. 16 Series of 2012.

Through RCOA, licensed Electricity Suppliers, such as the Group, are empowered to directly contract with Contestable Customers (bulk electricity users with an average demand of 1 MW). This major development in the Power Industry enabled the Group to grow.

Secondary Price Cap
Significant events in November and December 2013 resulted in a surge of electricity prices that affected the end-consumers, which led the ERC to impose a supplemental regulatory cap under the ERC Resolution 20, Series of 2014. The said resolution established a preemptive mitigating measure in the WESM meant to limit significant increases in the WESM prices.

This regulatory cap was made permanent and requires all trading participants in the WESM to comply. ACEPH and its subsidiaries that sell to WESM are subject to this cap.

Renewable Energy (RE) Act of 2008
As provided for in R.A. 9513, RE developers shall be entitled to incentives, such as, income tax holiday, duty-free importation of RE machinery, equipment and materials, zero percent VAT rate on sale of power from RE sources, and tax exemption of carbon credits, among others.

The Group ventured into wind resource development projects through its subsidiary, PHINMA Renewable. The Act significantly affected the operating results of PHINMA Renewable due to a guaranteed FIT rate and reduction in taxes.

Wind Energy Service Contracts
PHINMA Renewable was awarded 12 wind service contract areas with an aggregate capacity estimated at 400 MW. This includes the 54 MW San Lorenzo Wind Project (SLWP) which started delivering power to the grid on October 7, 2014 and declared commercial operations on December 27, 2014. PHINMA Renewable sells its generated electricity to the WESM under the FIT System.

Feed-in-Tariff (FIT)
On June 10, 2015, the SLWP was issued a Certificate of Endorsement for FIT Eligibility by the DOE. On December 1, 2015, PHINMA Renewable received its Certificate of Compliance from the ERC which entitles PHINMA Renewable to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034.

Power Purchase Agreement / Contract to Purchase Generated Electricity
ACEPH entered into contracts with MGI and third parties where the Parent Company will purchase the entire or a portion of the net electricity output of the power plants for a period ranging from three (3) to twenty (20) years at an agreed price, subject to certain adjustments.

Administration and Management Agreement (AMA)
ACEPH entered into contract with SLTEC where the Parent Company will purchase the entire net electricity output of SLTEC from April 24, 2015 to April 23, 2040 for Unit 1 and from February 21, 2016 to February 20, 2041 for Unit 2. The contract was amended effective August 26, 2019 to include the supply of the necessary coal to generate electricity at an agreed price, subject to certain adjustments.

Power Administration and Management Agreement (PAMA)
ACEPH entered into PAMAs with its subsidiaries PHINMA Power, CIPP and One Subic Power. Under the terms of the PAMA, ACEPH will administer and manage the entire generation output of the plants and will pay for all electricity delivered by the power plant based on a formula as set forth in the PAMA and shall be payable monthly. The PAMAs with PHINMA Power and CIPP are valid for ten (10) years and are subject to regular review, while the PAMA with One Subic Power is valid throughout the life of the related Facilities Lease Agreement with SBMA (see Note 1).

On January 12, 2018, the PAMAs of the Group with CIPP and PHINMA Power were amended, providing for certain capacity rates based on nominated capacity and billing of fuel recovery and utilization fee. The new PAMAs became effective starting March 26, 2018 and valid for ten years and are subject to regular review.

Ancillary Services Procurement Agreements (ASPA) with NGCP
ACEPH and certain subsidiaries executed ASPAs with NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. ERC’s provisional approval is extended every year.

Electricity Supply Agreement (ESA) / Contract for the Sale of Electricity (CSE) with GUIMELCO
On November 12, 2003, ACEPH signed an ESA with GUIMELCO, under which ACEPH agreed to construct, operate and maintain a 3.4 MW bunker C-fired diesel generator power station and to supply GUIMELCO with electricity based on the terms and conditions set forth in the ESA. The power plant commenced commercial operations on June 26, 2005.

Upon the expiration of the ESA, the parties entered into a CSE on March 2015. Under the contract, ACEPH shall supply, for a period of 10 years from fulfillment of the conditions precedent indicated in the contract, all of GUIMELCO’s electricity requirements that are not covered by GUIMELCO’s base load supply. On February 1, 2018, ACEPH has invoked a change in circumstances under the CSE considering that the passage of Tax Reform for Acceleration and Inclusion (TRAIN) law was not contemplated by parties during execution of CSE. The parties executed a Termination Agreement on March 21, 2018 effectively terminating the CSE.

Power Supply Agreement with MERALCO

Baseload Demand
On September 9, 2019, the bid submitted by ACEPH was declared as one of the best bids of MERALCO’s 1200 MW. The Parent Company will supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of the Energy Regulatory Commission.

Mid-merit Supply
On September 11, 2019, the bid submitted by ACEPH was declared as one of the best bids of MERALCO's 500 MW. The Parent Company will supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of the Energy Regulatory Commission.

Other ESAs / CSEs with customers
ACEPH signed contracts to supply the energy requirements of various bilateral and RES contestable customers with a duration ranging from one (1) to fifteen (15) years.

Service Contracts with the DOE

SC 14 (North Matinloc)
ACEPH holds a 6.103% participating interest in SC 14 Block B-1 which hosts the North Matinloc-2 (NM-2) production well. The well is produced on cyclical mode with rest period longer than the flow phase, to enable the reservoir to build up enough pressure to push the crude to surface. In 2016, the well produced a total of 9,123 barrels of crude oil for an average 760 barrels monthly production.

SC 664 (Mabinay, Negros Oriental)
On November 10, 2016, the DOE awarded Hydropower Service Contract 2016-06-664 ("Ilog") to the Parent Company covering certain areas in Mabinay, Negros Oriental. The contract provides for a two-year Pre-Development Stage during which the Group shall evaluate the commercial feasibility of the project. Upon Declaration of Commerciality, the project shall proceed to the Development Stage which is valid for twenty-five (25) years. All costs during 2016 and 2017 with the Ilog Hydro projects were not capitalized as these were costs incurred prior to exploration and development activities.

Solar Energy Service Contract (SESC) (Bugallon, Pangasinan)
On May 22, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 648-hectare area in the Municipality of Bugallon, Province of Pangasinan. Pre-development activities, such as, yield assessment, environmental impact study and system impact study are underway and are expected to be completed within the year. The Parent Company hopes to construct a 45MW ground mount fixed-tilt grid tied solar PV plant in the service contract area. The term of the service contract is twenty-five (25) years, extendable for another 25 years. As at March 25, 2020, all costs of the Bugallon Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Solar Energy Service Contract (Lipa City and Padre Garcia, Batangas)
On July 18, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 486 hectare area in the City of Lipa and Municipality of Padre Garcia, Province of Batangas. The Parent Company hopes to construct a 45MW ground mount fixed-tilt grid connected solar plant in the service contract area. All technical studies were completed and necessary permits were secured such as the ECC as well as local government endorsement. The term of the service contract is twenty-five (25) years, extendable for another 25 years. As at March 25, 2020, all costs of the Lipa and Padre Garcia Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Lease Commitments

ACEPH*'s Lease Agreement with GUIMELCO*
The Parent Company has entered into a lease agreement with GUIMELCO for a parcel of land used only as a site for electric generating plant and facilities. The term of the lease is 10 years with a renewal option included in the contract. The Parent Company is given the first option to buy the property if the lessor decides to sell the land. The lease is at a fixed monthly rate of ₱0.04 million for the duration of the lease term. On March 27, 2015, the lease agreement was extended for another 10 years. On January 24, 2019, the Guimaras Power Plant was sold to S. I. Power Corporation. Consequently, in view of the sale, the Parent Company terminated the lease with GUIMELCO in 2019.

One Subic Power's Facilities Lease Agreement with SBMA
One Subic Power has a lease contract with SBMA for a parcel of land and electric generating plant and facilities. The lease was originally entered on July 20, 2010 and was valid for five years. The agreement was amended on October 24, 2012 to extend the term of the lease to July 19, 2020 with an option to renew for another five years. On December 21, 2017, SBMA informed One Subic Power that its BOD has approved the amendments of the FLA extending the lease term until July 19, 2030. On April 3, 2018, the third amendments were signed and approved.

For the year-ended December 31, 2019, One Subic Power recognized finance charges on the lease liabilities amounting to ₱37.85 million, included under "Interest and Other Finance Charges" account (see Note 28). OSPGC recognized rent expense of nil, ₱75.78 million and ₱71.23 million in 2019, 2018 and 2017, respectively, included in "Rent" account under "Cost of sale of electricity (see Note 24).

PHINMA Renewable's Lease Agreement with Various Land Owners
PHINMA Renewable has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased assets, which indicates that the risks and rewards relates to the asset are retained with the land owners. These leases are previously classified as operating leases and have terms of twenty (20) to twenty-five (25) years. For the year ended December 31, 2019, PHINMA Renewable recognized finance charges on the lease liabilities amounting to ₱17.62 million included in "Interest and Other Finance Charges" account (see Note 28).

PHINMA Renewable recognized rent expense of nil, ₱0.71 million and ₱0.73 million in 2019, 2018 and 2017, respectively, included in "Rent" account under "Cost of sale of electricity" (see Note 24).

Easements and Right of Way Agreements
In 2014, the Group also entered to various easements and right of way agreements with land owners in Guimaras for the erection of transmission lines that will connect the 54 MW wind farm project located in San Lorenzo, Guimaras to the grid. One-off payments made by PHINMA Renewable to various land owners to cover the 25-year easement and right of way agreements were recognized as prepaid rent in the consolidated statement of financial position and amortized over the term of the lease. The amortization of the lease during the construction period was capitalized as part of the cost of the wind farm.

PHINMA Renewable recognized rent expense of nil, ₱2.01 million and ₱1.99 million in 2019, 2018 and 2017, respectively, included in "Rent" account under "Cost of sale of electricity" (see Note 24).

ACEPH's Agreement on Assignment of Contract of Lease
On November 20, 2019, the Parent Company, AC Energy, Ayala Land, Inc. (ALI) and Ayalaland Offices, Inc. entered an agreement on assignment of contract of lease. AC Energy assigned a portion of its office unit and parking slots effective September 1, 2019. The lease is until May 31, 2022. The lease is at a fixed monthly rate of ₱0.83 million and ₱0.01 million for the office unit and parking slots, respectively with an escalation rate of 5% every year, beginning on the second year. For the year-ended December 31, 2019, ACEPH recognized finance charges on the lease liabilities amounting to ₱0.46 million, included under "Interest and Other Finance Charges" account (see Note 28).

SLTEC's Contract of Lease for Office Space
On December 19, 2019, SLTEC notified the lessor of their intent to pre-terminate their office lease contract effective March 31, 2020. SLTEC remeasured the lease liability and ROU asset as a result of the termination of the contract (see Note 3).

Subscription Agreements

ACEPH's Agreement with Philippine Investment Alliance for Infrastructure ("PINAI") for North Luzon Renewable Energy Corporation ("NLREC") and Philippine Wind Holdings Corporation ("PhilWind") shares
On November 4, 2019, the Parent Company's Executive Committee approved and authorized the share purchase agreement with the Philippine Investment Alliance for Infrastructure ("PINAI") to acquire PINAI's ownership interest in North Luzon Renewable Energy Corporation ("NLREC") and Philippine Wind Holdings Corporation ("PhilWind"), which was formally executed on November 5, 2019.

PINAI effectively has a 31% preferred equity and 15% common equity ownership in NLREC. NLREC is a joint venture of AC Energy, UPC Philippines, Luzon Wind Energy Holdings and PINAI. NLREC owns and operates an 81 MW wind farm in Pagudpud, Ilocos Norte, which started operations in November 2014. PhilWind is the parent company of NLREC. PhilWind directly and indirectly owns 67% of NLREC, through its 38% direct interest and 28.7% indirect interest through its 100% wholly-owned subsidiary, Ilocos Wind Energy Holding Co., Inc. The acquisition is subject to the satisfaction of certain conditions precedent, definitive documentation and PCC approval.

ACEPH's Agreement with PINAI for ISLASOL and SACASOL shares
On December 3, 2019 the Parent Company signed a share purchase agreement with PINAI collectively made up of Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System, for the acquisition of PINAI's ownership interest in ISLASOL and SACASOL. On February 13, 2020, the PCC ruled that the PINAI sale of SACASOL shares "will not likely result in substantial lessening of competition" and resolved "to take no further action with respect to the Transaction."

ACEPH's Agreement with Ingrid
On December 19, 2019, the Parent Company signed a subscription agreement with Ingrid for 50,000 common shares and 5,651,000 redeemable preferred shares in Ingrid, at the subscription price of ₱4.90 million for the common shares and ₱565.10 million for the redeemable preferred shares. Ingrid is developing a 300-MW diesel power plant in Pililia, Rizal. Issuance of the shares is subject to the necessary regulatory approvals for increase of Ingrid's authorized capital stock and creation of new shares.

36. Financial Risk Management Objectives and Policies

Objectives and Investment Policies
The funds of the entities are held directly by the Group and are managed by AC Energy's Risk, Corporate Finance, Investor Relations and Treasury Group (RCITG). All Cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash.

Under no circumstance is yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments.

RCITG manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

RCITG focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

Risk Management Process

Foreign Exchange Risk
The Group defines Foreign Exchange Risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through :
- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading either by spot conversions; and
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values

The Group's significant foreign currency-denominated financial assets and financial liabilities as at December 31, 2019 and 2018 are as follows:

	2019			2018	
	U.S. Dollar (US$)	**Euro (€)**	**Sing. Dollar (S$)**	U.S. Dollar (US$)	Euro (€)
Financial Assets					
Cash and cash equivalents	**$14,192**	**€–**	**S$–**	$872	€–
Short-term investments	**2,776**	**–**	**–**	672	–
Other receivables	**441**	**–**	**31**	190	–
	$17,409	**€–**	**S$31**	$1,734	–
Financial Liabilities					
Accounts payable and other current liabilities	**(1,416)**	**(615)**	**(43)**	(256)	(44)
Due to related parties	**–**	**–**	**–**	(480)	–
	(1,416)	**(615)**	**(43)**	(736)	(44)
Net foreign currency-denominated assets (liabilities)	**$15,993**	**(€615)**	**(S$12)**	$998	(€44)
Peso equivalent	**₱811,485**	**(₱34,692)**	**(₱450)**	₱52,475	₱2,654

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rate used were ₱50.74 to US$1.00, ₱56.41 to €1.00 and ₱37.49 to S$1.00 as at December 31, 2019 and ₱52.58 to US$1.00 and ₱60.31 to €1.00 as at December 31, 2018.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in 2019 and 2018. The possible change are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Year	**Increase (Decrease) in Foreign Exchange Rate**	**US$**	**Euro (€)**	**Sing$**
2019	**(₱0.50)**	**(₱1,347)**	**₱308**	**₱6**
	(1.00)	**(2,694)**	**615**	**12**
	0.50	**1,347**	**(308)**	**(6)**
	1.00	**2,694**	**(615)**	**(12)**
2018	(₱0.50)	(₱499)	₱22	–
	(1.00)	(998)	44	–
	0.50	499	(22)	–
	1.00	998	(44)	–

Credit or Counterparty Risk

The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by RCIT before it is executed subject to the Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and a RCIT Finance Managers supervises major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2019					
	Neither Past Due nor Impaired			**Past Due but not**	**Past Due Individually**	
	Class A	**Class B**	**Class C**	**Impaired**	**Impaired**	**Total**
Trade and other receivables						
Current:						
Trade receivables	**₱1,944,166**	**₱–**	**₱–**	**₱250,602**	**₱39,014**	**₱2,233,782**
Due from related parties	**9**	**–**	**–**	**–**	**–**	**9**
Others	**–**	**96,641**	**–**	**437,001**	**83,222**	**616,864**
Noncurrent						
Trade receivables	**–**	**–**	**–**	**1,123,511**	**13,751**	**1,137,262**
Receivables from third Parties	**–**	**423,705**	**–**	**–**	**–**	**423,705**
	₱1,944,175	**₱520,346**	**₱–**	**₱1,811,114**	**₱135,987**	**₱4,411,622**

	2018					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	
	Class A	Class B	Class C	Impaired	Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	₱1,712,945	₱–	₱–	₱400,481	₱40,922	₱2,154,348
Due from related parties	–	320,642	–	2,674	10,260	333,576
Others	–	183,751	–	6,798	80,152	270,701
Noncurrent						
Trade receivables	–	–	–	1,123,511	13,751	1,137,262
Receivables from third parties	–	501,266	–	–	–	501,266
	₱1,712,945	₱1,005,659	₱–	₱1,533,464	₱145,085	₱4,397,153

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI, financial assets at FVTPL, and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments, derivative assets and financial assets at FVTPL were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk of financial assets not subject to impairment
The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk, as follows:

	2019	2018
Financial Assets at FVTPL		
Current	**₱–**	₱743,739
Noncurrent	**–**	5,452
Financial Assets at FVOCI	**1,251**	257,995
	₱1,251	₱1,007,186

Maximum exposure to credit risk of financial assets subject to impairment
The gross carrying amount of financial assets subject to impairment are as follows:

	2019	2018
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents (excluding cash on hand)	**₱8,581,351**	₱1,022,189
Short-term investments	**100,000**	35,326
Under "Receivables"		
Trade receivables	**2,233,782**	2,154,348
Due from related parties	**9**	333,576
Others	**616,864**	270,701
Under "Other Noncurrent Assets"		
Trade receivables	**–**	1,137,262
Receivables from third parties	**423,705**	501,266
Deposits and advances to suppliers	**341,014**	–
	₱12,296,725	₱5,454,668

The Group's maximum exposure to credit risk as at December 31 are as follows:

	2019				
		Lifetime ECL			
Grade	**12 month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	**₱8,219,484**	**₱–**	**₱–**	**₱3,094,449**	**₱11,313,933**
Standard	**–**	**–**	**–**	**–**	**–**
Substandard	**–**	**–**	**–**	**–**	**–**
Default	**–**	**–**	**–**	**120,262**	**120,262**
Gross carrying amount	**8,219,484**	**–**	**–**	**3,214,711**	**11,434,195**
Less loss allowance	**–**	**–**	**–**	**122,236**	**122,236**
Carrying amount	**₱8,219,484**	**₱–**	**₱–**	**₱3,092,475**	**₱11,311,959**

	2018				
		Lifetime ECL			
Grade	12 month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱1,057,692	₱–	₱–	₱1,712,945	₱2,770,637
Standard	–	–	–	1,005,738	1,005,738
Substandard	–	–	–	1,533,464	1,533,464
Default	–	–	143,135	1,950	145,085
Gross carrying amount	1,057,692	–	143,135	4,254,097	5,454,924
Less loss allowance	–	–	143,135	1,950	145,085
Carrying amount	₱1,057,692	₱–	₱–	₱4,252,147	₱5,309,839

Liquidity Risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments do not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments:

	2019					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 Year to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱–**	**₱961,726**	**₱1,957,480**	**₱**	**₱–**	**₱2,919,206**
Retention payable	**–**	**2,050**	**–**	**–**	**–**	**2,050**
Accrued expenses [a]	**23,942**	**35,912**		**–**	**–**	**59,854**
Accrued interest	**–**	**34,405**	**103,213**	**–**	**–**	**137,618**
Due to related parties	**–**	**142,546**	**47,516**	**–**	**–**	**190,062**
Derivative liability	**–**	**21,060**	**–**	**–**	**–**	**21,060**

(Forward)

	2019					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 Year to 5 Years**	**More than 5 Years**	**Total**
Accrued directors' and annual incentives	**₱50**	**₱–**	**₱–**	**₱–**	**₱–**	**₱50**
Others [b]	**13,902**	**–**	**–**	**–**	**–**	**13,902**
Due to stockholders	**16,594**	**–**	**–**	**–**	**–**	**16,594**
Lease liabilities [c]	**–**	**8,386**	**25,157**	**105,206**	**420,822**	**559,571**
Long-term loans [d]	**–**	**296,922**	**296,925**	**8,076,832**	**12,115,249**	**20,785,928**
Other noncurrent liabilities	**–**	**–**	**–**	**2,048,335**	**1,128,511**	**3,176,846**
	₱54,488	**₱1,503,007**	**₱2,430,291**	**₱10,230,373**	**₱13,664,582**	**₱27,882,741**

[a] *Excluding current portion of vacation and sick leave accruals amounting to ₱6.94 million (see Note 30).*
[b] *Excluding payable to officers and employees amounting to ₱9.21 million (see Note 18)*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*

	2018					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱–	₱569,534	₱134,106	₱7,940	₱–	₱711,580
Retention payable	–	1,096	–	–	–	1,096
Accrued expenses [a]	19,720	80,376	14,888	–	–	114,984
Accrued interest	–	19,581	59,716	–	–	79,297
Due to related parties	–	785,069	16,175	–	–	801,244
Others [b]	–	54	4,603	–	–	4,657
Due to stockholders	16,651	–	–	–	–	16,651
Short-term loans [d]	–	5,425	410,033	–	–	415,458
Finance lease obligation [c]	–	5,304	11,474	58,380	251,179	326,337
Long-term loans [d]	–	273,692	266,213	2,718,367	3,229,049	6,487,321
Other noncurrent liabilities [e]	1,123,511	–	–	187,267	–	1,310,778
	₱1,159,882	₱1,740,131	₱917,208	₱2,971,954	₱3,480,228	₱10,269,403

[a] *Excluding current portion of vacation and sick leave accruals amounting to ₱6.50 million (see Note 30).*
[b] *Excluding payable to officers and employees amounting to ₱3.53 million.*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*
[e] *Excluding noncurrent portion of finance lease obligation amounting to ₱72.30 million (see Note 21).*

As at December 31, 2019 and 2018, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	2019				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Current:					
Cash and cash equivalents	**₱8,581,663**	**₱–**	**₱–**	**₱–**	**₱8,581,663**
Short-term investments	**100,000**	**–**	**–**	**–**	**100,000**
Receivables:					
Trade	**1,944,166**	**289,616**	**–**	**–**	**2,233,782**
Due from related parties	**9**	**–**	**–**	**–**	**9**
Others	**96,641**	**520,223**	**–**	**–**	**616,864**
Deposit receivables*	**–**	**–**	**77,284**	**–**	**77,284**
Noncurrent:					
Trade receivables	**1,137,262**	**–**	**–**	**–**	**1,137,262**
Receivable from third parties	**–**	**–**	**–**	**423,705**	**423,705**
Deposit receivables	**–**	**–**	**–**	**109,419**	**109,419**

(Forward)

	2019				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Financial assets at FVTPL	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Derivative assets	**–**	**33**	**–**	**–**	**33**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**21**	**21**
Unquoted	**–**	**–**	**–**	**1,230**	**1,230**
	₱11,859,741	**₱809,872**	**₱77,284**	**₱534,375**	**₱13,281,272**

	2018				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱1,022,366	₱–	₱–	₱–	₱1,022,366
Short-term investments	35,326	–	–	–	35,326
Receivables:					
Trade	441,403	1,712,945	–	–	2,154,348
Due from related parties	12,855	320,721	–	–	333,576
Others	86,952	183,749	–	–	270,701
Deposit receivables*	–	–	69,056	–	69,056
Noncurrent:					
Trade receivables	1,137,262	–	–	–	1,137,262
Receivable from third parties	–	–	–	501,266	501,266
Deposit receivables	–	–	–	102,346	102,346
Financial assets at FVTPL	749,191	–	–	–	749,191
Derivative assets	–	4	–	–	4
Financial assets at FVOCI:	–	–	–	–	–
Quoted	–	–	–	137,096	137,096
Unquoted	–	–	–	120,899	120,899
	₱3,485,355	₱2,217,419	₱69,056	₱861,607	₱6,633,437

**Excluding nonrefundable deposits amounting to nil and ₱13.52 million as at December 31, 2019 and 2018, respectively.*

Market Risk

Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

As of December 31, 2019, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2019 and 2018, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

ACEPH
In 2014, the Parent Company also availed of a total of peso-denominated ₱3.00 billion corporate notes and loan agreements from CBC, SBC and BDO to be used to fund its projects and working capital. SBC has a term of five (5) years with quarterly payments starting on the 5th quarter drawdown. Both BDO and CBC have a term of ten (10) years with quarterly payments starting on the 5th quarter drawdown having fixed interest rates to be repriced for the last three (3) years.

On June 28, 2019 and July 08, 2019, the Group prepaid its floating rate debt with SBC and BDO amounting to ₱0.93 million and ₱0.40 million, respectively. This is in line with the Group's objective to mitigate uncertainties in its earnings and cash flows.

PHINMA Renewable
PHINMA Renewable entered into a ₱4.30 billion peso-denominated Term Loan Facility that will be used to partially finance the 54MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of fifteen (15) years with semi-annual interest payments starting on the date on which the loan is made. The interest of Tranche A bears a fixed rate for the first ten (10) years and is subject to an interest rate repricing on the last five (5) years.

On April 28, 2016, the Group prepaid a portion of its long-term debt in accordance with the terms of the Agreement as follows:

- the Group shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by the Group of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- the remaining thirty percent (30%) shall be transferred directly into the Group controlled distribution account for further distribution to the Project Sponsor.

The following table sets out the carrying amount, by maturity of the Group's financial assets that are exposed to interest rate risk:

		2019					
	Interest Rates	**Within 1 year**	**More than 1 year to 2 years**	**More than 2 years to 3 years**	**More than 3 years to 4 years**	**Beyond 4 years**	**Total**
Long-term loans							
PHINMA Renewable							
DBP	**6.25 - 8.36%**	**₱64,595**	**₱69,268**	**₱73,953**	**₱82,413**	**₱476,161**	**₱766,390**
SBC	**6.57 - 6.74%**	**58,904**	**63,112**	**67,333**	**75,802**	**493,468**	**758,619**
ACEPH							
BDO	**5.81 - 6.55%**	**9,363**	**9,338**	**9,318**	**9,297**	**412,321**	**449,637**
CBC	**5.68 - 7.13%**	**29,949**	**28,550**	**27,958**	**27,906**	**1,243,933**	**1,358,296**
DBP	**6.00 - 6.09%**	**66,332**	**71,194**	**75,879**	**80,569**	**609,767**	**903,741**
SBC	**6.50 - 6.59%**	**66,385**	**71,122**	**75,875**	**80,634**	**609,740**	**903,756**
BDO	**4.98 - 5.05%**	**47,144**	**47,573**	**47,858**	**48,116**	**4,742,648**	**4,933,339**

(Forward)

	Interest Rates	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	Beyond 4 years	Total
				2019			
Long-term loans							
SLTEC							
BDO	**5.71 - 7.05%**	**₱83,313**	**₱83,313**	**₱166,625**	**₱166,625**	**₱2,749,313**	**₱3,249,188**
BDO	**6.98%**	**72,942**	**72,617**	**155,695**	**155,778**	**2,685,419**	**3,142,452**
RCBC	**5.71 - 7.05%**	**41,688**	**41,688**	**83,375**	**83,375**	**1,375,688**	**1,625,813**
RCBC	**6.98%**	**36,772**	**36,618**	**78,196**	**78,236**	**1,345,438**	**1,575,260**
SBC	**6.98%**	**23,521**	**23,477**	**48,447**	**48,462**	**815,999**	**959,906**
Special savings account (SSA) – Dollar	**1.425 – 1.75%**	**13,550**	**–**	**–**	**–**	**–**	**13,550**
Short-term investments	**–**	**30**	**–**	**–**	**–**	**–**	**30**

	Interest Rates	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	Beyond 4 years	Total
				2018			
Long-term loans							
PHINMA Renewable							
DBP	6.25 - 8.36%	₱54,410	₱57,365	₱61,559	₱65,766	₱580,419	₱819,519
SBC	6.57 - 6.74%	55,348	58,904	63,112	67,333	568,572	813,269
ACEPH							
Short-term loan							
BDO	5.25%	400,000	–	–	–	–	400,000
Long-term loan							
BDO	5.81 - 6.55%	9,386	9,363	9,340	9,320	424,060	461,469
CBC	5.68 - 7.13%	29,966	29,949	28,553	27,949	1,272,278	1,388,695
SBC	8.69%	(4,541)	927,602	–	–	–	923,061
DBP	6.00 - 6.09%	61,435	66,383	71,136	75,893	690,623	965,470
SBC	6.50 - 6.59%	61,435	66,383	71,136	75,893	690,605	965,452
Special savings account (SSA) – Peso	1.60 - 6.90%	830,685	–	–	–	–	830,685
Special savings account (SSA) – Dollar	1.50 - 3.00%	44,411	–	–	–	–	44,411
Short-term investments	–	30,285	–	–	–	–	30,285

The other financial instruments of the Group that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit before tax for the years ended December 31, 2019 and 2018. The possible change are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss.

	2019	
	Increase (Decrease) in Basis Points	**Effect on Profit Before Tax Increase (Decrease)**
Long-term loans	**25**	**(₱31,006)**
	(25)	**31,006**
Short-term investments	**25**	**2,669**
	(25)	**(2,669)**
SDA	**25**	**(12,823)**
	(25)	**12,823**
SSA	**25**	**34**
	(25)	**(34)**

	2018	
	Increase (Decrease) in Basis Points	Effect on Profit Before Tax Increase (Decrease)
Long-term loans	25	(₱15,615)
	(25)	15,615
SDA	25	(980)
	(25)	980
SSA	25	1,766
	(25)	(1,766)
Short-term loan	25	980
	(25)	(980)

Commodity Price Risk
The Group defines Commodity Price Risk as the risk of realizing reduced profit margins and/or increasing the volatility of future earnings that are affected by the pricing variability and uncertainty in coal supply and any associated foreign exchange risk. The risk is measured based on potential downside impact of market volatility to target earnings.

To manage Commodity Price Risk, the Group develops a Coal Hedging Strategy aimed to:
- Manage the risk associated with unexpected increase in coal prices which affect the target Profit & Loss of the Group
- Determine the Hedge Item and appropriate Hedging Instrument to use, including but not limited to price, amount and tenor of the hedge to reduce the risk to an acceptable level
- Reduce Mark-to-Market impact of hedges by qualifying the hedging transaction for hedge accounting

Only the Group's Chief Executive Officer and Chief Finance Officer are authorized to make coal hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal Hedging Strategy is reviewed quarterly during the Group's Finance Committee (FINCOM). Continuation, addition, reduction and termination of existing hedges are decided by the FINCOM and any material change in permissible hedging instrument, counterparties and limits are elevated to the Board for approval.

As at December 31, 2019, the Group's outstanding coal hedge volumes and resulting derivative liability is as follows:

	2019		**Test of Effectiveness**
	In Metric Tons (MT)	**U.S. Dollar (US$)**	
Derivative Liabilities	**135,000**	**(414,411)**	**100%**
BAP closing rate		**50.82**	
Peso equivalent		**(₱21,060,367)**	

The portion of gain or loss on the hedging instrument amounting to ₱21.06 million that is determined to be effective hedge shall be recognized in other comprehensive income.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVOCI.

As at December 31, 2019, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

<u>Monitoring of Risk Management Process</u>
Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Weekly portfolio reports are submitted to the Management Committee that includes an updated summary of global and domestic events of the past month and the balance of the year.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts. In 2017, the Group availed of ₱2.35 billion loan agreement with SBC and DBP (see Note 19). In 2018, the Group availed ₱0.93 billion loan agreement with SBC. In 2019, the Group availed P5.00 billion loan agreement with BDO. In relation to these agreements, the Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

The following debt covenants are being complied with by the Group as part of maintaining a strong credit rating with its creditors:

<u>ACEPH</u>
CBC and BDO
(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity
(b) Maximum Debt to Equity ratio of 1.5 times

SBC
(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity
(b) Maximum Debt to Equity ratio of 2.0 times
(c) Minimum Current ratio of 1.0 times

PHINMA Renewable
Under the Omnibus Loan Facility Agreement, PHINMA Renewable must maintain a Historical Debt Service Coverage Ratio of at least 1.20:1.00 and a Debt to Equity ratio of not exceeding 70:30. It also requires equity contributions from its shareholders amounting to ₱328.13 million for retention and contingencies.

Additional covenants prevent PHINMA Renewable from entering into any joint ventures, partnerships, or similar business combinations or arrangements. It also prohibits PHINMA Renewable from making payments of dividends or return of capital.

SLTEC
The New Omnibus Agreement provides for covenants which include, among others, maintaining DSCR of not less than 110% and net debt-capitalization ratio not exceeding 75:1.

37. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at December 31, 2019 and 2018:

	2019			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Financial assets at FVOCI	**₱1,251**	**₱21**	**₱1,230**	**₱–**
Derivative assets*	**33**	**–**	**33**	**–**
Refundable deposits**	**186,703**	**–**	**–**	**186,703**
Receivables from third parties**	**333,333**	**–**	**–**	**333,333**
	₱521,320	**₱21**	**₱1,263**	**₱520,036**
Liabilities				
Long-term debt	**₱20,785,928**	**₱–**	**₱20,785,928**	**₱–**
Deposit payables and other liabilities***	**6,085,290**	**–**	**–**	**6,085,290**
Derivative liability	**21,060**	**–**	**21,060**	**–**
	₱26,892,278	**₱–**	**₱20,806,988**	**₱6,085,290**

	2018			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL				
Current	₱743,739	₱–	₱743,739	₱–
Noncurrent	5,452	–	5,452	–
Financial assets at FVOCI	257,995	137,096	11,500	109,399
Derivative assets*	4	–	4	–
Refundable deposits**	154,010	–	–	136,129
Receivables from third parties**	517,757	–	–	518,071
	₱1,678,957	₱137,096	₱760,695	₱763,599
Liabilities				
Short-term loan	₱400,000	₱–	₱–	₱400,000
Long-term debt	6,336,933	–	6,114,507	–
Deposit payables and other liabilities***	4,603	–	–	4,202
	₱6,741,536	₱–	₱6,114,507	₱404,202

** Included under "Other current assets" account.*
*** Included under "Other current assets" and "Other noncurrent assets" accounts.*
**** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investments, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Assets at FVTPL
Net asset value per unit has been used to determine the fair values of financial assets at FVTPL.

Financial Asset at FVOCI
Quoted market prices have been used to determine the fair values of quoted financial assets at FVOCI. In 2019 and 2018, the fair values of financial assets at FVOCI are determined based on the discounted free cash flows of the investee.

The fair value of derivative assets of freestanding forward currency transactions is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refundable Deposits, Deposits Payable and Other Liabilities
Estimated fair value is based on present value of future cash flows discounted using the prevailing PHP BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

<u>Derivative Assets</u>
Embedded Derivatives
The Group has bifurcated embedded derivatives from its fuel purchase contracts. The purchases are denominated in U.S. dollar but the Group agreed to pay in Philippine peso using the average daily Philippine Dealing System weighted average rate of the month prior to the month of billing. These embedded derivatives are attributable to ACEPH.

The Group's outstanding embedded forwards have an aggregate notional amount of US$0.97 million and US$0.03 million as at December 31, 2019 and 2018, respectively. The weighted average fixing rate amounted to ₱50.84 to US$1.00 and ₱52.35 to US$1.00 as at December 31, 2019 and 2018, respectively. The net fair value of these embedded derivatives amounted to ₱3.88 million gains and ₱0.20 million gains at December 31, 2019 and 2018, respectively.

The net movements in fair value changes of the Group's derivative instruments (both freestanding and embedded derivatives) are as follows:

	2019	2018
Balance at beginning of year	**₱4**	₱9,652
Net changes in fair value during the year	**(6,851)**	(15,056)
Fair value of settled contracts	**6,880**	5,408
Balance at end of year	**₱33**	₱4

The net changes in fair value during the year are included in the "Other income - net" account in the consolidated statement of income (see Note 28).

The fair value of derivative assets is presented under "Other current assets" account in the consolidated statement of financial position (see Note 9).

38. Operating Segments

The Group is divided into two reportable operating segments based on the nature of the services provided - Power and Petroleum. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	2019				
	Power	**Petroleum**	**Segment Total**	**Adjustments and Eliminations**	**Consolidated**
Revenue	**₱15,297,719**	**₱–**	**₱15,297,719**	**₱8,944**	**₱15,306,663**
Costs and expenses	**15,302,512**	**29,774**	**15,332,286**	**349,728**	**15,682,014**
Other income (expense) - net					
Interest and other finance charges	**(126,086)**	**–**	**(126,086)**	**(755,877)**	**(881,963)**
Interest and other financial income	**–**	**–**	**–**	**109,190**	**109,190**
Equity in net loss of associates and joint ventures	**(24,461)**	**–**	**(24,461)**	**–**	**(24,461)**
Gain on derivatives - net	**–**	**–**	**–**	**(6,850)**	**(6,850)**
Gain on sale of PPE	**158**	**–**	**158**	**293,942**	**294,100**
Asset held for sale	**14,289**		**14,289**		**14,289**
Gain on sale of investment	**1,375**	**–**	**1,375**	**–**	**1,375**
Inventory	**(461)**	**–**	**(461)**	**–**	**(461)**
Foreign exchange loss - net	**–**	**–**	**–**	**12,330**	**12,330**
Others	**110**	**–**	**110**	**291,970**	**292,080**
Segment loss	**(₱139,869)**	**(₱29,774)**	**(₱169,643)**	**(₱396,079)**	**(₱565,722)**
Operating assets	**₱27,910,722**	**₱57,801**	**₱27,968,523**	**₱11,752,282**	**₱39,720,805**
Operating liabilities	**₱18,554,725**	**₱30,716**	**₱18,585,441**	**₱10,030,546**	**₱28,615,987**
Capital expenditures	**₱386,879**	**₱–**	**₱386,879**	**₱3,547**	**₱390,426**
Capital disposals	**15,506**	**63**	**15,569**	**237,072**	**252,641**
Investments and advances	**4,147,257**	**–**	**4,147,257**	**(3,424,092)**	**723,165**
Depreciation and amortization	**(380,524)**	**(469)**	**(380,993)**	**(511,473)**	**(892,466)**
Provision for income tax	**–**	**–**	**–**	**(148,819)**	**(148,819)**

	2018				
	Power	Petroleum	Segment Total	Adjustments and Eliminations	Consolidated
Revenue	₱15,113,601	₱–	₱15,113,601	₱9,791	₱15,123,392
Costs and expenses	15,428,035	116,348	15,544,383	219,625	15,764,008
Other income (expense) - net					
Interest and other finance charges	(132,377)	–	(132,377)	(301,272)	(433,649)
Interest and other financial income	–	–	–	96,851	96,851
Equity in net earnings of associates and joint ventures	532,460	–	532,460	–	532,460
Gain on derivatives - net	–	–	–	(15,057)	(15,057)
Gain on sale of PPE	181	–	181	80	261
Gain on sale of investment	5,834	–	5,834	–	5,834
Foreign exchange loss – net	–	–	–	29,329	29,329
Provision for unrecoverable input tax	(43,712)	–	(43,712)	–	(43,712)
Others	431	–	431	46,315	46,746
Segment profit (loss)	₱48,383	(₱116,348)	(₱67,965)	(₱353,588)	(₱421,553)
Operating assets	₱16,116,835	₱38,550	₱16,155,385	₱2,769,310	₱18,924,695
Operating liabilities	₱5,161,610	₱16,150	₱5,177,760	₱5,375,487	₱10,553,247
Capital expenditures	₱96,938	₱4,343	₱101,281	₱2,923	₱104,204
Capital disposals	2,367	–	2,367	556	2,923
Investments and advances	4,322,053	–	4,322,053	631	4,322,684
Depreciation and amortization	(385,341)	(458)	(385,799)	(19,985)	(405,784)
Provision for income tax	–	–	–	(171,603)	(171,603)

	2017				
	Power	Petroleum	Segment Total	Adjustments and Eliminations	Consolidated
Revenue	₱17,011,044	₱–	₱17,011,044	₱9,189	₱17,020,233
Costs and expenses	17,238,567	23,437	17,262,004	331,785	17,593,789
Other income (expense) - net					
Interest and other finance charges	(184,075)	–	(184,075)	(329,491)	(513,566)
Interest and other financial income	–	–	–	87,185	87,185
Equity in net earnings of associates and joint ventures	1,024,995	–	1,024,995	–	1,024,995
Gain on derivatives - net	(449)	–	(449)	9,848	9,399
Loss on sale of AFS investments	–	–	–	(17)	(17)
Foreign exchange loss - net	–	–	–	(8,373)	(8,373)
Others	–	–	–	17,423	17,423
Segment profit (loss)	₱612,948	(₱23,437)	₱589,511	(₱546,021)	₱43,490
Operating assets	₱15,654,072	₱77,699	₱15,731,771	₱5,026,762	₱20,758,533
Operating liabilities	₱5,913,821	₱3,612	₱5,917,433	₱5,701,541	₱11,618,974
Capital expenditures	₱114,115	₱130	₱114,245	₱11,647	₱125,892
Capital disposals	2,018	830	2,848	417	3,265
Investments and advances	4,056,971	–	4,056,971	631	4,057,602
Depreciation and amortization	(379,519)	(689)	(380,208)	(19,195)	(399,403)
Benefit from income tax	–	–	–	303,678	303,678

Adjustments and eliminations

Interest and other financial income, including fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Group's associates and joint ventures.

Reconciliation of profit

	2019	2018	2017
Segment total profit (loss) before adjustments and eliminations	**(₱173,049)**	(₱67,965)	₱589,511
Dividend income	**7,585**	9,117	8,483
Rent income	**1,359**	674	706
General and administrative expense	**(304,920)**	(219,626)	(331,785)
Interest and other financial income	**109,190**	96,851	87,185
Interest and other finance charges	**(755,877)**	(301,272)	(329,491)
Other income - net	**549,990**	60,677	18,881
Income (loss) before income tax	**(₱565,722)**	(₱421,544)	₱43,490

Other income - net include foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment and financial assets at FVOCI, provision for probable losses, gain (loss) on derivatives and other miscellaneous income (expense) which are managed on a group basis and are not allocated to operating segments.

Reconciliation of assets

	2019	2018
Segment operating assets	**₱27,968,523**	₱16,155,385
Current assets		
Cash and cash equivalents	**6,921,542**	1,022,366
Receivables and other current assets	**690,545**	69,781
Financial assets at FVTPL	–	743,739
Short-term investments	**100,000**	35,326
Noncurrent assets		
Property, plant and equipment	**2,536**	47,361
Investments in an associate, financial assets at FVOCI and financial assets at FVTPL	**3,026,768**	264,078
Investment property	**13,085**	13,085
Deferred income tax asset - net	**608,526**	261,346
Other noncurrent assets	**389,280**	312,228
Total assets	**₱39,720,805**	₱18,924,695

Reconciliation of liabilities

	2019	2018
Segment operating liabilities	**₱18,585,441**	₱5,177,760
Current liabilities		
Accounts payable and other current liabilities	**1,178,205**	107,502
Income and withholding taxes payable	**21,876**	11,762
Due to stockholders	**16,594**	16,651
Short-term loan	**–**	400,000
Current portion of long-term loans	**219,173**	157,683

(Forward)

	2019	2018
Noncurrent liabilities		
Long-term loans - net of current portion	**₱8,357,377**	₱4,546,463
Pension and other employee benefits	**60,449**	40,246
Deferred income tax liabilities - net	**176,872**	95,180
Other noncurrent liabilities	**–**	–
Total liabilities	**₱28,615,987**	₱10,553,247

39. **Supplemental Cash Flow Information**

The following table shows the Group's non-cash investing and financing activities and corresponding transaction amounts for the years ended December 31, 2019 and 2018:

	2019	2018
Non-cash investing activities:		
Due to acquisition of subsidiaries:		
Property and equipment	**₱16,113,473**	₱–
Payable to Axia for purchase of interest in SLTEC as of December 31	**2,874,637**	–
Other noncurrent assets	**396,431**	–
Payable for additions to property, plant and equipment as of December 31	**121,431**	–
Reclassifications to (from):		
Right-of-use assets	**590,556**	–
Property and equipment	**377,800**	1,844
Other noncurrent assets	**(201,764)**	–
Financial assets at FVOCI	**(66,749)**	–
Goodwill and other intangible assets	**(24,959)**	–
Creditable withholding taxes	**–**	704,726
Other noncurrent assets	**–**	507,261
Asset held for sale	**–**	34,328

Movement in the Group's liabilities from financing activities are as follows:

	January 1, 2019	Availments	Payments	Others	December 31, 2019
Current portion of:					
Short-term loans	₱400,000	₱–	(₱400,000)	₱–	₱–
Long-term loans	265,460	–	(265,460)	593,847	593,847
Lease liability	–	–	–	33,542	33,542
Interest payable	79,297	–	(791,630)	849,951	137,618
Noncurrent portion of:					
Long-term loans	6,071,473	5,000,000	(1,116,514)	10,237,122	20,192,081
Lease liability	–	–	(36,246)	562,275	526,029
Total liabilities from financing activities	**₱6,816,230**	**₱5,000,000**	**(₱2,609,850)**	**₱12,276,737**	**₱21,483,117**

40. **Events After the Reporting Period**

Court of Tax Appeal (CTA)'s Decision on PHINMA Renewable Energy Corporation's Input VAT Refund Claim Against BIR

On January 9, 2020, PHINMA Renewable received a copy of the Decision of CTA on CTA Case no. 9516 wherein PREC filed a Petition for Review against the Commissioner of Internal Revenue on January 17, 2017, praying for the refund or issuance of a tax credit certificate in the total of ₱336.00 million, representing its alleged excess unutilized input value-added tax (VAT) for the 3rd and 4th quarters of taxable year 2014 and 1st and 2nd quarters of taxable year 2015.

In its Decision, the CTA partially granted PHINMA Renewable 's Petition for Review and ordered the BIR to refund or issue a tax credit certificate in favor of PHINMA Renewable in the reduced amount of ₱16.15 million since the CTA ruled that PHINMA Renewable was able to prove compliance with the essential elements for the grant of VAT zero-rating under Section 15(g), Renewable Energy Act of 2008 beginning June 1, 2015, which are as follows:

1. The seller (PHINMA Renewable) is a Renewable Energy Developer of renewable energy facilities;
2. It sells fuel or power generated from renewable sources of energy, such as wind;
3. The said seller is a "generation company," i.e., a person or entity authorized by the Energy Regulatory Commission (ERC) to operate facilities used in the generation of electricity; and
4. Such authority is embodied in a Certificate of Compliance (COC) issued by the ERC which must be secured before the actual commercial operations of the generation facility.

However, the CTA held that PHINMA Renewable was not able to prove compliance with the 3rd and 4th essential elements to qualify for VAT zero-rating prior to June 1, 2015 because the CTA considered the condition fulfilled only upon the issuance of the COC by the ERC in favor of PHINMA Renewable on June 1, 2015. Hence, PHINMA Renewable's generated sales from its power generation activities which were considered by the CTA to be subject to zero percent (0%) VAT were only those made during the period June 1, 2015 to June 30, 2015.

In view of the foregoing Decision, PHINMA Renewable has fifteen (15) days from receipt of the Decision, or until January 24, 2020, to file a Motion for Reconsideration (MR) of the Decision.

On January 24, 2020, PHINMA Renewable filed its motion for reconsideration where it presented that the sale of power through renewable sources of energy by VAT-registered persons shall be subject to 0% VAT per Tax Code and Renewable Energy Act of 2008 and that the COC issued by the ERC merely confirms the status of PHINMA Renewable as a Generation Company.

Subscription Agreements with:

1. *SolarAce1*

   On January 14, 2020, the Parent Company signed a subscription agreement with SolarAce1 for the subscription of 6,000,000 Class A common shares and 180,000,000 Class A redeemable preferred Shares. SolarAce1 is developing a 120 MW DC solar power farm project to be located in the Municipality of Alaminos, Laguna.

   SolarAce1 is a wholly-owned subsidiary of Gigasol2, Inc. Gigasol2, Inc. is a wholly-owned subsidiary of AC Energy Development, Inc., which is one of the companies acquired by the Parent Company on October 9, 2019 in a property for share swap, pending regulatory approvals.

2. *Giga Ace 1, Inc. ("GigaAce1")*
   On February 26, 2020, the Parent Company signed a subscription agreement with GigaAce1 for the subscription by the Parent Company of 75,000 common shares to be issued out of the unissued authorized capital stock ("ACS") and 43,069,625 common shares and 53,562,609 redeemable preferred shares of GigaAce1 to be issued out of the increase in ACS of GigaAce1. On the same date, subscription by ACEPH was paid in cash amounting to ₱0.075 million for the common shares; ₱430.80 million for the 43,069,625 common shares and ₱2,142.50 million for the 53,562,609 RPS A.

   On March 3, 2020, the Parent Company signed another subscription agreement with GigaAce1 for the subscription by the Parent Company of additional 1,170,000 common shares and 32,500 RPS A to be issued out of the increase in ACS of GigaAce1. The subscription will be used by Giga Ace 1 to fund administrative and operating costs.

Deed of Transfer with Guimaras Electric Cooperative (GUIMELCO)
On January 15, 2020, the Parent Company signed a deed of transfer with GUIMELCO.

The Parent Company has a contract of lease with GUIMELCO for a portion of a parcel of land as site for its 3.4MW Diesel Power Plant and Facilities. In 2005, the Parent Company constructed on the leased premises a one (1) storey building.

Effective July 31, 2018, the Parent Company stopped operating the Power Plant and subsequently sold its equipment and machineries. The Parent Company has outstanding lease payables as of December 31, 2019. In settlement of its lease payables, it offered to transfer by way of dation in payment the building on January 15, 2020.

Philippine Competition Commission's Approval of Share Purchase Agreements with:
1. *Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System (the "PINAI Investors") for PhilWind shares*
   On January 28, 2020, the PCC ruled that the PINAI Investors' sale of PhilWind shares "will not likely result in substantial lessening of competition" and resolved to take no further action with respect to the share purchase agreement.

2. *PINAI Investors for SACASOL shares*
   On February 13, 2020, the PCC ruled that PINAI Investors' sale of SACASOL shares "will not likely result in substantial lessening of competition" and resolved "to take no further action with respect to the Transaction..."

3. *PINAI Investors for ISLASOL shares*
   On February 26, 2020, the PCC ruled that PINAI Investors' sale of ISLASOL shares "will not likely result in substantial lessening of competition" and resolved "to take no further action with respect to the Transaction..."

DOE Approval on Transfer of Participating Interests of Century Red in SC 55
On February 13, 2020, Palawan55 received DOE's approval on the transfer of the 37.50% participating interest of Century Red in SC 55. After careful review and evaluation of DOE, Palawan55 is found to be technically, financially and legally qualified to assume the participating interests of Century Red.

Palawan55's participating interest in SC 55 is adjusted from 37.50% to 75.00%.

Impact of the Coronavirus Disease 2019 (COVID-19) Outbreak
In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The events surrounding the outbreak do not impact the Group's financial position and performance as of and for the year ended December 31, 2019. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows in 2020. The Group has taken measures to manage the risks and uncertainties brought about by the outbreak and will continue to monitor the situation.

Other matters
On March 18, 2020, the BOD approved, among others, the following matters:

i. Corporate changes
   a. Change of the corporate name of the Parent Company to "AC Energy Corporation";
   b. Increase of the Parent Company' authorized capital stock to ₱48.40 billion, divided into 48.40 billion common shares;
   c. Consolidation of ACEI's international business and assets into the Parent Company via a tax free exchange, whereby ACEI will transfer its shares of stock in Presage Corporation (ACEI's subsidiary holding company that owns ACEI's international business and investments) to the Parent Company in exchange for the issuance to ACEI of additional primary shares in the Parent Company (assets-for-shares swap);
   d. Share buy-back program to support share prices through the repurchase in the open market of up to ₱1.00 billion worth of common shares beginning March 24, 2020;

ii. Significant transactions and contracts
   a. Parent Company's hedging policy, additional hedging counterparties, and guarantee fee arrangement with AC Energy;
   b. Parent Company's oil and diesel hedging transactions with Macquarie Bank Limited;
   c. Parent Company's guarantee arrangement with AC Energy for the Parent Company's oil and fuel hedging transactions;
   d. Payment of employee and employer shares under the Parent Company's old defined contribution retirement plan to covered employees as part of their transition to the new Parent Company's retirement plan;

iii. Funding
   a. Renewal and additional credit lines with local banks of up to ₱25.00 billion and foreign banks of up to US$240 million, and co-use of these facilities with the Parent Company's subsidiaries;
   b. Execution of credit facilities with the Presage Group for up to US$400.00 million, or its peso equivalent to fund the Parent Company's various greenfield projects and acquisitions;

iv. New investments and projects
   a. In principle, the investment in the 160 MW Balaoi wind project, to be located in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte;
   b. Funding of and investment into a Renewable Energy Laboratory project; and
   c. In principle, funding of up to US$100 million for new technology investments in the Philippines.

41. **Contingencies**

Tax assessments:

a. On September 5, 2017, CIPP received an FDDA from the BIR demanding the payment of a total amount of ₱341.73 million for various alleged deficiency taxes for taxable year 2013. On October 4, 2017, CIPP filed its request for reconsideration with the Office of the Commissioner. In the opinion of CIPP's management, in consultation with its outside counsel, these proceedings will not have material or adverse effect on the consolidated financial statements. The information usually required by PAS 37 is not disclosed on the ground that it can be expected to prejudice the outcome or CIPP's position with respect to these matters. As at March 25, 2020, the case is still pending.

b. On August 20, 2014, ACEPH distributed cash and property dividends in the form of shares in ACEX after securing SEC's approval of the registration and receipt of Certificate Authorizing Registration (CAR) from the BIR.

   On October 22, 2014, ACEPH received from the BIR a Formal Letter of Demand (FLD), assessing ACEPH for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

   On November 21, 2014, ACEPH and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

   1) The dividend distribution is a distribution of profits by ACEPH to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEPH;
   2) ACEPH did not realize any gain or increase its wealth as a result of the dividend distribution; and,
   3) There was no donative intent on the part of ACEPH.

   On May 27, 2015, ACEPH received from the BIR a Final Decision on Disputed Assessment (FDDA) dated May 26, 2015, denying the protest.

   On June 25, 2015, ACEPH filed with the CTA a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment. In its decision dated September 28, 2018, the CTA cancelled and withdrew the FLD. On January 18, 2019, the CTA denied the BIR's motion for reconsideration. On February 22, 2019, BIR filed its petition for review seeking CTA's reversal of its decision on September 28, 2018 and its resolution on January 18, 2019. In response, ACEPH filed its Comment/ Opposition. The CTA referred the case for mediation. However, the parties had no agreement to mediate so CTA submitted the case for decision on July 10, 2019. As at March 25, 2020, the decision of CTA is still pending.

c. On January 4, 2018, PHINMA Power received a formal letter of demand issued by the BIR demanding payment amounting to ₱19.72 million for deficiency income tax, value-added tax, withholding tax and compromise penalties for the taxable year 2013. On January 5, 2018, PHINMA Power paid the amount of ₱19.72 million as full settlement of the assessment.

d. On June 28, 2019, PHINMA Power received a Letter of Authority (LOA) for the examination of accounting records for all internal revenue taxes for the period from January 1, 2018 to December 31, 2018 was received. The submission of required documents covered by the audit is ongoing.

Claim for tax refund

On August 15, 2016, PHINMA Renewable filed with the BIR a letter and application for tax credits or refund for the PHINMA Renewable’s excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to PHINMA Renewable’s zero-rated sales. On December 19, 2016, PHINMA Renewable received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31, 2014. On January 11, 2017, PHINMA Renewable filed with the CTA a Petition for Review. During 2018, PHINMA Renewable and the BIR presented their evidence and arguments. Refer to Note 40 for detailed discussion on the progress of the claim.

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
AC Energy Philippines, Inc.
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of AC Energy Philippines, Inc and Subsidiaries (collectively, the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 included in this Form 17-A and have issued our report thereon dated March 25, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
SEC Accreditation No. 1539-AR-1 (Group A),
March 26, 2019, valid until March 25, 2022
Tax Identification No. 242-917-987
BIR Accreditation No. 08-001998-120-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8125320, January 7, 2020, Makati City

March 25, 2020

AC ENERGY PHILIPPINES, INC.
AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

**These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.*

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2019

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Investment in Treasury Bills		₱ -	₱ -	₱ -
Investment in Unit Investment Trust Fund and Money		-	-	-
Financial assets at FVOCI				
Tagaytay Midlands Golf Club, Inc.	1	600,000	600,000	-
Evercrest Golf Club Resorts, Inc.	1	40,000	40,000	-
Puerto Azul Golf & Country Club, Inc.	1	150,000	150,000	-
Capitol Hills Golf & Country Club, Inc.	1	150,000	150,000	-
Philam Tower Club	1	100,000	100,000	-
Camp John Hay	1	190,000	190,000	-
A. Soriano	179	1,073	1,073	-
PLDT Inc.		19,500	19,500	-
		1,250,573	1,250,573	-
Loans and Receivables				
Cash and Cash Equivalents		8,581,662,823	8,581,662,823	61,825,887
Short-term investments		100,000,000	100,000,000	-
Trade and Other Receivables		2,721,664,932	2,721,664,932	6,273,605
Long-term Receivables		333,332,833	333,332,833	8,660,717
		11,736,660,588	11,736,660,588	76,760,209
Derivative Assets		32,817	32,817	-
		₱11,737,943,978	₱11,737,943,978	₱76,760,209

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amount Collected	Amount Written-Off			

Not Applicable: The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2019 equal to or above the established threshold of the Rule.

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Balance at End of Period
CIP II Power Corporation	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -	₱ -
PHINMA Power Generation Corporation	1,112,325	111,792,030	(86,229,080)	-	26,675,275	-	26,675,275
PHINMA Renewable Energy Corporation	-	475,044,696	(475,044,696)	-	-	-	-
AC Enexor Inc.	-	153,736,454	(153,636,454)	-	100,000	-	100,000
Palawan55 Exploration and Production Corporation	-	7,477,272	-	-	7,477,272	-	7,477,272
One Subic Power Generation Corporation	-	550,000,000	-	-	550,000,000	-	550,000,000
South Luzon Thermal Energy Corporation		42,972,183	(19,074,394)		23,897,788		23,897,788
	₱1,112,325	₱1,341,022,635	(₱733,984,624)	₱ -	₱608,150,336	₱ -	₱608,150,336

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2019

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
Oil exploration and development costs:						
Service Contract (SC) No. 6	₱27,460,307	₱409,560	₱ -	₱ -	₱ -	₱27,869,867
SC 51	32,665,864		-	-	(32,665,864)	-
SC 55	6,815,985	16,246,978	-	-	-	23,062,963
SC 69	15,596,930	-	-	-	(15,596,930)	-
SC 52	10,993,823	-	-	-	-	10,993,823
SC 50	11,719,086	-	-	-	-	11,719,086
Geothermal Service Contract (GSC) No. 8 Mabini	31,722,948	2,769,627	-	-	-	34,492,575
Hydropower Service Contracts:						
SC 467	-	-	-	-	-	-
SC 465	-	-	-	-	-	-
	136,974,943	19,426,164	-	-	(48,262,794)	108,138,313
Allowance for probable losses	(75,867,880)	-	(34,492,575)		48,262,794	(62,097,661)
Total deferred exploration cost	61,107,063 -	19,426,164	(34,492,575)	-	-	46,040,652
Leasehold rights	24,959,644	499,976,001	-	-	(524,935,645)	-
Goodwill	234,152,394	-	-	-	-	234,152,394
	₱320,219,101	₱519,402,165	(₱34,492,575)	₱ -	(₱524,935,645)	₱280,193,046

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule E. Long-Term Debt
December 31, 2019

	Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Periodic Payments	Maturity Date
ACEPH	Development Bank of the Philippines	₱907,391,160	₱66,891,015	₱840,500,145	6.00%	25 semi-annual payments	July 10, 2029
	Security Bank Corporation	907,420,730	66,942,557	840,478,173	6.50%	25 semi-annual payments	July 11, 2029
	China Bank Corporation	1,365,000,000	30,000,000	1,335,000,000	5.68%	36 quarterly payments	April 30, 2024
	BDO Unibank Inc.	455,000,000	10,000,000	445,000,000	5.81%	36 quarterly payments	April 30, 2024
	BDO Unibank Inc.	5,000,000,000	52,631,579	4,947,368,421	5.05%	20 semi-annual payments	Nov 14, 2029
	Total	8,634,811,890	226,465,151	8,408,346,739			
	Derivative on long-term loans	2,428,675	1,875,808	552,867			
	Unamortized debt issue costs	(60,692,024)	(9,167,950)	(51,524,074)			
		₱8,576,548,541	₱219,173,009	₱8,357,375,532			
PREC	Development Bank of the Philippines	₱765,867,200	₱60,733,125	₱705,134,075	5.84%-6.25%	25 semi-annual payments	February 14, 2029
	Security Bank Corporation	765,867,200	60,733,125	705,134,075	6.24%-6.68%	25 semi-annual payments	February 14, 2029
	Total	1,531,734,400	121,466,250	1,410,268,150			
	Unamortized debt issue costs	(6,724,925)	(5,155,679)	2,115,402,225			
		₱1,525,009,475	₱116,310,571	₱3,525,670,375			
SLTEC	BDO Unibank Inc.	₱3,290,843,750	₱83,312,500	₱3,207,531,250	5.71%%-7.05%	24 semi-annual payments	May 7, 2031
	BDO Unibank Inc.	3,290,843,750	83,312,500	3,207,531,250	6.98%	24 semi-annual payments	May 7, 2031
	Rizal Commercial Banking Corporation	1,646,656,250	41,687,500	1,604,968,750	5.71%%-7.05%	24 semi-annual payments	May 7, 2031
	Rizal Commercial Banking Corporation	1,646,656,250	41,687,500	1,604,968,750	6.98%	24 semi-annual payments	May 7, 2031
	Security Bank Corporation	995,683,000	25,000,000	970,683,000	6.98%	24 semi-annual payments	May 7, 2031
	Total	₱10,870,683,000	₱275,000,000	₱10,595,683,000			
	Unamortized debt issue costs	(178,132,197)	(16,765,162)	(161,367,035)			
		₱10,692,550,803	₱258,234,838	₱10,434,315,965			

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule F. Indebtedbess to Related Parties (Long-Term Loans from Related Companies)
December 31, 2019

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not Applicable: The Company has no indebtedness to related parties as at December 31, 2019.		

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2019

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee

Not Applicable: The Company has no guarantees of securities of other issuers as at December 31, 2019.

Attachment I

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2019

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common stock	8,400,000,000	7,521,774,922	60,301,331	5,015,081,911	389,115,676	2,117,577,335

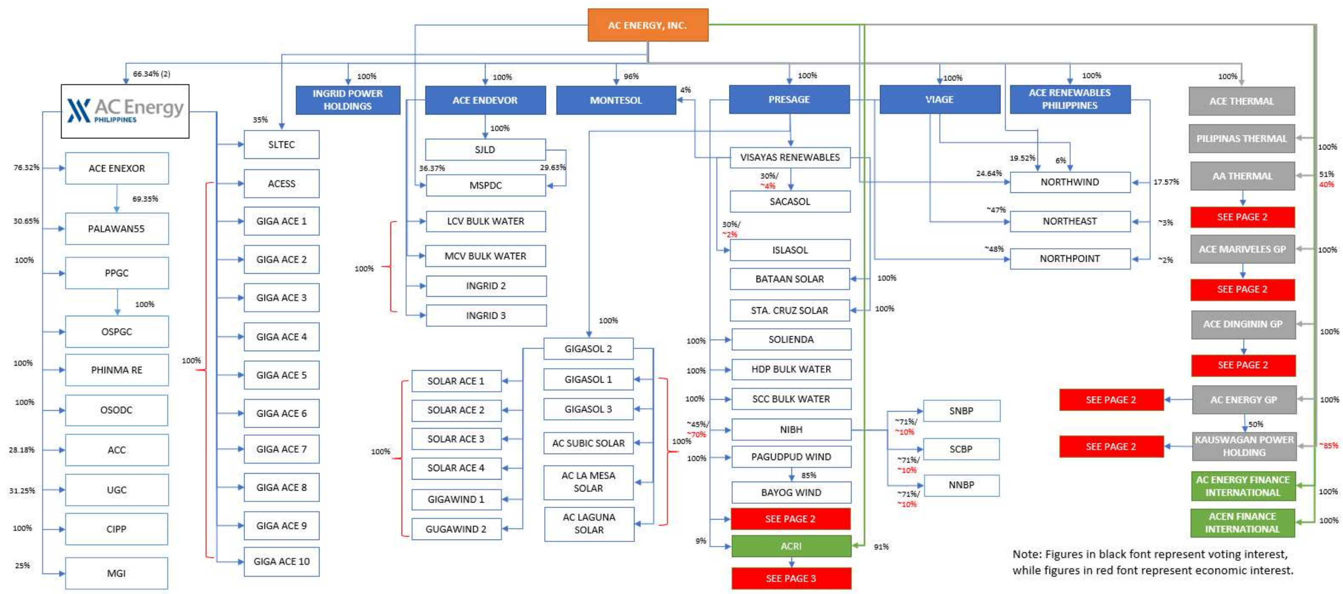
AC ENERGY PHILIPPINES, INC.
AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2019
(Amounts in Thousands)

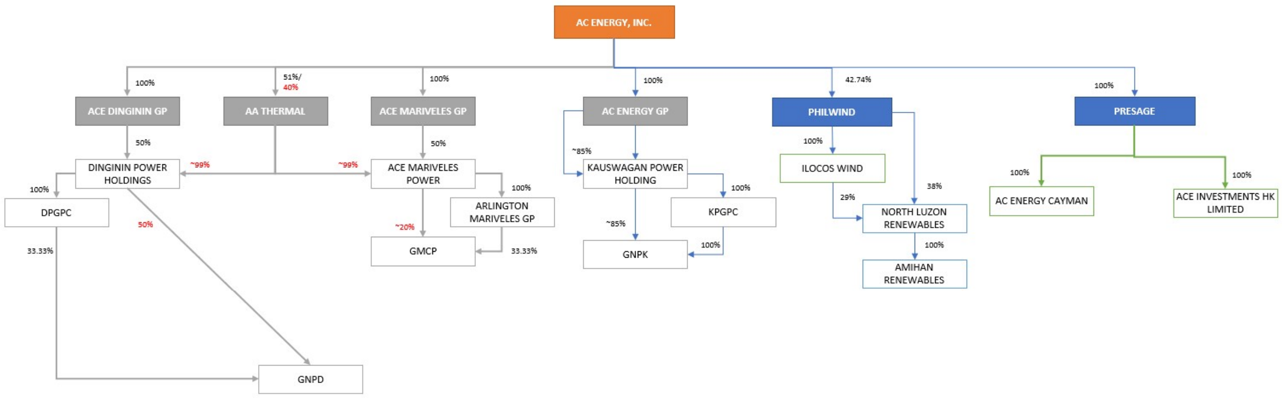
Retained earnings, beginning	₱2,473,184
Adjustment:	
Deferred income tax asset as at December 31, 2018	(258,741)
Unrealized FV gain of FVPL as at December 31, 2018	(409)
Derivative asset as at December 31, 2018	(4)
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning	2,214,030
Add: Net loss actually realized during the year	
Net loss during the year closed to retained earnings	(109,091)
Add (deduct):	
Unrealized fair value gains on financial asset through FVPL and derivative assets	380
Gain on sale of financial assets at FV through FVPL charged to retained earnings	45,064
Movement of recognized deferred income tax assets	(337,839)
Net loss actually realized during the year	(401,486)
Less: Dividends declared during the year	-
Retained earnings available for dividend declaration, end	₱1,812,544

AC ENERGY PHILIPPINES, INC.
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

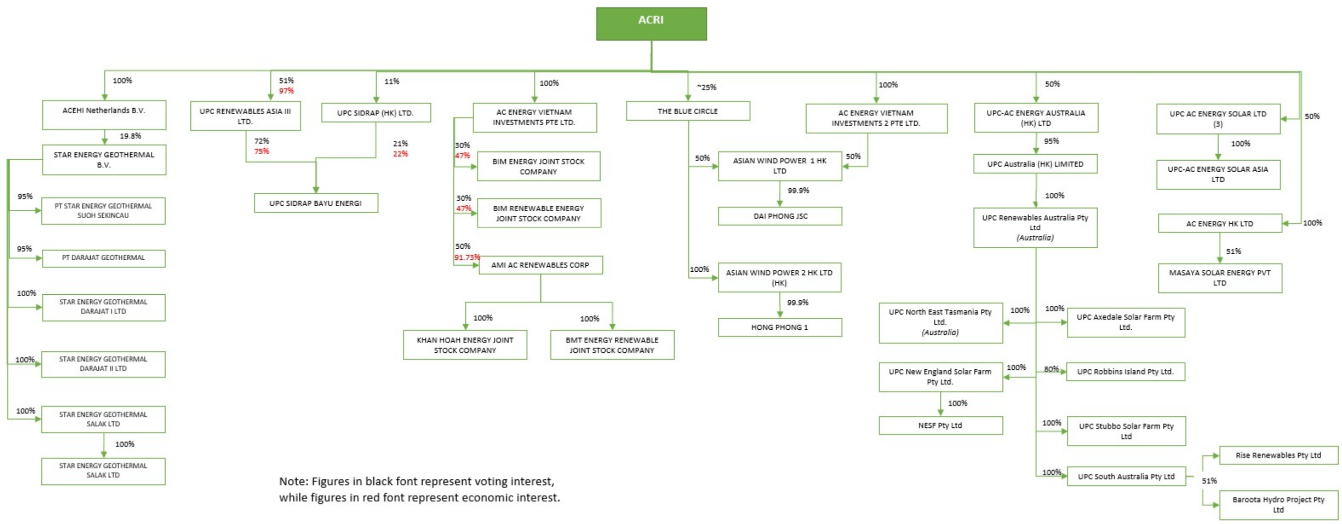
Conglomerate Map
As of December 31, 2019



ATTACHMENT III
Page 2 of 3



Note: Figures in black font represent voting interest, while figures in red font represent economic interest.



Note: Figures in black font represent voting interest, while figures in red font represent economic interest.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
AC Energy Philippines, Inc.
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of AC Energy Philippines, Inc and its Subsidiaries (collectively, the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated March 25, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
SEC Accreditation No. 1539-AR-1 (Group A),
March 26, 2019, valid until March 25, 2022
Tax Identification No. 242-917-987
BIR Accreditation No. 08-001998-120-2019,
January 28, 2019, valid until January 27, 2022
PTR No. 8125320, January 7, 2020, Makati City

March 25, 2020

ATTACHMENT IV

AC ENERGY PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

KPI	Formula	31-Dec-19 Audited	31-Dec-18 Audited	Increase (Decrease) Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabiltiies	2.84	1.74	1.09	63
Acid test ratio	Cash + Short-term investments + Receivables + Financial assets at FVTPL / Current liabilities	2.55	1.49	1.06	71
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	2.58	1.26	1.32	105
Asset to equity ratio	Total Assets / Total Equity	3.58	2.26	1.32	58
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	0.36	0.03	0.33	1,100
Net debt to equity ratio	Debt - Cash & cash equivalents, short-term investments & financial assets at FVTPL / Total equity	1.80	1.05	0.75	71

KPI	Formula	31-Dec-19 Unaudited	31-Dec-18 Unaudited	Increase (Decrease) Difference	%
Profitability Ratios					
Return on equity	Net income after taxes / Average stockholder's equity	-4.28%	-6.77%	2.49	(3,681)
Return on assets	Net income after taxes / Average total assets	-1.42%	-2.99%	1.57	53
Asset turnover	Revenues / Average total assets	52.20%	76.22%	(24.02)	(32)

AC Energy Philippines, Inc.
(Formerly PHINMA Energy Corporation)
and Subsidiaries

Pro Forma Condensed Consolidated Financial Information
As at September 30, 2020
and for the Nine-Month Period Ended September 30, 2020
and Year Ended December 31, 2019

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2020
(Amounts in Thousands)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.I) (Unaudited)	Pro Forma Balances (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	₱6,342,176	₱27,931,140	₱34,273,316
Receivables	5,831,502	7,763,240	13,594,742
Fuel and spare parts	1,337,289	–	1,337,289
Current portion of:			
Input value added tax (VAT)	479,565	8,125	487,690
Creditable withholding taxes	205,541	–	205,541
Other current assets	500,471	317	500,788
Total Current Assets	14,696,544	35,702,822	50,399,366
Noncurrent Assets			
Property, plant and equipment	30,881,631	20	30,881,651
Investments in associates and joint ventures	6,384,183	14,318,393	20,702,576
Financial asset at fair value through other comprehensive income (FVOCI)	1,251	13,059,775	13,061,026
Investments in redeemable preference shares	–	14,310,809	14,310,809
Investment properties	13,085	–	13,085
Goodwill and other intangible assets	2,576,998	25	2,577,023
Right-of-use assets	2,133,581	–	2,133,581
Deferred income tax assets - net	436,511	–	436,511
Net of current portion:			
Input VAT	1,026,026	–	1,026,026
Creditable withholding taxes	824,886	–	824,886
Other noncurrent assets	3,780,848	2,335,317	6,116,165
Total Noncurrent Assets	48,059,000	44,024,339	92,083,339
TOTAL ASSETS	₱62,755,544	₱79,727,161	₱142,482,705
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	₱7,040,072	₱7,280	₱7,047,352
Short-term loans	7,042,209	3,651,975	10,694,184
Current portion of long-term loans	745,474	–	745,474
Current portion of lease liability	258,347	–	258,347
Income and withholding taxes payable	75,875	194,328	270,203
Due to stockholders	21,685	–	21,685
Total Current Liabilities	15,183,662	3,853,583	19,037,245
Noncurrent Liabilities			
Long term loans - net of current portion	23,384,152	–	23,384,152
Lease liabilities - net of current portion	1,588,670	–	1,588,670
Pension and other employee benefits	79,959	–	79,959
Deferred income tax liabilities - net	91,008	3,288	94,296
Other noncurrent liabilities	2,009,877	(123,048)	1,886,829
Total Noncurrent Liabilities	27,153,666	(119,760)	27,033,906
Total Liabilities	42,337,328	3,733,823	46,071,151

(Forward)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.I) (Unaudited)	Pro Forma Balances (Unaudited)
Equity			
Capital stock	**₱13,706,957**	**₱16,685,801**	**₱30,392,758**
Additional paid-in capital	**8,606,494**	**32,871,027**	**41,477,521**
Other equity reserves	**(7,346,223)**	**(13,628,753)**	**(20,974,976)**
Unrealized fair value loss on equity instruments at FVOCI	**(8,129)**	**–**	**(8,129)**
Unrealized fair value loss on derivative instruments designated under hedging	**(146,122)**	**–**	**(146,122)**
Remeasurement loss on defined benefit plans	**(7,034)**	**–**	**(7,034)**
Accumulated share in other comprehensive loss of associates and joint ventures	**(2,723)**	**–**	**(2,723)**
Retained earnings	**4,348,963**	**–**	**4,348,963**
Treasury shares	**(56,361)**	**–**	**(56,361)**
Total equity attributable to equity holders of the Parent Company	**19,095,822**	**35,928,075**	**55,023,897**
Non-controlling interests	**1,322,394**	**40,065,263**	**41,387,657**
Total Equity	**20,418,216**	**75,993,338**	**96,411,554**
TOTAL LIABILITIES AND EQUITY	**₱62,755,544**	**₱79,727,161**	**₱142,482,705**

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(Amounts in Thousands, Except Per Share Figures)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
REVENUES			
Revenue from sale of electricity	₱15,150,025	₱–	₱15,150,025
Rental income	71,663	–	71,663
Other revenue	26,589	8,445	35,034
	15,248,277	8,445	15,256,722
COST AND EXPENSES			
Cost of sale of electricity	10,147,543	–	10,147,543
General and administrative expenses	1,277,649	421,264	1,698,913
	11,425,192	421,264	11,846,456
INTEREST AND OTHER FINANCE CHARGES	(1,364,215)	(65,610)	(1,429,825)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	485,191	894,084	1,379,275
OTHER INCOME	564,725	1,952,403	2,517,128
INCOME BEFORE INCOME TAX	3,508,786	2,368,058	5,876,844
PROVISION FOR INCOME TAX			
Current	178,483	182,775	361,258
Deferred	308,828	4,707	313,535
	487,311	187,482	674,793
NET INCOME	₱3,021,475	₱2,180,576	₱5,202,051
Net Income Attributable to:			
Equity holders of the Parent Company	2,935,091	2,005,988	4,941,079
Non-controlling interests	86,384	174,588	260,972
	₱3,021,475	₱2,180,576	₱5,202,051
Basic/Diluted Earnings Per Share (Note 5)	₱0.30		₱0.19

(Forward)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.II) (Unaudited)	Pro Forma Balances (Unaudited)
NET INCOME	**₱3,021,475**	**₱2,180,576**	**₱5,202,051**
OTHER COMPREHENSIVE INCOME LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**–**	**(5,242,113)**	**(5,242,113)**
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Unrealized fair value losses on derivative instrument designated under hedge accounting - net of tax	**(131,380)**	**–**	**(131,380)**
Net decrease in the fair value of equity instruments at FVOCI - net of tax	**–**	**(157,658)**	**(157,658)**
	(131,380)	**(157,658)**	**(289,038)**
Share in other comprehensive loss of associates and joint ventures - net of deferred income tax	**(616)**	**(89,017)**	**(89,633)**
OTHER COMPREHENSIVE LOSS, NET OF TAX	**(131,996)**	**(5,488,788)**	**(5,620,784)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱2,889,479**	**(₱3,308,212)**	**(₱418,733)**
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**2,803,095**	**(3,482,176)**	**(679,081)**
Non-controlling interest	**86,384**	**173,964**	**260,348**
	₱2,889,479	**(₱3,308,212)**	**(₱418,733)**

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands, Except Per Share Figures)

	AC Energy Philippines, Inc. and Subsidiaries (Audited)	Other adjustments (Note 4.I) (Unaudited)	Pro Forma Adjustments (Note 3.III) (Unaudited)	Pro Forma Balances (Unaudited)
REVENUES				
Revenue from sale of electricity	₱15,297,719	₱798,830	₱–	₱16,096,549
Dividend income	7,585	7,157	–	14,742
Rental income	1,359	1,757	–	3,116
Other revenue	–	–	135,606	135,606
	15,306,663	807,744	135,606	16,250,013
COST AND EXPENSES				
Cost of sale of electricity	15,014,799	287,731	–	15,302,530
General and administrative expenses	667,215	100,626	259,808	1,027,649
	15,682,014	388,357	259,808	16,330,179
INTEREST AND OTHER FINANCE CHARGES	(881,963)	(94,066)	(27,947)	(1,003,976)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES	(24,461)	231,445	834,519	1,041,503
OTHER INCOME	716,053	20,196	23,339,346	24,075,595
INCOME (LOSS) BEFORE INCOME TAX	(565,722)	576,962	24,021,716	24,032,956
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	68,673	30,577	67,808	167,058
Deferred	(217,492)	(3,391)	–	(220,883)
	(148,819)	27,186	67,808	(53,825)
NET INCOME (LOSS)	(₱416,903)	₱549,776	₱23,953,908	₱24,086,781
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	(₱331,011)	₱467,666	₱23,953,908	₱24,090,563
Non-controlling interests	(85,892)	82,110	–	(3,782)
	(416,903)	₱549,776	₱23,953,908	₱24,086,781
Basic/Diluted Earnings (Loss) Per Share (Note 5)	(₱0.05)			₱1.05

(Forward)

	AC Energy Philippines, Inc. and Subsidiaries (Audited)	Other adjustments (Note 4.I) (Unaudited)	Pro Forma Adjustments (Note 3.III) (Unaudited)	Pro Forma Balances (Unaudited)
NET INCOME (LOSS)	(₱416,903)	₱549,776	₱23,953,908	₱24,086,781
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	–	–	1,660,383	1,660,383
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Unrealized fair value losses on derivative instrument designated under hedge accounting - net of tax	(14,742)	–	–	(14,742)
Remeasurement gains (losses) on defined benefit plan - net of tax	(7,570)	–	–	(7,570)
Net decrease in the fair value of equity instruments at FVOCI - net of tax	(27,369)	–	(16)	(27,385)
	(49,681)	–	(16)	(49,697)
Share in other comprehensive income of an associate and joint ventures - net of deferred income tax	86	–	–	86
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(49,595)	–	1,660,367	1,610,772
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱466,498)	₱549,776	₱25,614,275	₱25,697,553
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	(₱380,606)	₱458,297	₱25,614,275	₱25,691,966
Non-controlling interest	(85,892)	91,479	–	5,587
	(₱466,498)	₱549,776	₱25,614,275	₱25,697,553

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 AND FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock	Additional Paid-in Capital	Other Equity Reserve	Unrealized Fair Value Gains (Losses) on Equity Instruments at FVOCI	Unrealized Fair Value Losses on Derivative instruments designated under hedge accounting	Remeasurement Gains (Losses) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gains (Losses) of Associates and Joint Ventures	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCES AT JANUARY 1, 2020 (ACEN)	**₱7,521,775**	**₱83,768**	**₱5,561,480**	**(₱96,584)**	**(₱14,742)**	**₱9,254**	**(₱2,107)**	**₱–**	**₱3,296,295**	**(₱27,704)**	**₱16,331,435**	**₱248,584**	**₱16,580,019**
Dividends declared and pain	–	–	–	–	–	–	–	–	**(546,751)**	–	**(546,751)**	**(111,918)**	**(658,669)**
Issuance of capital stock	**6,185,182**	**8,473,700**	–	–	–	–	–	–	–	–	**14,658,882**	–	**14,658,882**
Stock issuance costs	–	**(109,441)**	–	–	–	–	–	–	–	–	**(109,441)**	–	**(109,441)**
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	**(28,657)**	**(28,657)**	–	**(28,657)**
Non-controlling interest arising from business combination (Note 4)	–	–	–	–	–	–	–	–	–	–	–	**1,099,344**	**1,099,344**
Acquisition under common control	–	**158,467**	**(12,907,703)**	**88,455**	–	**(16,288)**	–	–	**(1,335,672)**	–	**(14,012,741)**	–	**(14,012,741)**
	6,185,182	**8,522,726**	**(12,907,703)**	**88,455**	–	**(16,288)**	–	–	**(1,882,423)**	**(28,657)**	**(38,708)**	**987,426**	**948,718**
Pro forma net income and other comprehensive income (loss) (Note 3.IV.A)	–	–	–	**(157,658)**	**(131,380)**	–	**(89,633)**	**(5,242,113)**	**4,941,079**	–	**(679,705)**	**260,972**	**(418,733)**
Pro forma adjustments (Note 3.IV.B)	**16,685,801**	**32,871,027**	**(13,628,753)**	–	–	–	–	–	–	–	**35,928,075**	**40,065,263**	**75,993,338**
Other pro forma adjustments (Note 3.IV.C)	–	–	–	**157,658**	–	–	**89,017**	**5,242,113**	**(2,005,988)**	–	**3,482,800**	**(174,588)**	**3,308,212**
	16,685,801	**32,871,027**	**(13,628,753)**	**157,658**	–	–	**89,017**	**5,242,113**	**(2,005,988)**	–	**39,410,875**	**39,890,675**	**79,301,550**
PRO FORMA BALANCES AT SEPTEMBER 30, 2020 (Unaudited)	**₱30,392,758**	**₱41,477,521**	**(₱20,974,976)**	**(₱8,129)**	**(₱146,122)**	**(₱7,034)**	**(₱2,723)**	**₱–**	**4,348,963**	**(₱56,361)**	**₱55,023,897**	**₱41,387,657**	**₱96,411,554**

(Forward)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock	Additional Paid-in Capital	Other Equity Reserve	Unrealized Fair Value Gains (Losses) on Equity Instruments at FVOCI	Unrealized Fair Value Losses on Derivative instruments designated under hedge accounting	Remeasurement Gains (Losses) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gains (Losses) of Associates and Joint Ventures	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCES AT JANUARY 1, 2019 (ACEN)	**₱4,889,775**	**₱83,768**	**₱18,338**	**₱59,772**	**₱–**	**₱536**	**(₱2,193)**	**₱–**	**₱3,212,993**	**(₱27,706)**	**₱8,235,283**	**₱45,450**	**₱8,280,733**
Disposal of financial assets at FVOCI	–	–	–	(40,532)	–	–	–	–	40,532	–	–	–	–
Issuance of shares of stock	2,632,000	–	–	–	–	–	–	–	–	2	2,632,002	–	2,632,002
Purchase of shares of stock	–	–	(130,854)	–	–	–	–	–	–	–	(130,854)	(22,782)	(153,636)
Acquisition of subsidiary under common control	–	–	(2,229,587)	–	–	–	–	–	–	–	(2,229,587)	3,041,805	812,218
Effects of common control business combination (Note 4)	–	–	7,903,583	(88,455)	–	16,288	–	–	(93,887)	–	7,737,529	(2,812,107)	4,925,422
	2,632,000	–	5,543,142	(128,987)	–	16,288	–	–	(53,355)	2	8,009,090	206,916	8,216,006
Pro forma net income and other comprehensive income (loss) (Note 3.V.A)	–	–	–	(27,385)	(14,742)	(7,570)	86	1,660,383	24,090,563	–	25,701,335	(3,782)	25,697,553
Pro forma adjustments (Note 3.V.B)	16,685,801	32,871,027	(12,512,089)	–	–	–	–	–	–	–	37,044,739	39,123,624	76,168,363
Other pro forma adjustments (Note 3.V.C)	–	–	–	16	–	–	–	(1,660,383)	(23,953,908)	–	(25,614,275)	–	(25,614,275)
	16,685,801	32,871,027	(12,512,089)	16	–	–	–	(1,660,383)	(23,953,908)	–	11,430,464	39,123,624	50,554,088
PRO FORMA BALANCES AT DECEMBER 31, 2019 (Unaudited)	**₱24,207,576**	**₱32,954,795**	**(₱6,950,609)**	**(₱96,584)**	**(₱14,742)**	**₱9,254**	**(₱2,107)**	**₱–**	**₱3,296,293**	**(₱27,704)**	**₱53,376,172**	**₱ 39,372,208**	**₱92,748,380**

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(Amounts in Thousands)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.VI)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,508,786**	**₱2,368,058**	**₱5,876,844**
Adjustments for:			
Depreciation and amortization	**1,388,623**	**27**	**1,388,650**
Interest and other finance charges	**1,364,215**	**65,610**	**1,429,825**
Equity in net income of associates and joint ventures	**(485,191)**	**(894,085)**	**(1,379,276)**
Foreign exchange (gain) loss - net	**(301,739)**	**272,601**	**(29,138)**
Interest and other financial income	**(84,206)**	**(1,297,408)**	**(1,381,614)**
Gain on bargain purchase	**(49,970)**	**–**	**(49,970)**
Pension and other employee benefits	**19,456**	**–**	**19,456**
Provision for probable losses	**432**	**–**	**432**
Loss (gain) on sale of:			
By-product	**(17,806)**	**–**	**(17,806)**
Property, plant and equipment	**3,383**	**–**	**3,383**
Derivatives	**33**	**–**	**33**
Operating income before working capital changes	**5,346,016**	**514,803**	**5,860,819**
Increase in:			
Receivables	**(1,513,535)**	**(365,633)**	**(1,879,168)**
Fuel and spare parts	**(369,218)**	**–**	**(369,218)**
Other current assets	**(421,993)**	**(8,670)**	**(430,663)**
(Decrease) increase in accounts payable and other current liabilities	**(777,493)**	**(16,869)**	**(794,362)**
Cash generated from operations	**2,263,777**	**123,631**	**2,387,408**
Income and withholding taxes paid	**(37,473)**	**(50,600)**	**(88,073)**
Net cash from operating activities	**2,226,304**	**73,031**	**2,299,335**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investments in associates	**(4,720,433)**	**(280,412)**	**(5,000,845)**
Investments in joint venture	**(2,573,300)**	**–**	**(2,573,300)**
Property, plant and equipment	**(3,347,755)**	**–**	**(3,347,755)**
Right-of-use assets	**(261,731)**	**–**	**(261,731)**
Deferred exploration costs	**(13,571)**	**–**	**(13,571)**
Receivables from affiliates	**–**	**(7,286,474)**	**(7,286,474)**
Convertible loans	**–**	**(6,654,613)**	**(6,654,613)**
Financial assets at FVTPL	**–**	**(5,474,708)**	**(5,474,708)**
Investments in redeemable preferred shares	**–**	**(3,145,494)**	**(3,145,494)**
Cash acquired from business combinations	**693,572**	**–**	**693,572**
Cash dividends received	**428,980**	**–**	**428,980**
Interest received	**126,193**	**1,253,891**	**1,380,084**
Proceeds from maturity of short-term investments	**100,000**	**–**	**100,000**
Proceeds from:			
Sale of property, plant and equipment	**20,232**	**–**	**20,232**
Redemptions of investments in financial assets at FVOCI	**–**	**7,275,900**	**7,275,900**
Sale of investments in financial assets at FVTPL	**–**	**6,346,901**	**6,346,901**
Receivables from affiliates	**–**	**3,192,280**	**3,192,280**
Increase in other noncurrent assets	**(2,109,693)**	**–**	**(2,109,693)**
Net cash used in investing activities	**(11,657,506)**	**(4,772,729)**	**(16,430,235)**

(Forward)

	AC Energy Philippines, Inc. and Subsidiaries (Unaudited)	Pro Forma Adjustments (Note 3.VI)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term debt	**₱7,671,500**	**₱3,634,875**	**₱11,306,375**
Availment of long-term debt	**3,800,000**	**–**	**3,800,000**
Payments of:			
Long-term loans	**(2,590,816)**	**–**	**(2,590,816)**
Short-term loans	**(753,556)**	**–**	**(753,556)**
Interest on short-term, long-term loans and lease liabilities	**(1,142,466)**	**(56,852)**	**(1,199,318)**
Cash dividends	**(658,669)**	**–**	**(658,669)**
Lease liabilities	**(141,155)**	**–**	**(141,155)**
Stock issuance costs	**(109,441)**	**–**	**(109,441)**
Treasury shares	**(28,657)**	**–**	**(28,657)**
Debt issuance cost	**(28,500)**	**–**	**(28,500)**
Increase in due to stockholders	**5,091**	**–**	**5,091**
Increase in other noncurrent liabilities	**153,541**	**–**	**153,541**
Net cash from financing activities	**6,176,872**	**3,578,023**	**9,754,895**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,258**	**(984,233)**	**(980,975)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,251,072)**	**(2,105,908)**	**(5,356,980)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,593,248**	**30,037,048**	**39,630,296**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱6,342,176**	**₱27,931,140**	**₱34,273,316**

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands)

	AC Energy Philippines, Inc. and Subsidiaries (Audited)	Other adjustments (Note 3.VI) (Unaudited)	Pro Forma Adjustments (Note 3.VI) (Unaudited)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	(₱565,722)	₱576,962	₱24,021,716	₱24,032,956
Adjustments for:				
Depreciation and amortization	892,466	145,259	–	1,037,725
Interest and other finance charges	881,963	94,067	27,947	1,003,977
Interest and other financial income	(107,602)	(8,967)	(1,275,414)	(1,391,983)
Movement of pension and other employee benefits	25,220	(312)	–	24,908
Equity in net income (loss) of associates and joint ventures	24,461	(231,446)	(834,519)	(1,041,504)
Provisions for:				
Probable losses on deferred exploration costs	34,493	–	–	34,493
Inventory obsolescence	5,554	–	–	5,554
Credit losses	1,162	–	–	1,162
Gain on derivatives - net	–	–	–	
Dividend income	(7,585)	(7,157)	–	(14,742)
Foreign exchange (gain) loss - net	(12,900)	(893)	30,479	16,686
Loss (gain) on sale of:				
Property, plant and equipment	(294,100)	(625)	–	(294,725)
Asset held for sale	(14,289)	–	–	(14,289)
Derivatives	(6,851)	–	–	(6,851)
Investments	(1,375)	–	(22,223,693)	(22,225,068)
Inventory	461	–	–	461
Operating income before working capital changes	855,356	566,888	(253,484)	1,168,760
Decrease (increase) in:				
Receivables	203,437	70,861	265,026	539,324
Fuel and spare parts - at cost	(194,059)	(7,615)	–	(201,674)
Other current assets	477,890	40,630	(3,506)	515,014
Increase (decrease) in accounts payable and other current liabilities	(1,214,897)	27,110	52,870	(1,134,917)
Cash generated from operations	127,727	697,874	60,906	886,507
Income and withholding taxes paid	(210,905)	(16,672)	(44,447)	(272,024)
Net cash from operating activities	(83,178)	681,202	16,459	614,483
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Sale and redemption of financial assets at FVTPL	779,853	–	–	779,853
Sale of property, plant and equipment	337,336	625	–	337,961
Sale of asset held for sale	45,071	–	–	45,071
Termination of short-term investments	35,326	–	–	35,326
Cash acquired from business combinations	–	567,300	–	567,300
Interest received	61,826	9,406	1,132,352	1,203,584
Cash dividends received	32,585	7,157	–	39,742

(Forward)

	AC Energy Philippines, Inc. and Subsidiaries (Audited)	Other adjustments (Note 3.VI) (Unaudited)	Pro Forma Adjustments (Note 3.VI) (Unaudited)	Pro Forma Balances (Unaudited)
Additions to:				
Investments in subsidiaries and associates	1,471,534	10,985	(15,905,969)	(14,423,450)
Property, plant and equipment	(418,514)	(77,957)	–	(496,471)
Short-term investment	(100,000)	–	–	(100,000)
Deferred exploration costs	(19,426)	–	–	(19,426)
Investments in financial assets at FVOCI	–	–	(20,926,157)	(20,926,157)
Investments in financial assets at amortized cost	–	–	(1,564,343)	(1,564,343)
Sale of financial assets at FVOCI	255,772	–	–	255,772
Insurance claim	222,789	–	–	222,789
Sale of investment in a joint venture	218,348	–	31,853,450	32,071,798
Redemption of redeemable preference shares	–	–	609,204	609,204
Decrease (increase) in other noncurrent assets	(308,180)	(97,135)	(551,131)	(956,446)
Net cash from (used in) investing activities	2,614,320	420,381	(5,352,594)	(2,317,893)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of long-term loans	5,000,000	–	–	5,000,000
Issuance of capital stock	2,632,000	–	69,322,116	71,954,116
Sale of treasury shares	3	–	–	3
Payments of:				
Long-term loans	(1,338,971)	(155,929)	(4,365,962)	(5,860,862)
Interest on loans and lease liabilities	(791,630)	(235,903)	–	(1,027,533)
Short-term loans	(400,000)	–	–	(400,000)
Debt issuance cost	(43,003)	–	(34,163)	(77,166)
Principal portion of lease liabilities	(36,247)	(13,275)	–	(49,522)
Cash dividends	–	–	(8,134,909)	(8,134,909)
Redemption of shares	–	–	(17,530,779)	(17,530,779)
Increase (decrease) in other noncurrent liabilities	7,829	326,180	(5,476,055)	(5,142,046)
Net cash from financing activities	5,029,981	(78,927)	33,780,248	38,731,302
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,826)	(11,071)	(13,955)	(26,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,559,297	1,011,585	28,430,158	37,001,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,022,366	–	1,606,890	2,629,256
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱8,581,663	₱1,011,585	₱30,037,048	₱39,630,296

See accompanying Notes to the Pro Forma Condensed Consolidated Financial Information (Unaudited)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation)
AND SUBSIDIARIES
NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

1. **Corporate Information and Status of Operations**

AC Energy Philippines, Inc., formerly PHINMA Energy Corporation ("ACEN" or "the Parent Company"), incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission (SEC), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier (RES). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act (EPIRA). Other activities of the Parent Company include investing in various operating companies and financial instruments.

On February 7, 2019, Philippine Investment Management (PHINMA), Inc., PHINMA Corporation and AC Energy, Inc. (AC Energy) signed an investment agreement for AC Energy's acquisition of PHINMA, Inc. and PHINMA Corporation's combined 51.476% stake in ACEN via a secondary share sale through the Philippine Stock Exchange (PSE).

On April 15, 2019, the Philippine Competition Commission (PCC) approved the sale of the combined stake of PHINMA, Inc. and PHINMA Corporation in ACEN to AC Energy. AC Energy made a tender offer to the other shareholders of the Company on May 20, 2019 to June 19, 2019, with a total of 156,476 public shares of ACEN tendered during the tender offer period.

On June 24, 2019, the PSE confirmed the special block sale of ACEN shares to AC Energy. On the same day, AC Energy subscribed to 2.63 billion shares of ACEN. On June 22, 2020, the SEC approved the increase in ACEN's authorized capital stock and the issuance of the new shares to AC Energy equivalent to 6.19 billion common shares at ₱2.37 per share in exchange for AC Energy's interest in various Philippine companies.

As at September 30, 2020, AC Energy directly owns 81.61% of the ACEN's total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEN is AC Energy, while the ultimate parent company is Mermac, Inc. ACEN is managed by AC Energy under an existing management agreement, which was assigned by PHINMA, Inc. to AC Energy on June 24, 2019 and which assignment was approved by the stockholders on September 17, 2019. ACEN, AC Energy and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEN and its subsidiaries below are collectively referred to as "the Group".

On July 23, 2019, the Board of Directors ("BOD") of ACEN approved the following amendments to the ACEN's articles of incorporation:

i) Change of the corporate name to AC Energy Philippines, Inc.;
ii) Change of the principal office of the Parent Company to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City;
iii) Increase in authorized capital stock by 16 billion shares or from 8.4 billion common shares to 24.4 billion common shares. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets.

On September 5, 2019, the BOD of ACEN approved an amendment to ACEN's articles of incorporation to exempt from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt, provided that shares to be issued for this purpose shall not exceed sixteen (16) billion shares.

The foregoing amendments were approved by the stockholders on September 17, 2019.

The change in corporate name and office of the Parent Company was subsequently approved by the SEC on October 11, 2019.

On October 9, 2019, the Parent Company and AC Energy executed a Deed of Assignment whereby AC Energy offered to transfer and convey to the Parent Company all its rights and interest in the Onshore Companies for and in consideration for the issuance by the Parent Company of 6.19 billion common shares at ₱2.37 per common share or a total transfer value of ₱14.66 billion in favor of AC Energy.

On November 22, 2019, ACEN filed with the SEC its application to increase its capital stock from ₱8.40 billion consisting of 8.4 billion common shares, to ₱24.40 billion, consisting of 24.4 billion common shares, which was subsequently approved on June 22, 2020.

Effective July 1, 2019 (date when ACEN and the Onshore Companies are under common control of AC Energy), ACEN acquired the Onshore Companies through the share swap transaction with AC Energy. Shares involve common, founders and preferred shares. As the transaction is outside the scope of PFRS 3, *Business Combinations*, the acquisition was accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, assets and liabilities are taken into the merged business at their carrying values with restatement of comparative 2019 figures. Likewise, no goodwill was recognized in the business combination.

During the regular board meeting held on March 18, 2020, the Board of Directors of the Parent Company approved the change in the corporate name from "AC Energy Philippines, Inc." to "AC Energy Corporation"; the increase in the Parent Company's authorized capital stock from ₱24.40 billion divided into 24.4 billion shares, to ₱48.40 billion divided into 48.4 billion shares; and ACEI's infusion of its international business to ACEN (also known as Offshore Companies). The transaction will consist of the issuance of 16.69 billion shares of ACEN in favor of ACEI at ₱2.97 per share, in exchange for the property consisting of shares owned by ACEI in its wholly owned subsidiary Presage Corporation (Presage), which holds ACEI's international renewable portfolio.

During the Annual Stockholders' Meeting held on April 20, 2020, the stockholders approved the following corporate actions:

i) Amendment to the Articles of Incorporation:
   a. to change in the corporate name from "AC Energy Philippines, Inc." to "AC Energy Corporation"; and
   b. to increase the authorized capital stock from ₱24.40 billion divided into 24.4 billion shares, to ₱48.40 billion divided into 48.4 billion shares

ii) Amendment to the By-laws to change the corporate name from "AC Energy Philippines, Inc." to "AC Energy Corporation"

The amendments have not yet been approved by the SEC as at November 11, 2020.

Effective on August 14, 2020, the Company's stock symbol changed from "ACEPH" to "ACEN".

The registered office address of ACEN is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

The accompanying unaudited pro forma condensed consolidated financial information includes the consolidated accounts of ACEN and its subsidiaries, the pro forma adjustments for the acquisition of AC Energy's offshore companies through share swap transaction which will occur subsequent to September 30, 2020 and the effect on the restatement of the comparative figures arising from the business combination under common control for the acquisition of AC Energy's onshore companies happened on June 30, 2020.

Authorization for Issuance of the Pro Forma Condensed Consolidated Financial Information
The unaudited pro forma condensed consolidated financial information for the period were approved and authorized for issue by the Parent Company's BOD on November 11, 2020.

2. **Basis of Preparing Pro Forma Consolidated Financial Information**

The pro forma condensed consolidated financial information have been prepared in accordance with Section 9, Part II of the Revised Securities Regulation Code Rule 68, (Revised SRC Rule 68).

The pro forma condensed consolidated financial information have been prepared solely for the inclusion in the prospectus prepared by AC Energy Philippines, Inc. and Subsidiaries in connection with its planned stock rights offering and for no other purpose. The unaudited pro forma condensed consolidated financial information should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2020 and for the nine-month period then ended, and the audited consolidated financial statements as at December 31, 2019 and for the year then ended.

The objective of this unaudited pro forma condensed consolidated financial information is to show what the significant effects on the historical financial information might have been had the transaction described below occurred at an earlier date. However, the unaudited pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the consolidated financial statements that would have been attained, had the transaction described below actually occurred at an earlier date. The unaudited pro forma condensed consolidated financial information are not intended to be considered in isolation from, or as a substitute for, the financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Significant Transaction
The significant transaction below is expected to occur subsequent to September 30, 2020.

Acquisition of ACEI's offshore companies through share swap
ACEN will acquire the entities listed below through the share swap transaction with ACEI. ACEN will account for the transaction as a business combination involving entities under common control using the pooling-of-interests method as elected by management in accordance with PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Shares involve common, founders and preferred shares.

Name of Entities to be Transferred	Ownership of AC Energy, Inc. Direct	Indirect	ACEN's interest after share swap
Presage Corporation (Presage)	100.00	–	100.00
AC Energy Cayman (ACEC)	100.00	–	100.00
AC Investments HK. Ltd.	100.00	–	100.00
AC Renewables Int'l. PTE. Ltd (ACRI)	100.00	–	100.00
ACEHI Netherlands B.V.	–	100.00	100.00
Star Energy Geothermal Salak-Darajat BV[a]	–	19.80	19.80
Star Energy Geothermal Salak Ltd[a]	–	19.80	19.80
Star Energy Geothermal Darajat I Ltd[a]	–	19.80	19.80
Star Energy Geothermal Darajat II Ltd[a]	–	19.80	19.80
PT Star Energy Geothermal Suoh Sekincau[a]	–	18.81	18.81
PT Darajat Geothermal[a]	–	18.81	18.81
AC Energy International RE 1 Pte. Ltd.	–	100.00	100.00
AC Energy International RE 2 Pte. Ltd.	–	100.00	100.00
UPC Renewables Asia III Ltd.[a][b]	–	51.00	51.00
UPC Sidrap Bayu Energi[a][b]	–	39.03	39.03
UPC Sidrap (HK) Ltd.[a]	–	11.00	11.00
AC Energy Vietnam Investments Pte Ltd.	–	100.00	100.00
AC Energy Vietnam Co. Ltd.	–	100.00	100.00
AMI AC Renewables Corp.[a][b]	–	50.00	50.00
Khan Hoa Energy Joint Stock Company[a]	–	50.00	50.00
BMT Energy Renewable Joint Stock Company[a]	–	50.00	50.00
B&T Windfarm Joint Stock Company[a]	–	50.00	50.00
BIM Energy Joint Stock Co.[a][b]	–	30.00	30.00
BIM Renewable Energy Joint Stock Co.[a] [b]	–	30.00	30.00
BIM Wind Power Joint Stock Company[a]	–	30.00	30.00
AC Energy Vietnam Investments 2 Pte Ltd.	–	100.00	100.00
Asian Wind Power 1 HK Ltd[a]	–	50.00	50.00
Dai Phong JSC[a]	–	49.95	49.95
Vietnam Wind Energy Limited[a]	–	50.00	50.00
SME Energy Joint Stock Company[a]	–	40.00	40.00
Wind Power Hoa Dong Co. Ltd.[a]	–	40.00	40.00
Wind Power Lac Hoa Ltd.[a]	–	40.00	40.00
Asian Wind Power 2 HK Ltd[a]	–	50.00	50.00
Hong Phong 1[a]	–	50.00	50.00
The Blue Circle[a]	–	25.00	25.00
Asian Wind Power 2 HK Ltd[a]	–	25.00	25.00
Hong Phong 1[a]	–	24.98	24.98
UPC-AC Energy Australia (HK) Ltd[a]	–	50.00	50.00
UPC Australia (HK) Limited[a]	–	47.50	47.50
UPC Renewables Australia Pty Ltd.[a]	–	47.50	47.50
UPC Valley of Winds[a]	–	47.50	47.50
UPC North East Tasmania Pty Ltd.[a]	–	47.50	47.50
UPC Axedale Solar Farm Pty Ltd.[a]	–	47.50	47.50
UPC Stubbo Solar Farm Pty Ltd.[a]	–	47.50	47.50
UPC New England Solar Farm Pty Ltd.[a]	–	47.50	47.50
New England Solar Trust[a]	–	47.50	47.50
NESF Pty Ltd.[a]	–	47.50	47.50
NESF Finco Pty Ltd.[a]	–	47.50	47.50
UPC South Australia Pty Ltd.[a]	–	47.50	47.50
Rise Renewables Pty Ltd[a]	–	24.23	24.23
Baroota Hydro Project Pty Ltd[a]	–	24.23	24.23
UPC Robbins Island Pty Ltd.[a]	–	38.00	38.00
AC Energy Australia Pte. Ltd.	–	100.00	100.00
UAC Energy Holdings Pty. Ltd.	–	86.87	86.87
Arlington Mariveles Netherlands Holdings Cooperatie	–	100.00	100.00
Arlington Mariveles Netherlands Holding BV	–	100.00	100.00

(Forward)

Name of Entities to be Transferred	Ownership of AC Energy, Inc. Direct	Indirect	ACEN's interest after share swap
UPC AC Energy Solar Ltd. (3)[(a)]	–	50.00	50.00
UPC AC Energy Solar Asia Ltd.[(a)]	–	50.00	50.00
UPC Solar India (HK) II Ltd.[(a)]	–	50.00	50.00
Paryapt Holdco HK[(a)]	–	50.00	50.00
Paryapt Solar Energy Pvt. Ltd.[(a)]	–	24.50	24.50
Sitara Holdco HK[(a)]	–	50.00	50.00
Sitara Solar Energy Pvt. Ltd.[(a)]	–	24.50	24.50
AC Energy Trace Pte. Ltd.	–	100.00	100.00
AC Energy HK Ltd.	–	100.00	100.00
Masaya Solar Energy Pvt. Ltd.[(a)]	–	51.00	51.00

a. These companies are accounted for as joint venture and associates by ACEI.
b. Difference between voting interests and economic interests in these companies pertain to redeemable preference shares which are accounted for as a liability.

Accounting under pooling-of-interests method
In accounting for the business combinations above, the pro forma condensed consolidated financial information reflects the following:

- The consolidated assets and liabilities of ACEN and its subsidiaries are recognized and measured at carrying amounts and the assets and liabilities of the transferred companies are recognized and measured at the carrying amounts as presented in their separate books prior to acquisition. Investments in joint ventures and associates are recognized and measured at the carrying amount presented in the consolidated books of ACRI.
- The equity will solely reflect the equity transactions of ACEN.

3. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial information are based on the historical information of ACEN as shown in the unaudited interim consolidated financial statements as at September 30, 2020 and the audited consolidated financial statements as at and for the year ended December 31, 2019, after giving effect to certain assumptions and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based upon available information and certain assumptions that ACEN believes are reasonable under the circumstances.

The unaudited pro forma condensed consolidated financial information do not purport to represent what the results of operations and financial position of the Parent Company would have been had the significant transactions discussed in the succeeding paragraphs occurred as at January 1 of the period presented, nor do they purport to project the results of operations of the Parent Company for any future period or date.

For the purpose of the unaudited pro forma consolidated statements of comprehensive income, changes in equity and cash flows, the transactions are assumed to have occurred at the beginning of the periods presented which are January 1, 2020 and 2019. For the purpose of the unaudited pro forma consolidated statement of financial position, the transactions are assumed to have occurred on September 30, 2020.

I. Pro forma adjustments in the pro forma consolidated statement of financial position as at September 30, 2020

For the purpose of the pro forma consolidated statement of financial position as at September 30, 2020, the significant transactions are assumed to have occurred on September 30, 2020.

The following pro forma adjustments have been made:

1. Issuance of capital stock by ACEN to ACEI

   An entry was taken to reflect the issuance of capital stock by ACEN to ACEI for its offshore companies amounting to ₱49.56 billion, composed of 16.69 billion common shares at ₱2.97 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16.69 billion and ₱32.87 billion, respectively.

2. Consolidation of net assets at book value of transferred offshore companies

   Pro forma adjustments have been made to include the unaudited net assets at book value of the transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap as at September 30, 2020 into the pro forma consolidated statement of financial position.

3. Recognition of negative other equity reserves resulting from the business combination amounting to ₱13.63 billion.

4. Recognition of non-controlling interests (NCI) amounting to ₱39,167.94 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEI.

5. Recognition of NCI for ACRI on its partially owned subsidiary, UAC Energy Holdings Pty Ltd. amounting to ₱897.32 million.

6. Eliminating entries and other pro forma adjustments

   a. Elimination of ACEN's $100 million or ₱5,121.50 million short-term loan payables to ACRI, availed on March 20,2020, with a carrying amount of ₱4,846.50 million as at September 30, 2020.

   b. Elimination of Bayog Wind Power Corp.'s (BWPC) long-term loan payable to Presage amounting to ₱148.55 million.

   c. Elimination entries for intra group advances between ACRI and AC Investments HK. Ltd amounting to ₱483.78 million.

   d. Elimination of intra group ownership investment through redeemable preferred shares with ACRI held by AC Cayman in March 2020 amounting to ₱19,907.16 million.

II. Pro forma adjustments in the pro forma consolidated interim statement of comprehensive income for the nine months ended September 30, 2020

For the purpose of the pro forma consolidated interim statement of comprehensive income for the nine months ended September 30, 2020, the transactions are assumed to have occurred on January 1, 2020, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the unaudited individual statement of comprehensive income of transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the nine-months period ended September 30, 2020 into the pro forma consolidated statement of comprehensive income, except for those entities accounted for as investments in joint ventures and associates.

2. Equity in net income from investments in joint ventures and associates were recorded amounting to ₱894.08 million.

3. Eliminating entries and other pro forma adjustments

    a. Pro forma adjustments were made to eliminate the intercompany interest income and expense for loans extended between ACEN and ACRI, and BWPC and Presage amounting to ₱42.02 million and ₱11.76 million, respectively.

    b. Elimination of unrealized foreign exchange gains and losses arising from USD-denominated short-term loan of ACEN with ACRI amounting to ₱259.07 million.

III. Pro forma adjustments in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019

For the purpose of the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, 2019, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the audited individual statement of comprehensive income of transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the year ended December 31, 2019 into the pro forma consolidated statement of comprehensive income, except for those entities accounted for as investments in joint ventures and associates.

2. Equity in net income from investments in joint ventures and associates were recorded amounting to ₱834.52 million.

3. Elimination of cash dividends received and dividend income from ACRI's investments in UPC Sidrap (HK) Ltd amounting to ₱307.27 million.

IV. Pro forma adjustments in the pro forma consolidated statement of changes in equity for the nine-month period ended September 30, 2020

For the purpose of the pro forma consolidated statement of changes in equity for the nine-month period September 30, 2020, the transactions are assumed to have occurred on January 1, 2020, which is the beginning of the period presented.

The following pro forma adjustments have been made:

A. Pro forma net income and other comprehensive income

   Pro forma adjustments have been made to include the pro forma net income and other comprehensive income of the transferred companies and ACEN's indirect subsidiaries as reflected in the pro forma consolidated statement of comprehensive income for the nine-month period ended September 30, 2020, as discussed in the preceding section.

B. Accounting for business combination through share swap transaction between ACEN and ACEI

   1. Issuance of capital stock by ACEN to ACEI amounting to ₱49.56 billion composed of 16.69 billion common shares at ₱2.97 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16.69 billion and ₱32.87 billion, respectively.

   2. Recognition of negative other equity reserves resulting from the business combination amounting to ₱13.63 billion.

   3. Recognition of non-controlling interests (NCI) amounting to ₱39,167.94 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEI.

   4. Recognition of NCI for ACRI on its partially owned subsidiary, UAC Energy Holdings Pty Ltd. amounting to ₱897.32 million.

C. Other pro forma adjustments

   In order to tie-up the ending balances of equity in the pro forma consolidated statement of changes in equity to the amounts reflected in the pro forma consolidated statement of financial position as at September 30, 2020, adjustments are made and presented as "Other pro forma adjustments" in the pro forma consolidated statements of changes in equity. Unrealized fair value gains (losses) on equity instruments at FVOCI, accumulated share in other comprehensive gains (losses) of an associate and cumulative translation adjustment were increased by ₱157.66 million, ₱89.02 million, and ₱5,242.11 million respectively, while retained earnings and non-controlling interests were reduced by ₱2,005.99 million and ₱174.59 million respectively, for the nine-month period ended September 30, 2020.

V. Pro forma adjustments in the pro forma consolidated statement of changes in equity for the year ended December 31, 2019

For the purpose of the pro forma consolidated statement of changes in equity for the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, 2019, which is the beginning of the period presented.

The following pro forma adjustments have been made:

A. Pro forma net income and other comprehensive income

   Pro forma adjustments have been made to include the pro forma net income and other comprehensive income of the transferred companies and ACEN's indirect subsidiaries as reflected in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019, as discussed in the preceding section.

B. Accounting for business combination through share swap transaction between ACEN and ACEI

   1. Issuance of capital stock by ACEN to ACEI amounting to ₱49.56 billion composed of 16.69 billion common shares at ₱2.97 per share. As a result, the capital stock and additional paid-in capital will increase by ₱16.69 billion and ₱32.87 billion, respectively.

   2. Recognition of negative other equity reserves resulting from the business combination amounting to ₱12.51 billion.

   3. Recognition of NCI amounting to ₱39,123.62 million attributable to redeemable preferred shares issued by AC Cayman. The NCI is held by AC Energy Finance International Limited, an entity under common control of ACEI.

C. Other pro forma adjustments

   In order to tie-up the ending balances of equity in the pro forma consolidated statement of changes in equity to the amounts reflected in the pro forma consolidated statement of financial position, adjustments are made and presented as "Other pro forma adjustments" in the pro forma consolidated statements of changes in equity. Retained earnings and cumulative translation adjustment were reduced by ₱23,953.91 million and ₱1,660.38 million respectively, while unrealized fair value losses on equity instruments at FVOCI was increased by ₱0.16 million for the year ended December 31, 2019.

VI. Pro forma adjustments in the pro forma consolidated statement of cash flows for the nine-month period ended September 30, 2020

For the purpose of the pro forma consolidated statement of cash flows for the nine-month period ended September 30, 2020, the transactions are assumed to have occurred on January 1, 2020, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the individual statement of cash flows of the transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the nine-month period ended September 30, 2020 into the pro forma consolidated statement of cash flows, except for those entities accounted for as investments in joint ventures and associates.

2. We considered the effect of the following adjustments to the cash flows of ACEN and the transferred offshore companies which are non-cash transactions:

   a. Elimination of unrealized foreign exchange gain arising from USD-denominated short-term loan with ACRI amounting to ₱259.07 million.

   b. Pro forma adjustments were made to eliminate the intercompany interest income and expense for loans extended between ACEN and ACRI, BWPC and Presage amounting to ₱42.02 million and ₱11.76 million, respectively.

   c. Elimination entries for intra group advances between ACRI and AC Investments HK. Ltd amounting to ₱483.78 million.

   d. Elimination of intra group ownership investment through redeemable preferred shares with ACRI held by AC Cayman in March 2020 amounting to ₱19,907.16 million.

VII. Pro forma adjustments in the pro forma consolidated statement of cash flows for the year ended December 31, 2019

For the purpose of the pro forma consolidated statement of cash flows for the year ended December 31, 2019, the transactions are assumed to have occurred on January 1, 2019, which is the beginning of the period presented.

The following pro forma adjustments have been made:

1. Pro forma adjustments have been made to include the individual statement of cash flows of the transferred offshore companies and ACEN's indirect subsidiaries as a result of share swap for the year ended December 31, 2019 into the pro forma consolidated statement of cash flows, except for those entities accounted for as investments in joint ventures and associates.

2. We considered the effect of the following adjustments to the cash flows of ACEN and the transferred offshore companies which are non-cash transactions:

   a. Elimination of cash dividends received and dividend income from its investments in UPC Sidrap (HK) Ltd amounting to ₱307.27 million.

   b. Pro forma adjustments to eliminate the proceeds from and payment of issuance of stocks and deposits from future stock subscriptions involving the transferred offshore companies.

4. Other Adjustments

Acquisition of AC Energy's Onshore subsidiaries through share swap
On October 9, 2019, the Parent Company and AC Energy executed a Deed of Assignment whereby AC Energy offered to transfer and convey to the Parent Company all its rights and interest in the Onshore Companies for and in consideration for the issuance by the Parent Company of 6,185,182,288 common shares at ₱2.37 per common share or a total transfer value of ₱14,658.88 million in favor of AC Energy.

On June 22, 2020, the SEC approved the increase in ACEN's authorized capital stock and the issuance of the new shares to AC Energy equivalent to 6.19 billion common shares at ₱2.37 per share in exchange for AC Energy's interest in various Philippine companies.

Effective July 1, 2019 (date when ACEN and the Onshore Companies are under common control of AC Energy), ACEN acquired the Onshore Companies through the share swap transaction with AC Energy. Shares involve common, founders and preferred shares. As the transaction is outside the scope of PFRS 3, *Business Combinations*, the acquisition was accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, assets and liabilities are taken into the merged business at their carrying values with restatement of comparative 2019 figures. Likewise, no goodwill was recognized in the business combination.

I. Other adjustments in the pro forma consolidated statement of comprehensive income for the year ended December 31, 2019

Other adjustments have been made to include the effects of the restatement of comparative 2019 figures in applying the pooling-of-interest method related to the acquisition of Onshore Companies. This includes the transactions recorded in the statement of comprehensive income of the Onshore Companies from July 1, 2019 up to December 31, 2019 and related consolidation and eliminating entries.

II. Other adjustments in the pro forma consolidated statement of cash flows for the year ended December 31, 2019

Other adjustments have been made to include the effects of the restatement of comparative 2019 figures in applying the pooling-of-interest method related to the acquisition of Onshore Companies. This includes cash flows of the Onshore Companies from July 1, 2019 up to December 31, 2019 and related consolidation and eliminating entries.

5. Basic/Diluted Earnings Per Share Computation

Basic earnings per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as the basic EPS.

For the purpose of the pro forma basic/diluted earnings per share computation as at September 30, 2020 and December 31, 2019, the significant transactions are assumed to have occurred on January 1, 2020 and 2019, respectively.

There are no dilutive financial instruments as at September 30, 2020 and as at December 31, 2019, hence, diluted EPS is the same as the basic EPS.

Pro forma basic/diluted EPS of ACEN is computed as follows:

	September 30, 2020 (Unaudited)	**December 31, 2019 (Unaudited)**
(a) Pro forma net income attributable to equity holders of the Parent Company	**₱4,941,079,496**	₱24,090,563,268
Common shares outstanding at beginning of period	**7,521,774,922**	4,889,774,922
Weighted average of 16,685,800,533 common shares assumed for the share swap issued at beginning of period	**16,685,800,533**	16,685,800,533
Weighted average number of:		
Shares issued during the period	**2,257,365,799**	1,316,000,000
Shares buyback during the period	**(9,061,646)**	–
(b) Weighted average number of shares outstanding for the period	**26,455,879,608**	22,891,575,455
Basic/Diluted Earnings Per Share (a/b)	**₱0.19**	₱1.05

Historical basic/diluted EPS of ACEN is computed as follows:

	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
(a) Net income (loss) attributable to equity holders of the Parent Company	**₱2,935,091,460**	(₱331,011,014)
Common shares outstanding at beginning of period	**7,521,774,922**	4,889,774,922
Weighted average number of:		
Shares issued during the period	**2,257,365,799**	1,316,000,000
Shares buyback during the period	**(9,061,646)**	–
(b) Weighted average number of shares outstanding for the period	**9,770,079,075**	6,205,774,922
Basic/Diluted Earnings/(Loss) Per Share (a/b)	**₱0.30**	(₱0.05)

Annex A

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

0	6	9	-	0	3	9	2	7	4	

COMPANY NAME

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation) AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

4th Floor, 6750 Office Tower,
Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7-730-6300	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,182	04/20	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Corazon G. Dizon	dizon.mcg@acenergy.com.ph	7-730-6300	–

CONTACT PERSON's ADDRESS

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines 1200

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

Annex A

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2020**

2. Commission identification number **39274**

3. BIR Tax Identification No. **000-506-020-000**

4. Exact name of issuer as specified in its charter **AC ENERGY PHILIPPINES, INC.**
   (Formerly PHINMA ENERGY CORPORATION)

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**

6. Industry Classification Code [   ] (SEC Use Only)

7. Address of issuer's principal office Postal Code
   4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, 1210

8. Issuer's telephone number, including area code **(632) 7-730-6300**

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of shares of common stock outstanding	**13,692,457,210 shares**
Amount of debt outstanding	**₱31.17 billion**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [**X**] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [**X**] No [ ]

Annex A

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX “A”

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to attached ANNEX “B”

PART II--OTHER INFORMATION

Please refer to attached ANNEX “C”

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 11, 2020.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)

JOHN ERIC T. FRANCIA
President & Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer & Chief Financial Officer

Annex A

AC Energy Philippines, Inc.
(Formerly PHINMA Energy Corporation)
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2020
And for the Nine Months Period Ended
September 30, 2020 and 2019
(With comparative figures as at December 31, 2019)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
With Comparative Figures as at December 31, 2019
(Amounts in Thousands)

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated, Note 5)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 31)	**₱6,342,176**	₱9,593,248
Short-term investment (Note 31)	–	100,000
Receivables (Notes 7, 28 and 31)	**5,831,502**	3,122,386
Fuel and spare parts (Note 8)	**1,337,289**	938,459
Current portion of:		
Input value added tax (VAT)	**479,565**	186,337
Creditable withholding taxes	**205,541**	179,007
Other current assets (Notes 9 and 31)	**500,471**	212,819
	14,696,544	14,332,256
Assets held for sale (Note 10)	–	3,546
Total Current Assets	**14,696,544**	14,335,802
Noncurrent Assets		
Property, plant and equipment (Note 10)	**30,881,631**	25,438,929
Investments in associates and joint venture (Notes 1 and 11)	**6,384,183**	2,534,102
Financial asset at fair value through other comprehensive income [(FVOCI) Notes 12, 31 and 32]	**1,251**	533,137
Investment properties	**13,085**	13,085
Goodwill and other intangible assets (Notes 3, 4 and 13)	**2,576,998**	441,077
Right-of-use assets (Notes 4, 5 and 14)	**2,133,581**	951,750
Deferred income tax assets - net (Note 27)	**436,511**	653,923
Net of current portion:		
Input VAT	**1,026,026**	372,917
Creditable withholding taxes	**824,886**	861,208
Other noncurrent assets (Notes 15 and 31)	**3,780,848**	2,401,613
Total Noncurrent Assets	**48,059,000**	34,201,741
TOTAL ASSETS	**₱62,755,544**	₱48,537,543

(Forward)

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated, Note 5)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 16, 28 and 31)	**₱7,040,072**	₱4,294,290
Short-term loans (Notes 17 and 31)	**7,042,209**	3,556
Current portion of long-term loans (Notes 17 and 31)	**745,474**	593,847
Current portion of lease liability (Notes 14 and 31)	**258,347**	128,796
Income and withholding taxes payable	**75,875**	41,208
Due to stockholders (Notes 28 and 31)	**21,685**	16,594
Total Current Liabilities	**15,183,662**	5,078,291
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 17, 31 and 32)	**23,384,152**	22,325,599
Lease liabilities - net of current portion (Notes 14 and 31)	**1,588,670**	852,742
Pension and other employee benefits	**79,959**	60,503
Deferred income tax liabilities - net (Note 27)	**91,008**	350,487
Other noncurrent liabilities (Note 18)	**2,009,877**	3,289,902
Total Noncurrent Liabilities	**27,153,666**	26,879,233
Total Liabilities	**42,337,328**	31,957,524
Equity		
Capital stock (Notes 1 and 19)	**13,706,957**	7,521,775
Additional paid-in capital (Notes 1 and 5)	**8,606,494**	83,768
Other equity reserves (Notes 5 and 19)	**(7,346,223)**	5,561,480
Unrealized fair value loss on equity instruments at FVOCI (Note 12)	**(8,129)**	(96,584)
Unrealized fair value loss on derivative instruments designated under hedging (Note 31)	**(146,122)**	(14,742)
Remeasurement gain (loss) on defined benefit plan	**(7,034)**	9,254
Accumulated share in other comprehensive loss of associates and a joint venture (Note 11)	**(2,723)**	(2,107)
Retained earnings (Note 19)	**4,348,963**	3,296,295
Treasury shares (Notes 1 and 19)	**(56,361)**	(27,704)
Total equity attributable to equity holders of the Parent Company	**19,095,822**	16,331,435
Non-controlling interests (Notes 1 and 4)	**1,322,394**	248,584
Total Equity	**20,418,216**	16,580,019
TOTAL LIABILITIES AND EQUITY	**₱62,755,544**	₱48,537,543

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2020 (Unaudited)	2019 (Restated)	**2020 (Unaudited)**	2019 (Restated)
REVENUES				
Revenue from sale of electricity (Note 20)	**₱5,262,547**	₱3,482,281	**₱15,150,025**	₱11,792,651
Rental income	**8,590**	45,485	**71,663**	46,862
Dividend income	–	17,823	–	25,408
Other revenue	**7,134**	–	**26,589**	–
	5,278,271	3,545,589	**15,248,277**	11,864,921
COSTS AND EXPENSES				
Costs of sale of electricity (Note 21)	**3,741,547**	3,396,245	**10,147,543**	11,695,223
General and administrative expenses (Note 22)	**446,628**	152,936	**1,277,649**	434,001
	4,188,175	3,549,181	**11,425,192**	12,129,224
INTEREST AND OTHER FINANCE CHARGES (Note 25)	**(456,420)**	(362,449)	**(1,364,215)**	(598,288)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES AND A JOINT VENTURE (Note 11)	**146,657**	54,284	**485,191**	(5,751)
OTHER INCOME - NET (Note 26)	**228,402**	591,065	**564,725**	642,494
INCOME (LOSS) BEFORE INCOME TAX	**1,008,735**	279,308	**3,508,786**	(225,848)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)				
Current	**28,091**	54,487	**178,483**	69,617
Deferred	**27,581**	(114,651)	**308,828**	(78,484)
	55,672	(60,164)	**487,311**	(8,867)
NET INCOME (LOSS)	**₱953,063**	₱339,472	**₱3,021,475**	(₱216,981)
Net Income (Loss) Attributable To:				
Equity holders of the Parent Company	**₱977,781**	₱322,298	**₱2,935,091**	(₱229,567)
Non-controlling interests	**(24,718)**	17,174	**86,384**	12,586
	₱953,063	₱339,472	**₱3,021,475**	(₱216,981)
Basic/Diluted Earnings (Loss) Per Share (Note 29)	**₱0.10**	₱0.06	**₱0.30**	(₱0.04)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2020 (Unaudited)	2019 (Restated)	**2020 (Unaudited)**	2019 (Restated)
NET INCOME (LOSS) FOR THE PERIOD	**₱953,063**	₱339,472	**₱3,021,475**	(₱216,981)
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Unrealized fair value losses on derivatives instruments designated under hedge accounting (Note 31)	**83,304**	–	**(187,686)**	–
Net changes in the fair value of equity instruments at FVOCI (Note 12)	–	(5,583)	–	(20,542)
Income tax effect	**(24,992)**	–	**56,306**	2,428
	58,312	(5,583)	**(131,380)**	(18,114)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive income (loss) of associates and a joint venture - net of deferred income tax (Note 11)	–	–	**(616)**	86
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**58,312**	(5,583)	**(131,996)**	(18,028)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱1,011,375**	₱333,889	**₱2,889,479**	(₱235,009)
Total Comprehensive Income (Loss) Attributable To:				
Equity holders of the Parent Company	**₱1,036,093**	₱316,715	**₱2,803,095**	(₱247,595)
Non-controlling interests	**(24,718)**	17,174	**86,384**	12,586
	₱1,011,375	₱333,889	**₱2,889,479**	(₱235,009)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 19)	Additional Paid-in Capital	Other Equity Reserve (Note 19)	Unrealized Fair Value Gain (Losses) on Equity Investments at FVOCI	Unrealized Fair Value Loss on derivative instrument designated under hedge accounting	Remeasurement Gain (Loss) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gain (Loss) of Associates and a Joint Venture	Retained Earnings (Note 19)	Treasury Shares (Note 19)	Total	Non-controlling Interests	Total Equity
	For the nine-month period ended September 30, 2020 (Unaudited)											
BALANCES AT JANUARY 1, 2020, AS PREVIOUSLY STATED	₱7,521,775	₱83,768	(₱2,342,103)	(₱8,129)	(₱14,742)	(₱7,034)	(₱2,107)	₱2,922,514	(₱27,704)	₱8,126,238	₱2,978,580	₱11,104,818
Effects of common control business combinations (Note 5)	–	–	7,903,583	(88,455)	–	16,288	–	373,781	–	8,205,197	(2,729,996)	5,475,201
BALANCES AT JANUARY 1, 2020, AS RESTATED	₱7,521,775	₱83,768	₱5,561,480	(₱96,584)	(₱14,742)	₱9,254	(₱2,107)	₱3,296,295	(₱27,704)	₱16,331,435	₱248,584	₱16,580,019
Net income	–	–	–	–	–	–	–	2,935,091	–	2,935,091	86,384	3,021,475
Other comprehensive loss	–	–	–	–	(131,380)	–	(616)	–	–	(131,996)	–	(131,996)
Total comprehensive income (loss)	–	–	–	–	(131,380)	–	(616)	2,935,091	–	2,803,095	86,384	2,889,479
Dividends declared and paid (Notes 1 and 19)	–	–	–	–	–	–	–	(546,751)	–	(546,751)	(111,918)	(658,669)
Issuance of capital stock (Note 5)	6,185,182	8,473,700	–	–	–	–	–	–	–	14,658,882	–	14,658,882
Stock issuance costs (Note 5)	–	(109,441)	–	–	–	–	–	–	–	(109,441)	–	(109,441)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	(28,657)	(28,657)	–	(28,657)
Non-controlling interest arising from business combination (Note 4)	–	–	–	–	–	–	–	–	–	–	1,099,344	1,099,344
Acquisitions under common control (Note 5)	–	158,467	(12,907,703)	88,455	–	(16,288)	–	(1,335,672)	–	(14,012,741)	–	(14,012,741)
	6,185,182	8,522,726	(12,907,703)	88,455	–	(16,288)	–	(1,882,423)	(28,657)	(38,708)	987,426	948,718
BALANCES AT SEPTEMBER 30, 2020	₱13,706,957	₱8,606,494	(₱7,346,223)	(₱8,129)	(₱146,122)	(₱7,034)	(₱2,723)	₱4,348,963	(₱56,361)	₱19,095,822	₱1,322,394	₱20,418,216

(Forward)

	Capital Stock (Note 19)	Additional Paid-in Capital	Other Equity Reserve (Note 19)	Unrealized Fair Value Gain (Loss) on Equity Investments at FVOCI	Unrealized Fair Value Loss on derivative instrument designated under hedge accounting	Remeasurement Gain (Loss) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gain (Loss) of Associates and a Joint Venture	Retained Earnings (Note 19)	Treasury Shares (Note 19)	Total	Non-controlling Interests	Total Equity
	Attributable to Equity Holders of the Parent Company											
	For the nine-month period ended September 30, 2019 (As restated)											
BALANCES AT JANUARY 1, 2019	₱4,889,775	₱83,768	₱18,338	₱59,772	–	₱536	(₱2,193)	₱3,212,993	(₱27,706)	₱8,235,283	₱45,450	₱8,280,733
Net loss	–	–	–	–	–	–	–	(229,567)	–	(229,567)	12,586	(216,981)
Other comprehensive income (loss)	–	–	–	(18,114)	–	–	86	–	–	(18,028)	–	(18,028)
Total comprehensive income (loss)	–	–	–	(18,114)	–	–	86	(229,567)	–	(247,595)	12,586	(235,009)
Sale of financial assets at FVOCI				(47,292)		–	–	47,292	–	–	–	–
Issuance of shares of stocks	2,632,000	–	–	–	–	–	–	–	–	2,632,000	–	2,632,000
Acquisition of non-controlling interests	–	–	(130,854)	–	–	–	–	–	–	(130,854)	(22,782)	(153,636)
Reissuance of treasury shares (Note 18)	–	–	–	–	–	–	–	–	2	2	–	2
Effects of common control business combinations	–	–	5,759,048	(88,455)	–	–	–	(92,298)	–	5,578,295	166,022	5,744,317
	2,632,000	–	5,628,194	(135,747)	–	–	–	(45,006)	2	8,079,443	143,240	8,222,683
BALANCES AT SEPTEMBER 30, 2019	₱7,521,775	₱83,768	₱5,646,532	(₱94,089)	₱–	₱536	(₱2,107)	₱2,938,420	(₱27,704)	₱16,067,131	₱201,276	₱16,268,407

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Thousands)

	2020 (Unaudited)	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱3,508,786**	(₱225,848)
Adjustments for:		
Depreciation and amortization (Note 24)	**1,388,625**	580,148
Interest and other finance charges (Note 25)	**1,364,215**	598,288
Equity in net (earnings) losses of associates and joint venture (Note 11)	**(485,191)**	5,751
Foreign exchange (gain) loss - net	**(301,739)**	19
Interest and other financial income (Note 26)	**(84,206)**	(77,854)
Gain on bargain purchase (Notes 4 and 26)	**(49,970)**	–
Pension and other employee benefits	**19,456**	5,105
Amortization of trading revenue	**–**	(290,467)
Dividend income	**–**	(25,408)
Provisions for:		
Probable losses (Note 22)	**432**	34,493
Plug and abandonment costs	**–**	202
Loss (gain) on sale of:		
By-product (Note 26)	**(17,806)**	(14,885)
Property and equipment (Note 26)	**3,383**	(292,737)
Derivatives (Note 26)	**33**	–
Asset held for sale (Note 26)	**–**	(14,289)
Investments (Note 26)	**–**	(1,375)
Operating income before working capital changes	**5,346,018**	281,143
Decrease (increase) in:		
Receivables	**(1,513,535)**	142,176
Fuel and spare parts	**(369,218)**	253,900
Other current assets	**(421,993)**	126,874
Decrease in accounts payable and other current liabilities	**(777,496)**	82,948
Cash generated from operations	**2,263,776**	887,041
Income and withholding taxes paid	**(37,473)**	(41,358)
Net cash flows from operating activities	**2,226,303**	845,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries through business combination (Note 4)	**(4,720,433)**	–
Additions to:		
Property, plant and equipment (Notes 10 and 34)	**(3,347,755)**	(201,417)
Investments in joint venture (Note 11)	**(2,573,300)**	–
Right-of-use assets (Notes 14 and 34)	**(261,731)**	–
Deferred exploration costs (Note 13)	**(13,571)**	(11,011)
Development costs	**–**	(11,056)

(Forward)

	2020 (Unaudited)	2019 (Restated)
Cash acquired from business combinations (Note 4)	**₱693,572**	₱2,534,763
Cash dividends received	**428,980**	25,408
Interest received	**126,193**	24,278
Proceeds from maturity of short-term investments	**100,000**	35,326
Proceeds from sale of:		
Property, plant and equipment	**20,232**	334,895
Sale of equity investments at FVOCI	**–**	227,566
Investments	**–**	218,348
Asset held for sale (Note 34)	**–**	45,071
Sale and redemption of investments held for trading	**–**	8,839
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 34)	**(2,109,693)**	(282,887)
Net cash generated from (used in) investing activities	**(11,657,506)**	2,948,123
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of short-term debt (Notes 17 and 34)	**7,671,500**	–
Availment of long-term debt (Notes 17 and 34)	**3,800,000**	–
Issuance of capital stock	–	2,632,000
Payments of:		
Long-term loans (Notes 17 and 34)	**(2,590,815)**	(1,196,865)
Interest on short-term, long-term loans and lease liabilities (Note 34)	**(1,142,466)**	(576,161)
Short-term loans (Notes 17 and 34)	**(753,556)**	(400,000)
Cash dividends (Note 34)	**(658,669)**	–
Lease liabilities (Note 34)	**(141,155)**	(63,769)
Stock issuance costs	**(109,441)**	–
Treasury shares	**(28,657)**	–
Debt issue cost (Note 17)	**(28,500)**	–
Acquisition of non-controlling interests	–	(153,636)
Increase in due to stockholders	**5,091**	13,408
Increase (decrease) in other noncurrent liabilities	**153,541**	(81,064)
Net cash flows from financing activities	**6,176,873**	173,913
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,258**	(169)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,251,072)**	3,967,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**9,593,248**	1,022,366
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	**₱6,342,176**	₱4,989,916

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information and Status of Operations

AC Energy Philippines, Inc., formerly PHINMA Energy Corporation ("ACEN" or "the Parent Company"), incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission ("SEC"), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier ("RES"). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act ("EPIRA"). Other activities of the Parent Company include investing in various operating companies and financial instruments.

On February 7, 2019, Philippine Investment Management ("PHINMA"), Inc., PHINMA Corporation and AC Energy, Inc. ("AC Energy") signed an investment agreement for AC Energy's acquisition of PHINMA, Inc. and PHINMA Corporation's combined 51.476% stake in ACEN via a secondary share sale through the Philippine Stock Exchange ("PSE").

On April 15, 2019, the Philippine Competition Commission ("PCC") approved the sale of the combined stake of PHINMA, Inc. and PHINMA Corporation in ACEN to AC Energy. AC Energy made a tender offer to the other shareholders of the Company on May 20, 2019 to June 19, 2019, with a total of 156,476 public shares of ACEN tendered during the tender offer period.

On June 24, 2019, the PSE confirmed the special block sale of ACEN shares to AC Energy. On the same day, AC Energy subscribed to 2.63 billion shares of ACEN. On June 22, 2020, the SEC approved the increase in ACEN's authorized capital stock and the issuance of the new shares to AC Energy equivalent to 6.19 billion common shares at ₱2.37 per share in exchange for AC Energy's interest in various Philippine companies.

As at September 30, 2020, AC Energy directly owns 81.62% of the ACEN's total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEN is AC Energy, while the ultimate parent company is Mermac, Inc. ACEN is managed by AC Energy under an existing management agreement, which was assigned by PHINMA, Inc. to AC Energy on June 24, 2019 and which assignment was approved by the stockholders on September 17, 2019. ACEN, AC Energy and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEN and its subsidiaries are collectively referred to as "the Group".

On July 23, 2019, the Board of Directors ("BOD") of ACEN approved the following amendments to the ACEN's articles of incorporation:

i) Change of the corporate name to AC Energy Philippines, Inc.;
ii) Change of the principal office of the Parent Company to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City;
iii) Increase in authorized capital stock by 16 billion shares or from 8,400,000,000 common shares to 24,400,000,000 common shares. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets.

On September 5, 2019, the BOD of ACEN approved an amendment to ACEN's articles of incorporation to exempt from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt, provided that shares to be issued for this purpose shall not exceed sixteen (16) billion shares

The foregoing amendments were approved by the stockholders on September 17, 2019.

The change in corporate name and office of the Parent Company was subsequently approved by the SEC on October 11, 2019, while the increase in authorized capital stock and the exemption from pre-emptive rights were approved on June 22, 2020.

On October 9, 2019, ACEN entered into a share swap agreement with AC Energy to acquire the latter's ownership interest in various entities in exchange for ACEN's issuance of additional primary shares via a tax-free exchange. The parties obtained relevant regulatory approvals to formalize the agreement.

Detailed information on the share swap is disclosed in Note 5.

On November 5, 2019, the Parent Company signed a Deed of Assignment with AC Energy to transfer AC Energy's rights to purchase 20% ownership stake of Axia Power Holdings Philippines Corporation ("APHPC") in Southern Luzon Thermal Energy Corporation ("SLTEC"), which owns and operates the 2x135 MW Circulating Fluidized Bed power plant (the "SLTEC Power Plant") in Calaca, Batangas.

On November 11, 2019, the BOD approved, among others, the following matters:

i) Ratification of the Executive Committee's approval of the Parent Company's acquisition of Philippine Investment Alliance for Infrastructure's ("PINAI") ownership interest in Philippine Wind Holdings Corporation ("PhilWind");
ii) Purchase of up to 100% percent of PINAI fund's ownership interest in San Carlos Solar Energy, Inc. ("SACASOL"), which owns and operates a 45 MW solar farm in San Carlos City, Negros Occidental;
iii) Purchase of up to 100% percent of PINAI fund's ownership interest in Negros Island Solar Power, Inc. ("ISLASOL"), which owns and operates the 80 MW solar farms in Negros Occidental;
iv) Additional short-term credit lines of up to ₱8 billion; and
v) Investment into, and construction of, a 60 MW solar power plant in Palauig, Zambales through ACE Endevor, Inc.'s ("ACE Endevor" or formerly AC Energy Development, Inc.), wholly owned project company, Gigasol3, Inc.

During the regular meeting held on March 18, 2020, the BOD of the Parent Company approved the change in the corporate name from "AC Energy Philippines, Inc." to "AC Energy Corporation", and the increase in the Parent Company's authorized capital stock from ₱24.40 billion divided into 24.4 billion shares, to ₱48.40 billion divided into 48.4 billion shares.

During the Annual Stockholders' Meeting held on April 20, 2020, the stockholders approved the following corporate actions:

i) Amendment to the Articles of Incorporation:
   a. to change the corporate name from “AC Energy Philippines, Inc.” to “AC Energy Corporation”; and
   b. to increase the authorized capital stock from ₱24.40 billion divided into 24.4 billion shares, to ₱48.40 billion divided into 48.4 billion shares
ii) Amendment to the By-laws to change the corporate name from “AC Energy Philippines, Inc.” to “AC Energy Corporation”.

The amendments have not yet been approved by the SEC as at November 11, 2020.

Effective on August 14, 2020, the Company’s stock symbol changed from “ACEPH” to “ACEN”.

The registered office address of ACEN is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

The interim condensed consolidated financial statements of the Group were approved and authorized for issuance by the Parent Company’s BOD on November 11, 2020.

The following are the significant transactions of the Group during the nine-month period ended September 30, 2020:

Subscription to Giga Ace 1, Inc. (“Giga Ace 1”)
On February 27, 2020, ACEN subscribed to 75,000 common shares of Giga Ace 1 with par value of ₱1.00 per share to be issued out of the unissued authorized capital stock (“ACS”), and 43,069,625 common shares with par value of ₱1.00 per share and 53,562,609 Class A Redeemable Preferred Shares with par value of ₱40.00 per share to be issued out of increase in ACS of Giga Ace 1.

Acquisition of interest in Philippine Wind Holdings Corporation (“PhilWind”)
On February 27, 2020, Giga Ace 1 executed Deeds of Absolute Sale of Shares for the acquisition of 27.07% effective interest of PINAI in PhilWind with a total cost of ₱2,573 million (see Note 11).

On March 4, 2020 ACEN signed a subscription agreement with Giga Ace 1 for the subscription by the Parent Company to additional 1,170,000 common shares and 32,500 Class A Redeemable Preferred Shares to be issued out of the increase in ACS of Giga Ace 1.

Share Buy-Back Transaction of ACEN Shares
On March 18, 2020, the BOD of the Parent Company approved a share buy-back program to support its share prices through the repurchase in the open market of up to ₱1.00 billion worth of common shares beginning March 24, 2020.

On July 14, 2020, ACEN repurchased 500,000 common shares for a total purchase price of ₱1.10 million. Moreover, on July 15, 2020, 400,000 common shares were repurchased for a total purchase price of ₱0.87 million.

As at September 30, 2020, the cumulative number of shares repurchased is at 14.50 million for an aggregate repurchase price of ₱28.66 million.

Approval of Assets-for-Shares Swap
On March 18, 2020, the BOD of the Parent Company approved the consolidation of AC Energy's international business and assets into the Parent Company via a tax free exchange, whereby AC Energy will transfer its shares of stock in Presage Corporation (AC Energy's subsidiary, a holding company that owns AC Energy's international business and investments) to the Parent Company in exchange for the issuance to AC Energy of additional primary shares in the Parent Company (assets-for-shares swap), on terms to be set by the Parent Company's Executive Committee.

On April 1, 2020, the Parent Company's Executive Committee approved the terms of the exchange at 16,685,800,533 additional primary shares of ACEN to AC Energy at an issue price of ₱2.97 per share in exchange for property consisting of 100% of AC Energy's shares in Presage. As at November 11, 2020, AC Energy and the Parent Company are still in discussions as to the timing and the implementation of the exchange, considering the regulatory approvals required, and the earlier tax-free exchange between the two parties involving AC Energy.

Subscription to Giga Ace 2, Inc. ("Giga Ace 2")
On March 20, 2020, ACEN signed a subscription agreement with Giga Ace 2 for the subscription by the Parent Company to 3,041,096,860 common shares with par value of ₱1.00 per share to be issued out of the increase in ACS of Giga Ace 2.

On March 23, 2020, Giga Ace 2 executed Deeds of Absolute Sale of Shares for the acquisition of 96% economic interest in SACASOL (see Note 4).

Subscription to Giga Ace 3, Inc. ("Giga Ace 3")
On March 20, 2020, ACEN signed a subscription agreement with Giga Ace 3 for the subscription by the Parent Company to 1,662,654,537 common shares with par value of ₱1.00 per share to be issued out of the increase in ACS of Giga Ace 3.

On March 23, 2020, Giga Ace 3 executed Deeds of Absolute Sale of Shares for the acquisition of 98% economic interest in ISLASOL (see Note 4).

Credit Facility with AC Energy
On April 20, 2020, the BOD approved the execution by the Parent Company of a credit facility with AC Energy for up to ₱5.00 billion for the Parent Company's various development projects. As at November 11, 2020, no drawdown was made from the facility.

ThomasLloyd CTI Asia Holdings Pte Ltd.'s ("TLCTI Asia") subscription for ISLASOL shares
On May 22, 2020, ISLASOL entered into a subscription agreement with TLCTI Asia, a corporation incorporated in Singapore, for the latter to subscribe to 33,691 new class of redeemable preferred shares with a total subscription price of ₱2,780.22 million to be issued out of the increase in ISLASOL's authorized capital stock.

As at November 11, 2020, ISLASOL has yet to issue the shares and is in process of application with the SEC for the creation of new redeemable preferred shares and increase in authorized capital stock. Following the issuance of the shares and a programmed partial redemption of GigaAce 3's ISLASOL shares, TLCTI Asia and ACEN's (through GigaAce 3 and Visayas Renewables Corporation) legal interests in ISLASOL will be at 34% and 66%, while economic interest will be at 40% and 60%, respectively (see Note 4).

Subscription to Various Giga Ace Entities
On June 15, 2020, the BOD of the Parent Company approved the acquisition of existing nominal shares and subscription to new shares to become the controlling shareholder of the following special purpose vehicles for development projects used by the AC Energy group:

- Giga Ace 4, Inc. ("Giga Ace 4")
- Giga Ace 5, Inc. ("Giga Ace 5")
- Giga Ace 6, Inc. ("Giga Ace 6")
- Giga Ace 7, Inc. ("Giga Ace 7")
- Giga Ace 8, Inc. ("Giga Ace 8")
- Giga Ace 9, Inc. ("Giga Ace 9")
- Giga Ace 10, Inc. ("Giga Ace 10")

On July 27, 2020, ACEN signed a subscription agreement with these special purpose vehicles of 75,0000 common shares of each entities, to be issued out of their unissued authorized capital stocks.

Power Barge 102 Oil Spill
ACEN's Power Barge ("PB") 102 located in Barrio Obrero, Iloilo City, accidentally discharged fuel oil in the afternoon of July 3, 2020. Based on initial investigation, there was an explosion in one of the barge's fuel tanks which ruptured the hull of the barge and resulted in the oil spill. Bulacan Power Generation Corporation ("BPGC"), the operator and maintenance services provider of PB 102, immediately activated containment protocols. With the assistance of the Philippine Coast Guard ("PCG") and industry and community partners, the leakage was substantially contained within the same day. After containment, ACEN, through BPGC, and the PCG immediately started recovery of the spilled fuel oil with recovery capacity being accelerated with the deployment of additional oil skimming equipment. ACEN has also engaged Harbor Star Shipping Services, Inc. ("Harbor Star"), a leading maritime services provider, to complete the clean-up of both the waters and the coastline.

ACEN has notified the insurers of PB 102 about the event, and discussions are ongoing in this regard. As at November 11, 2020, the Group has incurred ₱14.05 million in fuel loss, community assistance oil containment and recovery expenses, net of insurance proceeds. The Group will continue to take measures to mitigate the environmental impact of the spill and to fully cooperate with authorities to address all relevant concerns.

On July 28, 2020, the Parent Company received a Resolution dated July 27, 2020 issued by Department of Environment and Natural Resources - Environmental Management Bureau ("DENR-EMB") Region VI, in relation to Notice of Violation No. 20-NOVW-0630-164, for possible violation of Section 27(a) of DENR Administrative Order 2005-10, the Implementing Rules and Regulations of the Philippine Clean Water Act of 2004 (Republic Act or "RA No. 9275"), in connection with the oil spill involving PB 102 which occurred on July 3, 2020.

Possible payment of fines to be determined by the Pollution Adjudication Board, in the range of (1) ₱10,000 to ₱200,000 per day from the time of the incident (July 3, 2020) until full recovery of the discharged fuel (July 13, 2020), for alleged violation of RA 9275; and (2) ₱50,000 to ₱1,000,000 or imprisonment of not less than one (1) year but not more than six (6) years, or both, for alleged violation of Section 4 of PD 979.

The Parent Company has contested this Resolution and filed a Motion for Reconsideration.

The Parent Company has received claims for compensation for property damages and loss of livelihood from claimants in Iloilo and Guimaras which were allegedly affected by the oil spill. These claims are now undergoing validation.

The Group will provide more updates as they become available.

Joint venture with Axia Power Holdings Philippines
The Parent Company and ACE Endevor signed a Shareholders' Agreement (the "Agreement") with APHPC, a subsidiary of Marubeni Corporation, for the development, construction and operation of the 150 megawatt (MW) diesel power plant project in Pililla, Rizal (the "Ingrid Project"), which is expected to be operational in the first quarter of 2021.

The Ingrid Project will power up the equipment lease of 150MW Modular Diesel Engine Power Plant from Aggreko International Projects Limited.

Under the Agreement, Axia will acquire 50% of the voting shares with 50% of the economic rights in the Parent Company's subsidiary Ingrid Power Holdings, Inc. ("Ingrid"), the special purpose vehicle of the Ingrid Project, while the Company will hold 50% of the voting shares with 45% of the economic rights, with Endevor having a 5% share of the economic rights in Ingrid.

Ingrid and ACE Endevor were among the Parent Company's subsidiaries which were acquired from AC Energy in exchange for ACEN's own shares. As at September 30, 2020, ACEN has infused ₱649.00 million into Ingrid to fund the Ingrid Project.

The joint venture is currently undergoing review by the Philippine Competition Commission.

Refund of Market Transaction Fee
On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering the Philippine Electricity Market Corporation (PEMC) to refund the over collection in the Multilateral Trading Facility (MTF) in 2016 and 2017. The Commission determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC directed PEMC to implement the refund over 12 months beginning on the next billing month upon receipt of the relevant Decision.

PEMC filed a motion for reconsideration with the ERC.

Additional Investment in Bataan Solar Energy, Inc. ("Bataan Solar") and Giga Ace 4
On July 28, 2020, ACEN's Executive Committee approved ACEN's investment of up to ₱2.20 billion into its subsidiaries, namely, Bataan Solar and Giga Ace 4. Infusions into each will be used by the subsidiaries to further the opportunities presented by emerging clean energy technologies, and will be used for various development activities such as but not limited to securing land, permitting, undertaking project studies, project planning, and procuring and installing equipment available from the new technologies that these subsidiaries will use. This was subsequently approved by the BOD on August 19, 2020.

Declaration of Cash Dividends
On August 19, 2020, the BOD approved the declaration of cash dividends of four centavos (₱0.04) per share on the 13,692,457,210 issued and outstanding shares of the Parent Company, or a total dividend amount of ₱547,698,288, paid on September 17, 2020 to the shareholders on record as at September 3, 2020 (see Note 19).

Investment in new solar power plants
ACEN is set to develop two new solar plants in Central Luzon with an aggregate capacity of up to 150 MW. This will bring ACEN's total Philippine projects under construction to 480 MW, which includes 330 MW of solar and 150 MW of peaking diesel plants.

The first project is ACEN's joint venture with Citicore Renewable Energy Corporation ("Citicore"), where ACEN will have a 50% voting and economic ownership, is a solar plant with up to 75 MW capacity located in Arayat and Mexico, Pampanga. The facility is expected to start its power generation in the 4th quarter of 2021 (see Note 10).

On July 10, 2020, ACEN signed a ₱230-million loan agreement with Greencore Power Solutions 3, Inc., Citicore's designee for the project. Proceeds of which shall be strictly utilized for acquiring land and funding other development activities for the Arayat Project. As at September 30, 2020, ACEN has released a total of ₱174 million (see Note 28).

The second project, wholly-owned by ACEN is another solar plant with up to 75 MW capacity located in Palauig, Zambales. The project is expected to reach completion in the first quarter of 2022 (see Note 10).

On August 19, 2020, the BOD approved these investments of up to ₱500 Million for the solar power plant project in Arayat and Mexico, Pampanga, and investment of up to ₱2.9 billion for the construction of a 75 MW solar power plant project in Palauig, Zambales, through its subsidiaries, ACE Endevor and Giga Ace 8 (see Note 10).

Subscription of Redeemable Preferred Shares in Buendia Christiana Holdings Corp. ("BCHC")
On September 24, 2020, ACEN signed a subscription agreement with BCHC for the subscription of 2,500,000 Redeemable Preferred B Shares with a par value of ₱100 per share or a total par value of ₱250,000,000 (the "Subscription Price), to be issued out of the increase in ACS of BCHC.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation and Statement of Compliance
The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements were prepared on a historical cost basis, except derivative financial instruments and equity instruments at fair value through other comprehensive income ("FVOCI") that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine Peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands (000), except par value, per share amounts, number of shares and when otherwise indicated.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2019.

The unaudited interim condensed consolidated financial statements of the Group have been prepared for filing with the SEC, in relation to a planned capital raising activity and for inclusion in an offering circular.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have a material impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations*, *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

  The Group applied the amendments in accounting for business combinations for the nine-month period ended September 30, 2020 (see Note 4). These amendments will also apply to future business combinations of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to Philippine Accounting Standards ("PAS") 1, *Presentation of Financial Statements,* and PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.
  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The Group early adopted the amendments related to rent concessions but no impact to the Group during the period

Business Combination Involving Entities Under Common Control
Business combinations of entities under common control are accounted for by applying the pooling of interests method. The pooling of interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flow reflect the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.

The effects of any intercompany transactions are eliminated to the extent possible.

Asset Acquisitions
If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at September 30, 2020 and December 31, 2019:

		Percentage of Ownership (%)			
		September 30, 2020 (Unaudited)		December 31, 2019 (As restated)	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
Bulacan Power Generation Corporation (Formerly PHINMA Power)	Power generation	**100.00**	**–**	100.00	–
CIP II Power Corporation ("CIPP")	Power generation	**100.00**	**–**	100.00	–
Guimaras Wind Corporation (Formerly PHINMA Renewable)	Wind power generation	**100.00**	**–**	100.00	–
One Subic Oil Distribution Corporation	Distribution of petroleum products	**100.00**	**–**	100.00	–
One Subic Power Generation Corporation ("OSPGC")	Power generation	**–**	**100.00**	–	100.00
ACE Enexor, Inc.	Oil, gas, and geothermal exploration	**75.92**	**0.40**	75.92	0.40
Palawan55 Exploration & Production Corporation	Oil and gas exploration	**30.65**	**52.93**	30.65	52.93
South Luzon Thermal Energy Corporation (SLTEC)	Power generation	**100.00**	**–**	100.00	–
Buendia Christiana Holdings Corp. ("BCHC")	Investment holding	**100.00**	**–**	100.00	–
ACE Shared Services, Inc. ("ACES")	Shared services	**100.00**	**–**	100.00	–
Giga Ace 1, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 2, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 3, Inc.	Power generation	**100.00**	**–**	100.00	–
Negros Island Solar Power, Inc. ("ISLASOL")	Solar power generation	**–**	**60.00**	–	2.00
San Carlos Solar Energy, Inc. ("SACASOL")	Solar power generation	**–**	**100.00**	–	4.00
Monte Solar Energy, Inc.	Solar power generation	**96.00**	**4.00**	96.00	4.00
ACE Endevor, Inc.	Investment holding and management	**94.00**	**6.00**	94.00	6.00
Visayas Renewables Corp.	Investment holding	**–**	**100.00**	–	100.00
San Julio Land Development Corp.	Leasing and land development	**–**	**100.00**	–	100.00
LCC Bulk Water Supply, Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
MCV Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
SCC Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
HDP Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
Solienda Inc.	Leasing and land development	**–**	**100.00**	–	100.00
Gigasol 2, Inc.	Power generation	**–**	**100.00**	–	100.00
Gigasol 1, Inc.	Power generation	**–**	**100.00**	–	100.00
Gigasol 3, Inc.	Power generation	**–**	**100.00**	–	100.00
Solarace1 Energy Corp.	Power generation	**–**	**100.00**	–	100.00
Solarace2 Energy Corp.	Power generation	**–**	**100.00**	–	100.00
AC Subic Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
AC Laguna Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
AC La Mesa Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
Bataan Solar Energy, Inc.	Power generation	**–**	**100.00**	–	100.00
Santa Cruz Solar Energy, Inc.	Power generation	**–**	**100.00**	–	100.00
Pagudpud Wind Power Corp.	Investment holding	**–**	**100.00**	–	100.00
Bayog Wind Power Corp.	Power generation	**–**	**60.00**	–	60.00
Manapla Sun Development Corp.	Leasing and land development	**66.00**	**–**	66.00	–

(Forward)

		Percentage of Ownership (%)			
		September 30, 2020 (Unaudited)		December 31, 2019 (As restated)	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
AC Renewables Philippines, Inc.	Investment holding	**100.00**	**–**	100.00	–
Northwind Power Development Corp.	Wind power generation	**–**	**67.79**	–	67.79
Viage Corporation	Investment holding	**100.00**	**–**	100.00	–
Ingrid Power Holdings, Inc.	Advisory/Consultancy	**100.00**	**–**	100.00	–
ACTA Power Corporation	Coal power generation	**100.00**	**–**	100.00	–

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries is the Philippines.

<u>Seasonality of Operations</u>
There were no operations subject to seasonality and cyclicality except for the operations of Guimaras Wind Corporation ("Guimaras Wind" or formerly PHINMA Renewable) and Northwind Power Development Corp. ("Northwind") wind farms. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat"). This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with PAS 34.

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2019.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Assessment of Reportable Segments
The Group was organized primarily to engage in the business of generating electricity, distribution of electricity, and supply of electricity, including the provision of related services. The Group's primary segment reporting format is by business segment which are reported on the basis that is used internally by the management for evaluating segment performance and deciding how to allocate resources among operating segments. The reported operating segment information is in accordance with PFRS 8 (see Note 33).

Business Combination under Common Control
A business combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group.

The share swap transaction entered into by the Parent Company with AC Energy was determined to be a common control business combination (see Note 5).

Accounting for Arrangements as a Single Transaction
In determining whether to account for the arrangements as a single transaction, an entity considers all the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that the parent should account for the multiple arrangements as a single transaction:
(a) They are entered into at the same time or in contemplation of each other;
(b) They form a single transaction designed to achieve an overall commercial effect;
(c) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; or
(d) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. An example is when a disposal of shares is priced below market and is compensated for by a subsequent disposal priced above market.

The indicators clarify that arrangements that are part of a package are accounted for as a single transaction.

The series of transactions entered into by ACEN together with TLCTI Asia for the investment and entry in ISLASOL, were assessed to be linked agreements and thus, were accounted for as a single transaction that resulted to recognition of non-controlling interest. Management's judgements in accounting for its ownership interest in ISLASOL are discussed in Note 4.

Feed-in Tariff (FIT) adjustment recognition
On July 3, 2020, the ERC posted on its website, Resolution No.06, Series of 2020, *A Resolution Approving the Adjustment to the Feed-in Tariff (FIT)* dated May 26, 2020. Said Resolution approved and adopted FIT adjustments for the years 2016-2020 to be recovered for a period of five (5) years. The Resolution shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the country. However, as at November 11, 2020, the ERC has yet to publish the same.

Renewable energy subsidiaries of the Group accrued the retroactive revenue adjustments. Bases of management's judgment are as follows:

- *Legal right.* The FIT Rules are adopted and promulgated by the ERC pursuant to the Renewable Energy Act of the Philippines and its Implementing Rules and Regulations (IRR).
- *Contractual right.* All the companies hold Certificates of Compliance for FIT Eligibility issued by the ERC, hence, entitled to the appropriate FIT rates.
- *Precedence.* The ERC has released resolutions in the past on FIT.

The said resolution remains on the ERC and University of the Philippines (UP) Law Library websites as at November 11, 2020 (see Note 20).

Assessment of Joint Control
The Group's investments in joint venture are structured in separate incorporated entities. The investment in PhilWind is accounted for as investment in joint venture as the relevant activities such as approval of business plan and annual budget, appropriation of retained earnings and declaration of cash dividends among others of PhilWind and its subsidiary, North Luzon Renewable Energy Corporation ("NLR") require the unanimous consent of the stockholders. Even though the Group holds 69.81% ownership interest on these arrangements, their respective joint arrangement agreements requires unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements (see Note 11).

Management's Use of Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchase Price Allocation and Goodwill
The Group made several acquisitions in 2020 (see Note 4) out accounted for using the acquisition method which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisitions have resulted in gain on bargain purchase and goodwill. See Notes 4 and 26 for related disclosures.

The Group determined the fair value of the net assets of the investee companies for the finalization of the purchase price allocation. Estimation of the fair value were used due to unavailability of information to facilitate fair value computation. Information related to SACASOL's Certificate of Compliance ("COC") authorizing to operate as FIT-eligible RE plant, as issued by ERC, certain bilateral contracts, and property plant and equipment are necessary for the valuation of assets (see Note 4).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income (see Note 13).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Determination of present value of FIT adjustment
The adjustment on the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction prices changed. The Group recognized additional revenue and long-term receivables computed on the FIT rate increment, which, according to Resolution No.06, Series of 2020 issued by the ERC, will be recovered for a period of five (5) years (see Notes 7, 15 and 20).

The Group determined the present value of the Tariff adjustments through discounted cash flow model using Bloomberg Valuation Service (BVAL) risk-free interest rates of 5-year tenor for government securities that are denominated in Philippine peso currency, being the rate that the Group would receive in a similar economic environment with similar terms, security and conditions.

The valuation technique is validated and periodically reviewed by qualified personnel independent of the area that created them.

Evaluating Net Realizable Value of Inventories
The Group writes down its inventory to net realizable value (NRV) whenever NRV becomes lower than cost due to damage, physical deterioration, changes in price levels or other causes.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount expected to be realized. Review is performed on a regular basis to reflect the reasonable valuation of the inventory in the consolidated financial statements (see Note 8).

Recoverability of Input VAT
Input VAT represents taxes paid on purchases of applicable goods and services which can be recovered as tax credit against future output VAT liability of the Group. The Group is also allowed to recover excess input VAT by filing a claim for refund or tax credit certificate with the BIR. The Group has various claims for tax credit certificate of its input VAT. Considering the uncertainty in the timing of the final decision on these claims, the input VAT claimed for refund was recognized as part of noncurrent asset in the consolidated statements of financial position (see Note 35).

Recoverability of Creditable Withholding Tax
Creditable withholding taxes (CWT) represent amounts withheld by the Group's customers and is deducted from the Group's income tax payable. The Group has recognized as part of noncurrent assets in the consolidated statements of financial position the CWTs that are not expected to be utilized within one year based on forecast.

Measurement of Expected Credit Losses
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL (see Note 7).

Determination of Significant Increase in Credit Risk (SICR)
The Group compares the probabilities of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine significant increase in credit risk. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category;
- adverse changes in business, financial and/or economic conditions of the borrower;
- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition;
- the account has become past due beyond 30 days where an account is classified under special monitoring category; and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the Group.

In response to COVID-19, the Group undertook a review of its portfolio of financial assets for trading activities and the ECL for the period. The review considered the macroeconomic outlook, client and customer credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. While these model inputs including forward-looking information were revised, the ECL models, SICR thresholds, and definitions of default remain consistent with prior periods (see Note 7).

The Group complied with the Department of Energy (DOE) circulars on granting extensions on deferment of payments and obligation. The changes in economic activity brought about by the community quarantine measures and lowering of WESM prices have resulted in lower electricity demand and consumption. Consequently, this affected the revenue targets of the Distribution Companies, Generation Companies, and RES business units. However, projects under FIT were not affected by the movements in the WESM prices. Nevertheless, the Group has been in constant discussions, and has been working together with its customers and other key stakeholders to minimize the impact of the pandemic to the respective parties' power supply agreements.

Evaluation of Impairment of Non-financial Assets
The Group reviews investments in associates and joint venture, investment properties, property, plant and equipment, right-of-use assets, goodwill and intangible assets for impairment of value. Impairment for goodwill is assessed at least annually. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. For investments in associates and joint venture, fair value less costs to sell pertain to quoted prices (listed equities) and to fair values determined using discounted cash flows or other valuation technique such as multiples. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investments in associates and joint venture, investment properties, plant, property, and equipment, right-of-use assets and intangible assets (see Notes 10, 11, 13 and 14).

For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value in use of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the future cash flows for the cash generating unit and to choose a suitable discount rate in order to calculate the present value of cash flows.

The Group has evaluated the conditions and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss as at September 30, 2020. After performing its impairment assessment to reflect management's estimates of the possible impacts of COVID-19 on these key assumptions, the Group concluded that there are no impairment indicators as at September 30, 2020 (see Note 13).

Realization of Deferred Income Tax Assets
During the nine-month period ended September 30, 2020, the Group reviewed its business and operations to take into consideration the estimated impacts of COVID-19, including its estimated impact on macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets. As a result, the carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. The Group assessed that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized (see Note 27).

Contingencies and Tax Assessments
The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 35). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements.

4. **Business Combinations**

Step acquisition of SACASOL
On December 2, 2019, ACEN signed a share purchase agreement with PINAI Investors, collectively made up of Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System, for the acquisition of PINAI's ownership interest in SACASOL.

On February 13, 2020, the PCC ruled that ACEN's acquisition of the PINAI Investors' ownership interest in SACASOL "will not likely result in substantial lessening of competition" and resolved "to take no further action with respect to the proposed Transaction..."

On March 23, 2020, the acquisition of the PINAI Investors' ownership interest in SACASOL and payment of the purchase price in the amount of ₱2,981.86 million by Giga Ace 2, Inc were completed. Subsequently, the purchase price was adjusted to ₱3,088.11 million based on the provisions of the share purchase agreement. ACEN acquired 100% of equity interest in SACASOL. Giga Ace 2 is ACEN's wholly owned subsidiary and the entity designated by ACEN to purchase the PINAI Investors' shares in SACASOL.

The transaction was accounted for using the acquisition method under PFRS 3. The fair values of the identifiable FIT contract as intangible asset and property, plant and equipment were determined using the income approach. The fair value measurements are classified as level 3 for both with observable indirect level of inputs. The application of a different set of assumptions or technique could have a significant effect on the resulting fair value estimates.

Provisional fair values reported in previous interim condensed consolidated financial statements were adjusted to reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

ACEN remeasured its previously held interest in SACASOL based on its acquisition date fair value which resulted to a remeasurement loss of ₱69.71 million (see Note 19).

SACASOL runs a 45-MW solar farm which is under the government's FIT regime. The Group's acquisition is in line with its strategy to expand its business operations in renewable energy platform.

Following are the provisional fair values of the identifiable assets and liabilities as at acquisition date:

Assets	
Cash and cash equivalents	₱232,560
Receivables [a]	113,812
Input value added tax	46,793
Other current assets	34,077
Property, plant and equipment [b]	1,207,318
Intangible assets	2,191,814
Deferred income tax assets – net	41,417
Other noncurrent assets	5,757
	3,873,548
Liabilities	
Accounts payable and other current liabilities	43,259
Current portion of lease liability	85,730
Income and withholding taxes payable	1,000
Lease liabilities - net of current portion	437,276
Other noncurrent liabilities	65,374
	632,639
Total identifiable net assets	3,240,909
Less: Cost of acquisition	3,088,109
Fair value of previously held interest	102,830
Gain on bargain purchase	₱49,970

[a] *Gross contractual accounts receivable*

[b] *Balance includes right-of-use assets*

The acquisition resulted to a gain on bargain purchase which is recognized under "Other income" account in the consolidated statement of income (see Note 26).

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱3,088,109
Less: Cash acquired with the subsidiary[a]	232,560
Net cash outflow	₱2,855,549

[a] *Cash acquired with the subsidiary is included in cash flows from investing activities.*

If the acquisition had taken place at the beginning of 2020, revenue contribution for the nine-month period ended September 30, 2020 would have been ₱697.19 million. Since this is a step acquisition, the incremental contribution to the net income attributable to ACEN for the six-month period ended September 30, 2020 amounted to ₱339.03 million from the date of acquisition. Moreover, had the transaction taken place at the beginning of 2020, the incremental contribution to the net income attributable to ACEN would have amounted to ₱402.84 million.

Step acquisition of ISLASOL
On December 2, 2019, the following significant transactions were executed:

- ACEN and TLCTI Asia entered into Investment Agreement with the intention to own 66% and 34% voting interest, and 60% and 40% economic interest, respectively, in ISLASOL. The investment agreement details the series of undertakings, to wit:
    - acquisition of ACEN or its Designee, as the case may be, of ISLASOL, in accordance with the terms and conditions of the share purchase agreement between PINAI Investors and ACEN
    - creation by ISLASOL of a new class of shares ("Class E Redeemable Preferred Shares") by increasing its authorized capital stock from ₱6,917 million to ₱8,000 million. Class E Redeemable Preferred Shares shall have the same features as at the other redeemable preferred shares of ISLASOL (that are not Class D redeemable preferred shares) and shall have voting rights.
    - subscription by TLCTI Asia to ISLASOL's Class E Redeemable Preferred Shares for a total subscription of ₱2,780 million, which includes a premium over par value amounting to ₱1,745 million. As at December 31, 2019, ISLASOL has outstanding notes payable to TLCTI Asia amounting to ₱2,140 million.
- ACEN signed a share purchase agreement with PINAI Investors for the acquisition of PINAI's 98% ownership interest in ISLASOL.

TLCTI Asia and ISLASOL amended the original loan agreement that was entered into on September 14, 2015 under which TLCTI Asia agreed to provide ISLASOL financing of up to ₱2.140 billion. Under the amended loan agreement, the residual amount of ₱1.745 billion shall be payable by ISLASOL to TLCTI Asia only in the event that ISLASOL is able to raise additional equity funding through primary issuance of shares.

On February 26, 2020, the PCC approved ACEN's acquisition of the PINAI Investors' ownership interest in ISLASOL.

Transaction closing thereafter occurred in March 2020, with final completion in May 2020.

On March 23, 2020, the acquisition of the PINAI Investors' ownership interest in ISLASOL and payment of the purchase price in the amount of ₱1,629.97 million by Giga Ace 3, Inc. were completed. Subsequently, purchase price was adjusted to ₱1,632.32 million, based on the provisions of the share purchase agreement. Giga Ace 3 is ACEN's wholly owned subsidiary and the entity designated by ACEN to purchase the PINAI Investors' shares in ISLASOL.

On March 30, 2020, a resolution to increase the authorized capital stock of ISLASOL was approved by its BOD and ratified by the stockholders.

On May 22, 2020, a subscription agreement was signed between TLCTI Asia and ISLASOL which finalizes the subscription of TLCTI Asia to the increase in ISLASOL's authorized capital stock. On the same date, GigaAce 3, TLCTI Asia and ISLASOL entered into a Shareholders' Agreement which sets out the provisions of their ownership interest in ISLASOL.

As discussed in Note 3, the abovementioned series of transactions provided ACEN an economic interest of 60%, on fully diluted basis post subscription of TLCTI Asia. The Parent Company assessed that although executed subsequent to the acquisition date (March 23, 2020), the subscription agreement between TLCTI Asia and ISLASOL dated May 22, 2020 was executed in contemplation of the Investment Agreement, with an overall economic objective for the Parent Company and TLCTI Asia to have 60% and 40% economic interest, respectively.

The transaction was accounted for using the acquisition method under PFRS 3. The fair value of the property, plant and equipment was determined using the income approach. The fair value measurement is classified as level 3, with observable indirect level of inputs. The application of a different set of assumptions or technique could have a significant effect on the resulting fair value estimates.

Provisional fair values reported in previous interim condensed consolidated financial statements were adjusted to reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

ACEN remeasured its previously held interest in ISLASOL based on its acquisition date fair value which resulted in a remeasurement loss ₱26.06 million.

ISLASOL owns and operates an 80-megawatt (MW) solar farm in Negros Occidental. The Group's acquisition is in line with its strategy to expand its business operations in renewable energy platform.

Following are the provisional fair values of the identifiable assets and liabilities as at acquisition date:

Assets	
Cash and cash equivalents	₱461,012
Receivables	1,106,301
Fuel and spare parts	10,558
Input value added tax	44,339
Other current assets	33,023
Property, plant and equipment [(a)]	1,908,579
Deferred income tax assets - net	117,512
Other noncurrent assets	2,627
	3,683,951
Liabilities	
Accounts payable and other current liabilities	50,868
Income and withholding taxes payable	21
Short-term loans	395,388
Current portion of lease liability	19,325
Lease liabilities - net of current portion	348,473
Other noncurrent liabilities	121,516
	935,591

(Forward)

Total identifiable net assets	₱2,748,360
Less: Cost of acquisition	1,632,324
Fair value of previously held interest	29,145
Non-controlling interest	1,099,344
Goodwill arising on acquisition	₱12,453

[(a)] *Balance includes right-of-use assets*

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill and other intangible assets in the statements of the financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱1,632,324
Less - cash acquired with the subsidiary[(a)]	461,012
Net cash outflow	₱1,171,312

[(a)] *Cash acquired with the subsidiary is included in cash flows from investing activities.*

If the acquisition had taken place at the beginning of 2020, revenue contribution for the nine-month period ended September 30, 2020 would have been ₱222.73 million. Since this is a step acquisition, the decremental contribution to the net income attributable to ACEN for the six-month period ended September 30, 2020 amounted to ₱7.50 million from the date of acquisition. Moreover, had the transaction taken place at the beginning of 2020, the incremental contribution to the net income attributable to ACEN would have amounted to ₱5.44 million.

5. Common Control Business Combination

Acquisition of AC Energy's subsidiaries through share swap

On October 9, 2019, the Parent Company and AC Energy executed a Deed of Assignment whereby AC Energy agreed to transfer and convey to the Parent Company all its rights and interest in the Onshore Companies for and in consideration for the issuance by the Parent Company of 6,185,182,288 common shares at ₱2.37 per common share or a total transfer value of ₱14,658.88 million in favor of AC Energy.

On November 13, 2019, the Parent Company and AC Energy executed an Amended and Restated Deed of Assignment amending the Deed of Assignment dated October 9, 2019, to reflect the correct number of common shares of AC Energy in SLTEC, ACTA Power Corporation (ACTA), and Manapla Sun Power Development Corp (MSPDC).

On November 22, 2019, ACEN filed with the SEC its application to increase its capital stock from ₱8.40 billion, consisting of 8.4 billion common shares, to ₱24.40 billion, consisting of 24.4 billion common shares.

On December 26, 2019, a Supplement to the Deed of Assignment was executed to incorporate specific regulatory requirements for the application for tax free exchange ruling and confirm the percentage of ownership in Monte Solar Energy Inc.

On May 14, 2020, ACEN and AC Energy have agreed to further amend and restate the Amended Agreement to update the Schedule 1, with effect from the execution of the Original Deed on October 9, 2019 following the approval of the SEC increases in the capital stocks of ACE Endevor, Inc. (formerly AC Energy Development, Inc.) and ACE Renewables Philippines, Inc. (formerly Moorland Philippines Holdings, Inc) and to further integrate the provisions of the Supplement.

On June 22, 2020, the application for the increase in the capital stock was approved by the SEC.

Effective July 1, 2019 (date when ACEN and the Onshore Companies are under common control of AC Energy), ACEN acquired the entities listed below through the share swap transaction with AC Energy, related parties under common control. Shares involve common, founders and preferred shares. As the transaction is outside the scope of PFRS 3 (see Note 3), the acquisition was accounted for using the pooling of interests method. In applying the pooling of interests method, assets and liabilities of acquired entities are taken into the merged business at their carrying values with restatement of comparative 2019 figures. Likewise, no goodwill was recognized in the business combination.

The transfer was via a tax-free exchange under Section 40(C)(2) of the 1997 National Internal Revenue Code, as amended ("NIRC"), for which a request for ruling was filed with the Bureau of Internal Revenue ("BIR") on November 22, 2019. On October 30, 2020, the BIR issued a ruling confirming that the share swap transaction qualifies as a tax-free exchange. The Parent Company is currently obtaining the Certificates Authorizing Registration covering the shares of the assets transferred.

	Ownership of AC Energy, Inc.		ACEN's existing interest before share swap	ACEN's interest after share swap
Name of Entities to be Transferred	Direct	Indirect		
Monte Solar Energy, Inc.	96.00	4.00	–	100.00
ACE Endevor, Inc.	94.00	6.00	–	100.00
Visayas Renewables Corp.	–	100.00	–	100.00
San Julio Land Development Corp.	–	100.00	–	100.00
LCC Bulk Water Supply, Inc.	–	100.00	–	100.00
MCV Bulk Water Supply Inc.	–	100.00	–	100.00
SCC Bulk Water Supply Inc.	–	100.00	–	100.00
HDP Bulk Water Supply Inc.	–	100.00	–	100.00
Solienda Inc.	–	100.00	–	100.00
Gigasol 2, Inc.	–	100.00	–	100.00
Gigasol 1, Inc.	–	100.00	–	100.00
Gigasol 3, Inc.	–	100.00	–	100.00
Solarace1 Energy Corp.	–	100.00	–	100.00
Solarace2 Energy Corp.	–	100.00	–	100.00
AC Subic Solar, Inc.	–	100.00	–	100.00
AC Laguna Solar, Inc.	–	100.00	–	100.00
AC La Mesa Solar, Inc.	–	100.00	–	100.00
Bataan Solar Energy, Inc.	–	100.00	–	100.00
Santa Cruz Solar Energy, Inc.	–	100.00	–	100.00
Pagudpud Wind Power Corp.	–	100.00	–	100.00
Bayog Wind Power Corp.	–	60.00	–	60.00
Negros Island Biomass Holdings, Inc.[a]	–	45.12	–	45.12
San Carlos Biopower, Inc.[b]	–	4.51	–	4.51
South Negros Biopower, Inc.[b]	–	4.51	–	4.51
North Negros Biopower, Inc[b]	–	3.95	–	3.95
Manapla Sun Development Corp.	36.37	29.63	–	66.00
AC Renewables Philippines, Inc.	100.00	–	–	100.00

(Forward)

Name of Entities to be Transferred	Ownership of AC Energy, Inc. Direct	Indirect	ACEN's existing interest before share swap	ACEN's interest after share swap
Northwind Power Development Corp.	19.52	48.27	–	67.79
Viage Corporation	100.00	–	–	100.00
Ingrid Power Holdings, Inc.	100.00	–	–	100.00
South Luzon Thermal Energy Corp.	35.00	–	65.00	100.00
ACTA Power Corporation[(c)]	50.00	–	50.00	100.00
Philippine Wind Holdings Corp.[(d)]	42.74	–	27.07	69.81
Ilocos Wind Energy Holding Co. Inc.	–	100.00	–	100.00
North Luzon Renewable Energy Corp.	–	66.70	–	66.70

[(a)] *NIBHI was accounted by AC Energy as Investment in Associate*
[(b)] *SCBP, SNBP and NNBP were accounted by NIBHI as Investments in Associates*
[(c)] *ACTA was previously accounted as Investment in Joint Venture*
[(d)] *PhilWind was accounted by AC Energy as Investment in Joint Venture*

Details of the December 31, 2019 ACEN consolidated balances and the balances of Onshore Companies' assets and liabilities as at December 31, 2019 which were consolidated to the Group are as follows:

	ACEN consolidated balances as at December 31, 2019 (Audited)	Effect of the Onshore Companies' balances as at December 31, 2019 (Unaudited)	ACEN consolidated balances as at December 31, 2019 (As restated)
Assets			
Current Assets			
Cash and cash equivalents	₱8,581,663	₱1,011,585	₱9,593,248
Short-term investments	100,000	–	100,000
Receivables	2,728,419	393,967	3,122,386
Fuel and spare parts	855,275	83,184	938,459
Current portion of:			
Input VAT	148,318	38,019	186,337
Creditable withholding taxes	123,700	55,307	179,007
Other current assets	139,915	72,904	212,819
	12,677,290	1,654,966	14,332,256
Assets held for sale	3,546	–	3,546
Total Current Assets	12,680,836	1,654,966	14,335,802
Noncurrent Assets			
Property, plant and equipment	21,564,260	3,874,669	25,438,929
Investments in associates and joint venture	723,165	1,810,937	2,534,102
Financial assets at fair value through other comprehensive income	1,251	531,886	533,137
Investment properties	13,085	–	13,085
Goodwill and other intangible assets	280,193	160,884	441,077
Right-of-use assets	524,936	426,814	951,750
Deferred income tax assets - net	612,546	41,377	653,923
Net of current portion:			
Input VAT	335,759	37,158	372,917
Creditable withholding taxes	860,026	1,182	861,208
Other noncurrent assets	2,124,748	276,865	2,401,613
Total Noncurrent Assets	27,039,969	7,161,772	34,201,741
TOTAL ASSETS	₱39,720,805	₱8,816,738	₱48,537,543

	ACEN consolidated balances as at December 31, 2019 (Audited)	Effect of the Onshore Companies' balances as at December 31, 2019 (Unaudited)	ACEN consolidated balances as at December 31, 2019 (As restated)
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	₱3,787,713	₱506,577	₱4,294,290
Short-term loans	–	3,556	3,556
Current portion of lease liability	33,542	95,254	128,796
Income and withholding taxes payable	41,208	–	41,208
Due to stockholders	16,594	–	16,594
Current portion of long-term loans	593,847	–	593,847
	4,472,904	605,387	5,078,291
Noncurrent Liabilities			
Long-term loans - net of current portion	20,192,081	2,133,518	22,325,599
Lease liability - net of current portion	526,029	326,713	852,742
Pension and other employee benefits	60,503	–	60,503
Deferred income tax liabilities - net	187,624	162,863	350,487
Other noncurrent liabilities	3,176,846	113,056	3,289,902
Total Noncurrent Liabilities	24,143,083	2,736,150	26,879,233
Total Liabilities	28,615,987	3,341,537	31,957,524
Equity			
Capital stock	7,521,775	–	7,521,775
Additional paid-in capital	83,768	–	83,768
Other equity reserves	(2,342,103)	7,903,583	5,561,480
Unrealized fair value gains (losses) on equity instruments at FVOCI	(8,129)	(88,455)	(96,584)
Unrealized fair value losses on derivative instrument designated under hedge accounting	(14,742)	–	(14,742)
Remeasurement gains (losses) on defined benefit plan	(7,034)	16,288	9,254
Accumulated share in other comprehensive loss of a joint venture and associates	(2,107)	–	(2,107)
Retained earnings	2,922,514	373,781	3,296,295
Treasury shares	(27,704)	–	(27,704)
Total equity attributable to equity holders of the Parent Company	8,126,238	8,205,197	16,331,435
Non-controlling interests	2,978,580	(2,729,996)	248,584
Total Equity	11,104,818	5,475,201	16,580,019
TOTAL LIABILITIES AND EQUITY	₱39,720,805	₱8,816,738	₱48,537,543

Below is the consolidated statement of income for the nine-month period ended September 30, 2019, after considering the retroactive impact of the share swap transaction with AC Energy.

	Nine-month Period Ended September 30, 2019	
	(Unaudited, as previously reported)	(As restated)
REVENUES		
Revenue from sale of electricity	₱11,529,369	₱11,792,651
Dividend income	7,585	25,408
Rental income	1,358	46,862
	11,538,312	11,864,921
COSTS AND EXPENSES		
Costs of sale of electricity	11,506,284	11,695,223
General and administrative expenses	391,256	434,001
	11,897,540	12,129,224
INTEREST AND OTHER FINANCE CHARGES	(352,223)	(598,288)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	(79,100)	(5,751)
OTHER INCOME - NET	378,025	642,494
LOSS BEFORE INCOME TAX	(412,526)	(225,848)
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	18,683	69,617
Deferred	(78,114)	(78,484)
	(59,431)	(8,867)
NET LOSS	(₱353,095)	(₱216,981)
Net Loss Attributable To:		
Equity holders of the Parent Company	(₱348,483)	(₱229,567)
Non-controlling interests	(4,612)	12,586
	(₱353,095)	(₱216,981)

The share swap transaction provides that ACEN shall issue its own shares equivalent to 6,185,182,288 common shares at ₱2.37 per share as consideration in exchange for AC Energy's interest in the aforementioned entities as at July 1, 2019, giving rise to additional paid-in capital presented in the equity of the Parent Company as follows:

Equity instruments issued	6,185,182,288
Par value per share	₱1
Total value of common shares issued	₱6,185,182,288
Transfer value at ₱2.37 per share	14,658,882,022
Gross additional paid-in capital	8,473,699,734
Transaction costs	(109,441,142)
Additional paid-in capital	₱8,364,258,592

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱109.44 million were charged to additional paid-in capital account.

The Deed of Assignment also gave ACEN the right to receive any dividends accruing to ACEI from the date of the assignment and are treated as price adjustment to the share swap transaction. In 2020, ACEN received cash amounting to ₱145.01 million and ₱13.46 million representing ACEI's dividend income from PhilWind and Northwind, respectively. These were accounted for as increase in additional paid-in capital of ACEN.

The Parent Company acquired SLTEC's remaining non-controlling interest as it gained control of the 35% interest from the share swap transaction with AC Energy. This transaction has the following impact on the respective accounts: decrease in equity attributable to noncontrolling interest amounting to ₱2,962.80 million as at December 31, 2019 and contributed to net loss amounting to ₱79.00 million from July 1 to December 31, 2019. As at September 30, 2020, the other equity reserves attributable to the purchase of 35% interest in SLTEC amounted to ₱2,106.61 million.

6. Cash and Cash Equivalents

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Cash on hand and in banks	**₱4,972,718**	₱2,015,564
Short-term deposits	**1,369,458**	7,577,684
	₱6,342,176	₱9,593,248

Cash in banks earn interest at the respective bank deposit rates for its peso and dollar accounts.

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Interest income earned on cash in banks and short-term deposits for the nine-month period ended September 30, 2020 and 2019 amounted to ₱52.40 million and ₱24.28 million, respectively (see Note 26).

Short-term deposits include debt service reserves account amounting to ₱341.63 million and ₱281.65 million as at September 30, 2020 and December 31, 2019, respectively, for the payment of loans by Guimaras Wind and SLTEC (see Note 17).

7. Receivables

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Trade	**₱3,978,123**	₱2,644,921
Due from related parties (see Note 28)	**176,360**	9
Receivables from:		
Third parties (see Note 15)	**1,707,874**	403,950
Consortium - service contracts and assignee of mining rights	**78,809**	78,809
Employees	**25,636**	102,628
Others	**31,675**	59,076
	5,998,477	3,289,393
Less allowance for credit losses	**166,975**	167,007
	₱5,831,502	₱3,122,386

Trade receivables mainly represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP), Philippine Electricity Market Corporation (PEMC), NGCP and National Transmission Corporation (Transco) for the FIT and from the group's bilateral customers. Significant portion of outstanding balance pertain to receivables from MERALCO baseload and Mid-Merit PSAs as well as FIT system adjustments (see Notes 3 and 20).

Trade receivables consist of both noninterest-bearing and interest-bearing receivables. The term is generally thirty (30) to sixty (60) days.

Receivable from third parties mainly pertains to the current portion of noninterest-bearing long-term receivable from the sale of transmission assets and submarine cable. Also included under this account is SLTEC's receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets and subscription receivable of ISLASOL from TLCTI Asia (see Note 4).

As at September 30, 2020 and December 31, 2019, the aging analysis of receivables are as follows:

	September 30, 2020 (Unaudited)						
		Neither Past Due nor	**Past Due but not Impaired**				**Past Due and**
	Total	**Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**More than 90 Days**	**Impaired**
Trade	**₱3,978,123**	**₱2,951,422**	**₱213,069**	**₱277,391**	**₱3,775**	**₱451,475**	**₱80,991**
Due from related parties	**176,360**	**2,554**	**–**	**–**	**11,521**	**162,285**	**–**
Others	**1,843,994**	**1,124,165**	**1,951**	**16,799**	**350,557**	**264,538**	**85,984**
	₱5,998,477	**₱4,078,141**	**₱215,020**	**₱294,190**	**₱365,853**	**₱878,298**	**₱166,975**

	December 31, 2019 (As restated)						
		Neither Past Due nor	Past Due but not Impaired				Past Due and
	Total	Impaired	<30 Days	30–60 Days	61–90 Days	More than 90 Days	Impaired
Trade	₱2,644,921	₱2,355,306	₱6,159	₱6,793	₱8,819	₱186,821	₱81,023
Due from related parties	9	9	–	–	–	–	–
Others	644,463	124,239	12,755	45,506	4,219	371,760	85,984
	₱3,289,393	₱2,479,554	₱18,914	₱52,299	₱13,038	₱558,581	₱167,007

8. Fuel and Spare Parts

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Fuel - at cost	**₱266,556**	₱247,570
Fuel - at net realizable value	**370,526**	66,217
Spare parts - at cost	**328,184**	299,396
Spare parts - at net realizable value	**372,023**	325,276
	₱1,337,289	₱938,459

Fuel charged to "Costs of sale of electricity" in the interim consolidated statements of income amounted to ₱2,180.28 million and ₱1,729.25 million for the nine-month period ended September 30, 2020 and 2019, respectively (see Note 21).

For the nine-month period ended September 30, 2020 and 2019, ACEN did not recognize provision for impairment of fuel inventory and spare parts.

The cost of the fuel carried at net realizable value as at September 30, 2020 and December 31, 2019 amounted to ₱376.14 million and ₱71.83 million, respectively.

The cost of spare parts carried at net realizable value amounted to ₱373.37 million and ₱326.62 million as at September 30, 2020 and December 31, 2019, respectively.

9. Other Current Assets

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Advances to contractors	**₱289,595**	₱14,593
Prepaid expenses	**209,429**	197,595
Derivative asset (Notes 16, 18, 31 and 32)	**689**	33
Others	**758**	598
	₱500,471	₱212,819

Advances to contractors pertain to advance payments for services and supply of repairs and maintenance.

Prepaid expenses pertain to insurance, subscriptions, rent, taxes and other expenses paid in advance.

10. Property, Plant and Equipment

Acquisitions and disposals
During the nine-month period ended September 30, 2020, the Group acquired assets with a cost of ₱4,471.86 million (December 31, 2019: ₱902.74 million), excluding property, plant and equipment acquired through a business combination.

The net book value of assets acquired through the business combination with SACASOL and ISLASOL amounted to ₱618.94 million and ₱1,500.86 million, respectively (see Note 4).

Assets (other than those classified as held for sale) with a net book value of ₱23.62 million and ₱42.16 million were disposed by the Group during the nine-month period ended September 30, 2020 and year ended December 31, 2019, respectively. This resulted in a net loss of ₱3.38 million and net gain of ₱292.74 million for the nine-month period ended September 30, 2020 and 2019, respectively (see Note 26).

Assets amounting to ₱3.55 million were reclassified to Property, Plant and Equipment from assets held for sale during the period ended September 30, 2020 as the Group changed its intention from selling to using the assets for future projects.

Significant Additions During the Period
For the nine-month period ended September 30, 2020, the Group incurred significant capital expenditures related to the following projects:

- ₱2,902.34 million for its 120 MW solar farm project in Alaminos, Laguna through its subsidiary, Solarace1 Energy Corp.;
- ₱232.63 million for its 150 MW diesel-fired power facility in Pililia, Rizal through its subsidiary, Ingrid Power Holdings, Inc.
- ₱897.22 million for its 63 MW solar power project in Palauig, Zambales through its subsidiary, Gigasol 3, Inc;
- ₱4.89 million for its 5 MW Solar Plant Project in Mariveles Bataan through its subsidiaries, Bataan Solar.
- Capital expenditures for OSPGC amounting to ₱246 million which consists of crankshaft engine, air cooler, major parts for diesel engines.
- Capitalized costs for ACEN amounting to ₱72 million which consists of drydocking costs of PB101, cylinder head cover and installation costs of engine bearing.

Mortgaged Property and Equipment
Guimaras Wind's wind farm with carrying value of ₱3,956.47 million and ₱4,106.00 million as at September 30, 2020 and December 31, 2019, respectively included under "Machinery and Equipment" account is mortgaged as security for the long-term loan as at September 30, 2020 and December 31, 2019, respectively (see Note 17).

SLTEC's Contract for Design and Supply of HIP Rotor with Harbin Electric International Co., Ltd. (HEI)
On July 20, 2019, SLTEC engaged the services of HEI to design, fabricate, and supply SLTEC with the brand-new spare HIP rotor and it is expected to be completed and delivered within the next seven (7) months. SLTEC capitalized the advance payment made on September 19, 2019 amounting to ₱30.58 million under Construction-in-Progress

During the nine-month period ended September 30, 2020, SLTEC recognized additional capital expenditure relating to the HIP rotor amounting to ₱101.40 million. SLTEC received the HIP rotor on June 17, 2020.

11. Investments in Associates and Joint Venture

Details of investments in associates and interest in joint venture as at September 30, 2020 and December 31, 2019 are as follows:

	Percentage of ownership		Carrying amount	
	2020 (Unaudited)	2019 (As restated)	**2020 (Unaudited)**	2019 (As restated)
Investments in associates:				
Maibarara Geothermal, Inc. (MGI)	**25.00**	25.00	**₱738,875**	₱685,133
Negros Island Biomass Holdings, Inc. (NIBHI)	**45.12**	45.12	**186,795**	186,540
Asia Coal Corporation (Asia Coal)	**28.18**	28.18	**631**	631
			926,301	872,304
Interest in joint venture:				
Philippine Wind Holdings Corp (PhilWind)	**69.81**	42.74	**5,457,882**	1,661,798
			₱6,384,183	₱2,534,102

The details and movements of investments in associates and joint venture accounted for under the equity method are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Investment in associates and interest in joint venture		
Acquisition costs:		
Balance at beginning of period	**₱2,041,340**	₱3,911,572
Additions (Note 1)	**2,573,300**	–
Effect of business combinations under common control (Note 5)	**1,579,595**	(1,645,232)
Sale of joint venture interest	**–**	(225,000)
Balance at end of period	**6,194,235**	2,041,340
Accumulated equity in net earnings (losses):		
Effect of business combinations under common control (Note 5)	**(516,877)**	(92,273)
Balance at beginning of period	**496,428**	397,633
Equity in net earnings	**485,191**	208,041
Dividends received	**(270,512)**	(25,000)
Sale of joint venture interest	**–**	8,027
Balance at end of period	**194,230**	496,428
Accumulated share in other comprehensive income:		
Balance at beginning of period	**(2,107)**	(2,193)
Share in other comprehensive income (loss)	**(616)**	86
Balance at end of period	**(2,723)**	(2,107)
Other equity transactions:		
Balance at beginning and end of period	–	17,231
Effect of business combinations under common control (Note 5)	–	(17,231)
Balance at end of period	–	–
Accumulated impairment losses	**(1,559)**	(1,559)
Total investments	**₱6,384,183**	₱2,534,102

MGI

The Parent Company subscribed to 25% of the capital stock of MGI which was incorporated and registered with the SEC on August 11, 2010 to implement the integrated development of the Maibarara geothermal field in Calamba, Laguna and Sto. Tomas, Batangas for power generation. MGI's registered business address is 7th F JMT Building, ADB Avenue, Ortigas Center, Pasig City.

NIBHI

NIBHI is a domestic corporation registered in the Philippines and located at 26th floor, PSE Tower Bonifacio High St., 28th cor. 5th Ave., Bonifacio Global City, Taguig City. NIBHI is a holding firm for the BioPower Group (SCBP, SNBP and NNBP). The Group, in partnership with Thomas Lloyd CTI Asia Holdings, currently has a portfolio totaling 63.44 MW in generation capacity from biomass.

Upon effectivity of ACEN's share swap with AC Energy, the Parent Company acquired a 45.12% voting ownership in NIBHI, through ACE Endevor, Inc. (see Note 5).

PhilWind
On November 5, 2019, the Parent Company's Executive Committee approved and authorized the share purchase agreement to acquire PINAI's ownership interest in NLR and PhilWind.

On November 14, 2019, ACEN signed a First Amended and Restated Share Purchase Agreement with the investors of PINAI for acquisition of PINAI's indirect ownership interest in NLR.

PINAI effectively has a 31% preferred equity and 15% common equity ownership in NLR. NLR is a joint venture of AC Energy, UPC Philippines, Luzon Wind Energy Holdings and PINAI Investors. NLR owns and operates an 81 MW wind farm in Pagudpud, Ilocos Norte, which started operations in November 2014. PhilWind is the parent company of NLR. PhilWind directly and indirectly owns 67% of NLR, through its 38% direct interest and 28.7% indirect interest through its 100% wholly owned subsidiary, Ilocos Wind Energy Holding Co., Inc. ("Ilocos Wind").

On February 27, 2020, the Parent Company purchased all shares of PINAI Investors in PhilWind through its wholly-owned subsidiary Giga Ace 1, Inc.

The investment in PhilWind is accounted for as investments in joint venture as the relevant activities of PhilWind and NLR require the unanimous consent of the stockholders.

On June 22, 2020, upon the effectivity of ACEN's share swap transaction with AC Energy, the Parent Company increased its ownership interest in PhilWind to 69.81% (see Note 5).

The summarized financial information of PhilWind which is a material joint venture are shown below:

Summarized Statements of Financial Position

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Current assets	**₱1,166,491**	₱1,499,224
Noncurrent assets	**7,598,684**	7,153,020
Total assets	**8,765,175**	8,652,244
Current liabilities	**525,999**	772,650
Noncurrent liabilities	**5,383,587**	5,217,044
Net assets	**2,855,589**	2,662,550
Ownership interest in investee	**69.81%**	42.74%
Share in net assets of investee	**1,993,487**	1,137,974
Goodwill and other adjustments	**3,464,395**	523,824
Carrying amount of investment	**₱5,457,882**	₱1,661,798

Summarized Statement of Comprehensive Income

	For the nine-month period ended September 30, 2020 (Unaudited)
Revenue from sale of electricity	₱1,822,071
Costs of sale of electricity	512,624
Gross profit	1,309,447
Interest expense - net	(415,696)
General and administrative expenses	(24,847)
Other expenses - net	(70,185)
Income before income tax	798,719
Provision for income tax	(6,066)
Net income	792,653
Other comprehensive income	–
Total comprehensive income	₱792,653

12. Financial assets at FVOCI

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Golf club shares	**₱1,230**	₱1,230
Listed shares of stock	**21**	21
Unlisted shares of stock	**–**	531,886
	₱1,251	₱533,137

Unlisted shares pertain to interests in ISLASOL and SACASOL held by Visayas Renewables Corp. prior to the step acquisition which was completed on March 23, 2020. The acquisition of interests from PINAI resulted in the step acquisition of the two solar entities (see Note 4).

The movements in net unrealized loss on equity investments at FVOCI for the nine-month period ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Balance at beginning of period	**(₱96,584)**	₱59,772
Effect of business combinations under common control (Note 5)	**88,455**	–
Unrealized loss recognized in other comprehensive income	**–**	(115,824)
Cumulative unrealized gain on disposal of equity instruments at FVOCI transferred to retained earnings	**–**	(40,532)
Balance at end of period	**(₱8,129)**	(₱96,584)

13. **Goodwill and Other Intangible Assets**

During the nine-month period ended September 30, 2020, additional deferred exploration costs were incurred for SC55 amounting to ₱13.57 million. The net book value of Goodwill and Other Intangible Assets as at September 30, 2020 and December 31, 2019 amounted to ₱2,577.00 million and ₱441.08 million, respectively.

Leasehold Rights and Goodwill
The leasehold rights and goodwill arose from Bulacan Power Generation Corporation's ("BPGC" or formerly PHINMA Power) acquisition of the entire outstanding shares of stocks of One Subic Power in 2014. One Subic Power and Subic Bay Metropolitan Authority ("SBMA") have an existing Facilities Lease Agreement (FLA) for a period of five (5) years up to July 19, 2020, as amended, with the option to extend subject to mutually acceptable terms and conditions.

On December 21, 2017, the SBMA Board approved and ratified the amendment of the Facilities Lease Agreement extending the lease term until July 19, 2030. As at January 1, 2019, the leasehold rights were reclassified as right-of-use assets (see Note 14).

Solienda, Inc. holds a leasehold right on its contracts of lease with San Carlos Sun Power, Inc., San Carlos Biopower Inc. and SACASOL with a carrying amount of ₱146.60 million as at September 30, 2020.

Intangible asset amounting to ₱2,191.81 million arising from identifiable FIT contract was recognized from acquisition of SACASOL (see Note 4). The carrying amount as at September 30, 2020 is ₱2,116.02 million.

Goodwill recognized during the period came from the acquisition of ISLASOL amounting to ₱12.45 million (see Note 4).

Water Supply Contract
SCC holds a contract for the supply and distribution of water to San Carlos Biopower, Inc., while HDP holds a water supply contract with San Carlos Bioenergy, Inc. SCC and HDP's carrying amount as at September 30, 2020 are ₱0.24 million and ₱7.92 million, respectively.

Impairment Testing of Goodwill
The Parent Company performs its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. In light of the impact of COVID-19 and the ECQ restricting movements and construction activities, management reassessed recoverable amounts for the Parent Company's goodwill. Forecasts and the underlying assumptions from an earlier impairment testing date (those disclosed in the annual consolidated financial statements as at December 31, 2019), have been revised to reflect the economic conditions as at September 30, 2020 and updated to reflect the potential impact of COVID-19.

Based on management's assessment, no impairment loss to be recognized on goodwill as at September 30, 2020 despite the change in reportable segments and reduction in forecasted WESM prices (see Note 3)

Deferred Exploration Costs
Details of deferred exploration costs are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Petroleum and gas:		
SC 55 (Southwest Palawan)	**₱36,634**	₱23,063
SC 6 (Northwest Palawan)		
Block A	**22,978**	22,978
Block B	**4,892**	4,892
SC 50 Northwest Palawan	**11,719**	11,719
SC 52 (Cagayan Province)	**10,994**	10,994
Geothermal - SC 8 (Mabini, Batangas)	**34,493**	34,493
	121,710	108,139
Allowance for impairment loss	**(62,098)**	(62,098)
Net book value	**₱59,612**	₱46,041

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under petroleum SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

The following summarizes the status of the foregoing projects:

a. SC 6 (Northwest Palawan)

Block A

On December 18, 2018, the Partners have approved and the Operator, Philodrill Corporation (Philodrill), submitted to the DOE the proposed 2019 SC 6A Work Program and Budget amounting to US$314,116 composed of geological and geophysical evaluation and engineering projects. The same was approved by the DOE on January 23, 2019.

The Partners submitted to the DOE the proposed 2019 work program composed of geological and geophysical evaluation and engineering study. The DOE approved the said program in January 2019.

As at September 30, 2020, farm-in negotiations are ongoing for the development of the Octon oil discovery and technical studies over the northern part of the block progressed.

No impairment was recognized for SC 6 Block A as at September 30, 2020 and December 31, 2019 as there are no indicators for impairment.

b. SC 55 (Southwest Palawan)

Seismic reprocessing of 1,000 sq. km. of 3D seismic data was completed on July 17, 2019.

Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the service contract is nearing completion as at May 11, 2020.

Palawan55 is currently interpreting the reprocessed seismic data to generate additional prospects in the Greater Hawkeye Area and to refine the mapping of the CINCO Prospect. Resource Assessment is also ongoing.

Palawan55 has also commenced the first phase of drilling preparations including well design, issuance of tenders for long lead items such as wellhead, conductor pipes and casing, and a rig market survey.

On August 9, 2019, the SC 55 Consortium notified the DOE of its election to proceed directly from the Exploratory Period to the Appraisal Period, with a one deep water well drilling commitment.

On September 26, 2019, Palawan55 informed the DOE of Century Red Pte. Ltd's ("Century Red"). withdrawal from SC 55 and accordingly requested for the approval of the transfer of Century Red's entire 37.50% participating interest to Palawan55.

On February 13, 2020, Palawan55 received DOE's approval on the transfer of the 37.50% participating interest of Century Red in SC 55. After careful review and evaluation of DOE, Palawan55 is found to be technically, financially and legally qualified to assume the participating interests of Century Red.

Palawan55's participating interest in SC 55 is adjusted from 37.50% to 75.00%.

On April 15, 2020, Palawan55 received a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective April 26, 2020. In the said letter, the DOE stated that after the review and evaluation of the Hawkeye discovery report, "we hereby confirm that the 'Hawkeye-1 well' did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55."

On August 28, 2020, Palawan55 received a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00. Further, the DOE stated that it expects the submission of the proposed budget for the drilling of one (1) well after the drilling proposal has been approved by the DOE.

Palawan55 will submit for DOE's approval a definitive Appraisal Work Program and Budget.
No impairment was recognized for SC 55 as at September 30, 2020 and December 31, 2019 as there are no indicators for impairment.

c. SC 50 (Northwest Palawan)

As at September 30, 2020, approval of the assignment of 10% participating interest in SC 50 to ACE Enexor remains pending with the DOE.

14. **Right-of-Use Assets**

The rollforward analysis of this account follows:

	September 30, 2020 (Unaudited)						
	Right-of-Use Assets						
	Land and Easement Rights	**Land and Power plants**	**Office Space and Parking Slots**	**Land and Office Building**	**Leasehold Rights**	**Total**	**Lease Liabilities**
As at January 1, 2020	**₱376,269**	**₱522,786**	**₱31,742**	**₱12,184**	**₱8,769**	**₱951,750**	**₱981,538**
Acquired from SACASOL	**–**	**588,380**	**–**	**–**	**–**	**588,380**	**523,006**
Acquired from ISLASOL	**–**	**407,721**	**–**	**–**	**–**	**407,721**	**367,798**
New lease agreements	**261,731**	**50,320**	**–**	**–**	**–**	**312,051**	**50,320**
Amortization expense (Note 24)	**(13,778)**	**(55,646)**	**(12,524)**	**(531)**	**(8,769)**	**(91,248)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**–**	**–**	**107,894**
Payments	**–**	**–**	**–**	**–**	**–**	**–**	**(141,155)**
Other adjustments	**–**	**3,630**	**–**	**–**	**–**	**3,630**	**15,473**
Remeasurement due to lease modification	**–**	**(38,703)**	**–**	**–**	**–**	**(38,703)**	**(38,703)**
Foreign exchange adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**(19,154)**
As at September 30, 2020	**₱624,222**	**₱1,478,488**	**₱19,218**	**₱11,653**	**₱–**	**₱2,133,581**	**₱1,847,017**

	December 31, 2019 (As restated)						
	Right-of-Use Assets						
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Lease of Land and Office Building	Leasehold Rights	Total	Lease Liabilities
As at January 1, 2019	₱167,399	₱356,091	₱–	₱–	₱24,959	₱548,449	₱572,304
New lease agreements	–	–	30,075	–	–	30,075	27,323
Acquired from SLTEC	–	–	12,032	–	–	12,032	13,520
Acquired from MSEI	–	189,680	–	–	–	189,680	200,467
Acquired from Northwind	–	12,951	–	–	–	12,951	10,431
Acquired from Solarace1	215,846	–	–	–	–	215,846	215,846
Acquired from HDP	–	–	–	12,438	–	12,438	8,499
Amortization expense	(11,356)	(35,936)	(10,365)	(254)	(16,190)	(74,101)	–
Interest expense	–	–	–	–	–	–	69,284
Payments	–	–	–	–	–	–	(118,806)
Remeasurement due to termination of lease contract	–	–	–	–	–	–	(2,604)
Other adjustments	4,380	–	–	–	–	4,380	–
Foreign exchange adjustments	–	–	–	–	–	–	(14,726)
As at December 31, 2019	₱376,269	₱522,786	₱31,742	₱12,184	₱8,769	₱951,750	₱981,538

The Group's Right-of-Use Assets arise from the lease agreements of the following entities (see Notes 4 and 5):

- ACEN - rental of office space in 22nd Floor of Ayala Tower together with 8 parking slots.
- OSPGC - facilities and lease agreement with SBMA for the Land in Subic including the 116 MW Diesel Powerplant.
- Guimaras Wind - lease commitments from various land owners in Guimaras for land, easement rights and right of way use to connect to the grid.
- SLTEC - rental of office space in 8 Rockwell, Plaza Dr. Makati City.
- SACASOL - lease of land for its solar power facility and office building.
- MSEI - lease of land for its solar power facility.
- Northwind - lease of land for its wind power facility and rental of office space with parking slots.
- Solarace1 - lease of land for the construction and operation of its solar power facility.
- MCV - lease of land as site for its water supply system.
- ISLASOL - lease of land for its solar power facility.

Mobilization fee for leased equipment amounting to ₱261.73 million was paid by Ingrid during the period ending September 30 ,2020. BCHC incurred ₱50.32 million for commencement of lease of land with powerplant.

The Group recognized rent expense from short-term leases amounting to nil and ₱0.13 million for the nine-month period ended September 30, 2020 and 2019, respectively.

15. **Other Noncurrent Assets**

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Trade receivables - net of allowance for credit losses (Note 20)	**₱2,003,782**	₱1,123,511
Advances to suppliers	**917,796**	305,913
Receivables from third parties (Note 7)	**423,352**	436,269
Development costs	**299,833**	233,509
Deposits	**120,178**	109,419
Others	**15,907**	192,992
Balance at end of the period	**₱3,780,848**	₱2,401,613

Noncurrent trade receivables represent refundable amount from PEMC arising from recalculation of November and December 2013 spot prices as directed by the Energy Regulation Commission. In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. Collections are presented as "Trade payables" under "Other noncurrent liabilities" (see Note 18). Noncurrent trade receivables also include MERALCO baseload and Mid-Merit PSAs as well as FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period (see Notes 7 and 20).

Advances to suppliers consist of advance payments for capital expenditures which will be capitalized to property, plant and equipment once fully rendered by the suppliers.

Receivables from third parties are non-interest-bearing receivables from NGCP arising from the sale of transmission assets, which are collectible annually within 3 years, discounted using the PHP BVAL Reference rates on transaction date ranging from 2.14% - 4.56%.

Development costs include expenditures related to the development phase of power plant project which are stated at cost less any accumulated impairment losses. These include direct expenses that will eventually be capitalized as part of property, plant and equipment upon start of construction of the project. These costs are not depreciated or amortized until such time as the relevant assets are completed and available for use.

Deposits includes noncurrent portion of deposits to distribution utilities and noncurrent portion of the refundable security deposit with SBMA.

16. Accounts Payable and Other Current Liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Nontrade (Note 18)	**₱3,422,108**	₱2,008,782
Trade	**1,552,847**	1,131,160
Output VAT - net	**836,948**	427,752
Accrued expenses	**537,283**	150,385
Due to related parties (Note 28)	**253,631**	190,062
Accrued interest expenses	**242,047**	159,090
Derivative liability (Notes 18, 31 and 32)	**129,494**	21,060
Retention payables	**45,963**	2,377
Accrued directors' and annual incentives (Note 28)	**14,374**	50
Others	**5,377**	203,572
	₱7,040,072	₱4,294,290

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Nontrade payables include liabilities for various purchases such as additions to property, plant and equipment and spare parts. It also includes the payable for the purchase of additional 20% interest in SLTEC through the assignment of AC Energy to ACEN of the share purchase agreement executed by AC Energy and APHPC amounting to ₱1.89 billion. The amount is payable on September 30, 2021.

Trade payables refer to liabilities to suppliers of electricity and fuel purchased by the Group.

Accrued expenses include insurance, sick and vacation leave accruals, station use and OSPGC's variable rent for lease with SBMA and accruals for incentive pay and operating expense such as security fee, plant repairs and maintenance.

On September 5, 2017, CIPP received a Final Decision on Disputed Assessment from the BIR demanding the payment of a total amount of ₱341.73 million for various alleged deficiency taxes for taxable year 2013. On October 4, 2017, CIPP filed its request for reconsideration with the Office of the Commissioner (the "Appeal"). On March 13, 2020, CIPP received a Letter Notice from the Chief of the Appellate Division of the BIR informing CIPP of its opportunity to avail of the Tax Amnesty on Delinquencies ("TAD") provided under Republic Act No. 11213 or the Tax Amnesty Act.

On June 11, 2020, CIPP filed its withdrawal of the Appeal as part of the requirements for the application of TAD. With the amnesty application, CIPP shall pay the tax amnesty amount equivalent to forty percent (40%) of the Basic Tax or ₱80.19 million. CIPP targets to settle the amount due before December 31, 2020, the extension allowed by BIR Revenue Regulations No. 15-2020 to avail of the privileges under the Tax Amnesty Act.

Derivative liability pertains to coal and fuel oil swaps contracts with Macquarie Bank Ltd., used to hedge the risks associated with changes in coal and fuel oil prices (see Note 31).

Retention payables pertain to amounts retained from liabilities to suppliers and contractors.

17. **Loans**

Long-term loans

This account consists of:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
SLTEC long-term loans	**₱10,725,000**	₱10,870,683
ACEN long-term loans	**9,944,663**	8,634,812
Northwind loan	**2,300,000**	2,133,518
Guimaras Wind term-loan facility	**1,410,268**	1,531,734
	24,379,931	23,170,747
Add premium on long-term loans (embedded derivative)	**1,028**	2,429
Less unamortized debt issue costs	**251,333**	253,730
	24,129,626	22,919,446
Less current portion of long-term loans (net of unamortized debt issue costs)	**745,474**	593,847
Noncurrent portion	**₱23,384,152**	₱22,325,599

Movements in derivatives and debt issue costs related to the long-term loans follow:

	Derivatives	Debt Issue Costs
As at December 31, 2018	₱4,247	₱40,927
Acquired from SLTEC	–	186,314
Additions	–	43,003
Amortization/accretion for the year (Note 25)	(1,818)	(16,514)
As at December 31, 2019	2,429	253,730
Additions	–	28,500
Amortization/accretion for the nine-month period* (Note 25)	(1,401)	(30,897)
As at September 30, 2020	₱1,028	₱251,333

**Included under "Interest and other financial charges" in the consolidated statements of income.*

- *ACEN's Loan Agreement with China Banking Corporation ("CBC")*
  On July 10, 2020, the Parent Company entered into a new loan agreement with CBC for a maximum principal amount of ₱7.00 billion. The ₱7.00 billion shall be released in a maximum of seven (7) advances.

  First drawdown was made on July 15, 2020 amounting to ₱500.00 million and the second drawdown was on August 24, 2020 amounting to ₱1,000.00 million. Both loans have a term of one hundred twenty (120) months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the eighteenth (18th) month from the initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

The loan facility contains a prepayment provision which allows the Parent Company to make an optional prepayment, wholly or partially, starting the fifth (5^{th}) anniversary of the initial drawdown date and on every interest payment date thereafter. The amount payable to CBC shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax (GRT) as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

- *Northwind's Loan Agreement with Bank of the Philippine Islands ("BPI")*
  On May 29, 2020, Northwind entered into a long-term loan facility with BPI amounted to ₱2.30 billion. The proceeds of the loan was used to fully repay the senior loans of Northwind. The payments shall be made in twenty-four (24) sculpted semi-annual amortizations set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread of 1.115%, or (b) 5.125% per annum, whichever is higher.

  The loan facility contains a prepayment provision which allows the Northwind to make optional prepayment, wholly or partially, any time during the term of the loan. The amount payable to BPI shall be the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any additional taxes, including additional gross receipts tax (GRT) as a result of such prepayment, and prepayment penalty as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

  The loan facility is secured by Northwind's Land and Wind Turbine Generator account under "Property, plant and equipment" with a carrying amount of ₱2.24 billion and ₱2.35 billion as at September 30, 2020 and December 31, 2019, respectively

- *Loan covenants.* ACEN closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

  ACEN availed ₱5.00 billion loan agreement with BDO on November 15, 2019 payable in semi-annual installment within 10 years. In relation to this agreement, ACEN closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration. As compliance with the debt covenant, ACEN must have (I) a minimum DSCR of 1.0 times after grace period up to loan maturity and (II) maximum Debt to Equity ratio of 1.5 times.

  In 2019, ACEN was able to obtain waivers of compliance for the Debt Service Coverage Ratio and Debt-to-Equity ratio covenants on its legacy loans with BDO (₱0.50 billion), CBC (₱1.0 billion), SBC (₱1.8 billion), and DBP (₱1.8 billion) as required by the terms of each respective Lender's loan agreement. The waivers granted on the Debt Service Coverage Ratio and Debt-to-Equity ratio covenants for ACEN are valid until the next succeeding testing date. These ratios are computed based on the annual consolidated audited financial statements of ACEN, and the next testing date will be sometime during the first quarter of 2021, based on the 2020 consolidated audited financial statements. ACEN classified the loans amounting to ₱3.36 billion as noncurrent as at December 31, 2019.

Northwind closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration. As compliance with the debt covenant, Northwind should maintain a minimum DSCR of1.05 times. Guimaras Wind was in compliance with the loan covenants as at December 31, 2019. The compliance with the debt covenants is assessed annually by the lenders. Guimaras Wind will take necessary measures to ensure compliance with loan covenants.

SLTEC has complied with its contractual agreements and is compliant with the loan covenants as at reporting dates. As compliance with the debt covenants, SLTEC should maintain a minimum DSCR of 1.1 times, and a maximum Net debt to Equity ratio of 3 times.

- *Others.* The loan facility with SBC and DBP is secured by Guimaras Wind's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying value amounting to ₱3,956.47 million and ₱4,106.00 million as at September 30, 2020 and December 31, 2019, respectively (see Note 10). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

  SLTEC, as the relevant Sponsor under the New Omnibus Agreement, had assigned, conveyed and transferred unto the Security Trustee, for the benefit of the Lenders and the Security Trustee, all of its respective rights, title and interest in, to and under the following:

  (i) all monies standing in the cash flow waterfall accounts, with respect to SLTEC;
  (ii) all project receivables, with respect to SLTEC;
  (iii) the proceeds of any asset and business continuity insurance obtained by SLTEC;
  (iv) any advances or subordinated loans, if any, granted by any of AC Energy, ACEN and APHPC to SLTEC; and
  (v) the proceeds, products and fruits of those provided under items (i) to (iv) hereof.

  SLTEC, as continuing security for the timely payment and discharge of the secured obligations, has also assigned, conveyed and transferred to the Security Trustee all of its rights, title and interests in and to the Project Agreements to which it is a party. Project agreements include:

  (i) power purchase agreements;
  (ii) all fuel purchase agreements, together with corresponding performance guarantees and bonds having a total amount of at least 25.00 million per agreement;
  (iii) all operations and maintenance agreements, together with corresponding performance guarantees and bonds, for the operation and maintenance of the power plant;
  (iv) all asset and business continuity insurance obtained in relation to the power plant and its operation;
  (v) government approvals obtained by SLTEC in relation to the ownership, operation and maintenance of the power plant, except governmental approvals covered by excluded assets; and
  (vi) any and all other material contracts as may be agreed upon by SLTEC and the Lenders.

Total interest expense recognized on ACEN's, Guimaras Wind's, SLTEC's and Northwind's long-term loans amounted to ₱1,065.09 million and ₱328.99 million for the nine-month period ended September 30, 2020 and 2019, respectively (see Note 25).

For the nine-month period ended September 30, 2020 and 2019, principal payments made relative to the Group's long-term loans amounted to ₱2,619.32 million and ₱1,220.43 million, respectively. ACEN paid ₱28.50 million and ₱43.00 million debt issue costs for the relevant loans availed in for the current period 2020 and in 2019.

Short-term loans
On March 20, 2020, the Parent Company made an availment of a short-term loan from AC Renewables International Pte. Ltd. (ACRI), an entity under the common control of AC Energy, amounting to $100 million or ₱5,121.50 million. This is in accordance with the Facility Agreement signed by both parties on March 19, 2020. Under the terms of the Facility Agreement, ACEN may draw under the facility provided that a promissory note payable to the order of ACRI and dated on the actual drawing date was delivered to the latter. The principal sum shall be subject to interest while outstanding at the rate of 1.702% p.a. and shall be payable on maturity on September 16, 2020. The loan was extended from September 16, 2020 to October 16, 2020 at a rate of 0.90%, and further extended from October 16, 2020 to March 20, 2021 at a rate 1.01%.

The carrying amount of the loan as at September 30, 2020 amounted to ₱4,846.50 million.

The Parent Company has outstanding new short-term loans availed on September 18,2020 from BDO and SBC amounting to ₱1,000.00 million and ₱800.00 million, respectively.

Below are the pertinent details of the loans both from BDO and SBC.

Bank	**Date of Availment**	**Amount**	**Interest**	**Maturity**
BDO	September 18, 2020	₱1,000,000,000	4.000%	March 17, 2021
SBC	September 18, 2020	₱800,000,000	3.750%	March 17, 2021

In addition, the Parent Company also availed short-term loans from Hongkong and Shanghai Banking Corporation (HSBC) amounting to ₱750.00 million during the period but were all paid as at September 30, 2020.

Total interest expense recognized on ACEN's short-term loans amounted to ₱67.15 million and ₱9.24 million for the nine-month period ended September 30, 2020 and 2019, respectively (see Note 25).

Increase in loan through business combination.
Under a Deed of Assignment dated September 14, 2015, SACASOL assigned all its rights over its notes receivable from ISLASOL arising from the sale of Phases 2A and 2B solar power plant projects located in La Carlota City, Negros Occidental in the amount of ₱665.41 million to TLCTI Asia which was used to settle a portion of the liability of SACASOL.

On the same date, ISLASOL made various promissory notes with a total amount of ₱1,475.33 million payable to TLCTI Asia. ISLASOL may prepay the notes, in whole or in part, upon written notice to TLCTI Asia at least three (3) banking days prior to the date of payment. The promissory notes are noninterest-bearing and are payable subject to the terms of the Framework Agreement entered between PINAI and TLCTI Asia dated September 2, 2015.

On May 19, 2020, ISLASOL and TLCTI Asia signed a loan payment agreement where ISLASOL will pay its ₱2,140.73 million loan. TLCTI Asia shall use this payment to pay its subscription of ₱2,780.24 million. The excess over the amount shall be paid in full by TLCTI Asia. The application for increase in authorized capital stocks is still pending as at September 30, 2020. Notes payable to TLCTI Asia amounted to ₱395.71 million and ₱2,140.73 million, as at September 30, 2020 and December 31, 2019, respectively.

18. **Other Noncurrent Liabilities**

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Trade payable (Note 16)	**₱1,123,511**	₱1,123,511
Nontrade payable	**363,162**	1,849,625
Deposit payable	**173,750**	169,773
Asset retirement obligation	**135,587**	26,559
Deferred revenue	**124,730**	107,627
Derivative liability	**79,940**	–
Accrued expenses	**5,000**	12,807
Others	**4,197**	–
	₱2,009,877	₱3,289,902

Nontrade payable decreased due to the reclassification from noncurrent to current of the amount payable to APHPC (see Note 16).

Asset retirement obligation are from the acquisitions of ISLASOL, SACASOL and MSEI.

Deposit payables consist of security deposits from RES Customers refundable at the end of the contract.

Deferred revenue consists of the deferred connection fee related to ISLASOL and the deferred rental income from ISLASOL, SACASOL, MSPDC and Solienda, Inc.

The Group is a party to certain claims and assessments in the ordinary conduct of business. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the ground that it can be expected to prejudice the outcome or the Group's position with respect to these matters recorded under accrued expenses.

19. **Equity**

Capital Stock
Following are the details of the Parent Company's capital stock:

	Number of Shares	
	September 30, 2020 (Unaudited)	December 31 2019 (As restated)
Authorized capital stock - ₱1 par value	**24,400,000,000**	8,400,000,000
Issued shares:		
Balance at beginning of period	**7,521,774,922**	4,889,774,922
Issuance of new shares during the period	**6,185,182,288**	2,632,000,000
Balance at end of period	**13,706,957,210**	7,521,774,922

The issued and outstanding shares as at September 30, 2020 and December 31, 2019 are held by 3,182 and 3,192 equity holders, respectively.

The following table presents the track record of registration of capital stock:

Year Approval	No. of shares Registered	No. of shares Issued	Par Value	Issue/ Offer Price
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00	1.00
2007	–	552,528,364	1.00	1.00
2008	–	4,713,558	1.00	1.00
2009	–	304,419	1.00	1.00
2010	–	2,022,535	1.00	1.00
2011	2,200,000,000	1,165,237,923	1.00	1.00
2012	4,200,000,000	2,027,395,343	1.00	1.00
2013	–	6,603,887	1.00	1.00
2014	–	1,283,332	1.00	1.00
2016	–	20,751,819	1.00	1.00
2017	–	3,877,014	1.00	1.00
2019	–	2,632,000,000	1.00	1.00
2020	16,000,000,000	6,185,182,288	1.00	1.00

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

Retained Earnings
Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration. Retained earnings not available for dividend declaration included in the Group's retained earnings to the extent of (a) the cost of treasury shares amounted to ₱53.6 million and ₱27.70 million as at September 30, 2020 and December 31, 2019, respectively, and (b) undistributed earnings of subsidiaries, associates and joint ventures included in the Group's retained earnings amounted to ₱1,847.15 million and ₱456.18 million as at September 30, 2020 and December 31, 2019, respectively.

Dividends
On August 19, 2020, the BOD approved the declaration of cash dividends of four centavos (₱0.04) per share on the 13,692,457,210 issued and outstanding shares of the Parent Company, or a total dividend amount of ₱547,698,288, paid on September 17, 2020 to the shareholders on record as at September 3, 2020. ₱546,751,517 of the amount declared was paid to the equity holders of the Parent Company.

On March 5, 2020, June 25, 2020 and September 22, 2020, the BOD of Manapla Sun Power Development Corp. approved the declaration of cash dividends amounting to ₱15 million each. These were fully paid on September 8, 2020, July 7, 2020 and October 5, 2020, respectively.

On June 9, 2020, the BOD of Northwind approved the declaration of cash dividends amounting to ₱300 million. This was paid on June 15, 2020.

Treasury Shares
On March 18, 2020, the Board of Directors of the Parent Company approved a share buy-back program to support share prices through the repurchase in the open market of up to ₱1 billion worth of common shares beginning March 24, 2020. As at September 30, 2020, the cumulative number of shares repurchased is at 14.50 million for an aggregate repurchase price of ₱28.66 million.

Other Equity Reserves

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Effect of common control business combinations (a)	**(₱5,004,120)**	₱7,903,583
Effect of purchase of SLTEC's 20% share (b)	**(2,229,587)**	(2,229,587)
Effect of purchase of ACEX shares	**(130,854)**	(130,854)
Other equity reserves from joint venture	**17,231**	17,231
Effect of distribution of property dividends - ACEX shares	**1,107**	1,107
	(₱7,346,223)	₱5,561,480

(a) This represents the impact of the share swap transaction with AC Energy to acquire the latter's ownership interest in various entities in exchange for ACEN's issuance of additional primary shares via a tax-free exchange (see Note 5).

(b) This represents the impact of step acquisition where AC Energy assigned to ACEN the purchase of the 20% interest in SLTEC thereby increasing ACEN's ownership of SLTEC to 65% which already qualifies as a controlling interest (see Note 5).

20. Revenue from Sale of Electricity

The table presents the Group's revenue from different revenue streams for the nine months period.

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Revenue from power supply contracts	**₱12,214,453**	₱10,399,544
Revenue from power generation and trading	**2,935,572**	1,393,107
	₱15,150,025	₱11,792,651

Meralco Baseload PSA

On October 22, 2019, Manila Electric Company ("MERALCO") and ACEN filed with the Energy Regulatory Commission ("ERC") a joint application for approval of its baseload Power Supply Agreement ("PSA"). Under the PSA, ACEN will supply, at a fixed rate, 200 MW baseload capacity to MERALCO for ten (10) years from the issuance by the ERC of a provisional approval. Hearings were conducted on January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the baseload PSA between MERALCO and ACEN (the "PA Order"). Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor and not subject to any escalation rate.

On February 7, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate, application of the proposed escalation rate, and retroactive application of the rates.

On May 13, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration ("Order Granting the MR"). The ERC, in its Order Granting the MR, approved a rate of ₱4.2366/kWh at 100% plant capacity factor, allowed 60% of the approved rate to escalate in accordance with ACEN's escalation schedule, and allowed a retroactive recovery of approved rate from December 26, 2019, among others. The Parties have already agreed on the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱618.27 million (see Note 7).

Meralco Mid-Merit PSA
On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of the mid-merit PSA. Under the PSA, ACEN will supply, at a fixed rate, 110 MW mid-merit capacity to MERALCO for five (5) years from the issuance by the ERC of a provisional approval. Hearings were conducted on December 3, 2019, January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor.

On February 07, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate and retroactive application of the rates.

On June 1, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration. The ERC, in its Order Granting the MR, approved a rate of ₱4.8763/kWh at 60% plant capacity factor, and allowed a retroactive recovery of approved rate from January 30, 2020, among others. The Parties are finalizing the agreement for the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱158.50 million (see Note 7).

Tariff Adjustment
On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020.

Renewable energy subsidiaries under the FIT system which include Guimaras Wind, Monte Solar Energy, Inc. ("MSEI"), SACASOL, and Northwind, accrued the retroactive net revenue adjustment amounting to ₱791.48 million. This will be recovered for a period of five (5) years.

NLR, a renewable energy producer and a joint venture through PhilWind, also accrued the retroactive net revenue adjustment amounting to ₱635.51 million.

Pre-termination fees
Revenues from power supply contract from the nine-month period ended September 30, 2020 include customer pre-termination fees of ₱289.08 million.

21. Costs of Sale of Electricity

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Costs of purchased power	**₱4,942,634**	₱8,457,732
Fuel (see Note 8)	**2,180,284**	1,729,253
Depreciation and amortization (Notes 10, 14 and 24)	**1,331,892**	565,339
Repairs and maintenance	**449,126**	268,105
Taxes and licenses	**335,839**	70,161
Salaries and directors' fees (see Note 23)	**320,558**	114,017
Stations used	**245,750**	64,934
Insurance	**236,091**	60,113
Transmission costs	**28,202**	126,396
Rent	**18,032**	13,351
Filing fees	**13,139**	1,204
Pension and other employee benefits (see Note 23)	**9,466**	14,845
Transportation and travel	**3,950**	2,378
Others	**32,580**	207,395
	₱10,147,543	₱11,695,223

22. General and Administrative Expenses

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Salaries and directors' fees (see Note 23)	**₱385,420**	₱125,275
Taxes and licenses	**324,610**	93,047
Management and professional fees	**278,045**	69,442
Depreciation and amortization (see Note 24)	**56,733**	14,809
Building maintenance and repairs	**16,409**	11,586
Corporate social responsibilities	**15,718**	2,619
Rent	**8,238**	2,795
Insurance, dues and subscriptions	**8,136**	9,432
Pension and other employee benefits (see Note 23)	**7,339**	13,432
Contractor's fee	**6,019**	1,128
Transportation and travel	**3,374**	3,125
Communication	**2,648**	2,457
Office supplies	**2,571**	2,698
Meeting and conferences	**2,160**	1,178
Provision for probable losses	**432**	34,493
Bank charges	**–**	34,060
Plug and abandonment	**–**	202
Others	**159,797**	12,223
	₱1,277,649	₱434,001

23. Personnel Expenses

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Salaries and directors' fees included under:		
Cost of sale of electricity (see Note 21)	**₱320,558**	₱114,017
General and administrative (see Note 22)	**385,420**	125,275
Pension and other employee benefits included under:		
Cost of sale of electricity (see Note 21)	**9,466**	14,845
General and administrative (see Note 22)	**7,339**	13,432
	₱722,783	₱267,569

24. Depreciation and Amortization

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Property, plant and equipment	**₱1,190,996**	₱543,204
Intangible assets (Note 13)	**106,381**	1,912
Right-of-use assets (Note 14)	**91,248**	35,032
	₱1,388,625	₱580,148
Cost of sale of electricity (Note 21)	**₱1,331,892**	₱565,339
General and administrative expenses (Note 22)	**56,733**	14,809
	₱1,388,625	₱580,148

25. Interest and Other Finance Charges

The details of interest and other finance charges are as follows:

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Interest expense on:		
Long-term loans (Note 17)	**₱1,065,087**	₱528,851
Lease obligations (Note 14)	**107,894**	42,122
Discount in accounts payable	**68,591**	–
Short-term loans (Note 17)	**67,149**	9,236
Amortization of debt issue cost (Note 17)	**30,897**	12,988
Other finance charges	**24,597**	5,091
	₱1,364,215	₱598,288

Discount in accounts payable pertains to the interest expense of ACEN's accounts payable to APHPC in relation to the 20% acquisition of SLTEC (see Notes 16 and 18).

26. Other Income - Net

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Foreign exchange gain - net	**₱276,081**	₱4,370
Advisory services	**121,685**	–
Interest and other financial income	**84,206**	77,854
Gain on bargain purchase (Note 4)	**49,970**	–
Gain on sale of by-product	**17,806**	14,885
Gain (loss) on sale of property and equipment	**(3,383)**	292,737
Loss on derivatives - net	**(33)**	–
Gain on sale of investment	**–**	1,375
Gain on sale of asset held for sale	**–**	14,289
Claims on discontinued operations	**–**	236,306
Others	**18,393**	7,046
	₱564,725	₱642,494

Claims on discontinued operations pertain to insurance claimed by SLTEC due to the temporary shutdown of its power plant during 2019.

Gain on sale of by-product includes the gain on sale of fly-ash which is a by-product from coal of SLTEC. It also includes the gain on sale of scrap from the Parent Company and OSPGC.

Financial Income
The details of interest and other financial income are as follows:

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Interest income on:		
Short-term deposits (see Note 6)	**₱43,123**	₱21,973
Receivables and others	**31,806**	29,439
Cash in banks (see Note 6)	**9,277**	2,305
Net gains on financial assets at FVTPL	**–**	24,137
	₱84,206	₱77,854

27. Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statements of income are:

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Current	**₱178,483**	₱69,617
Deferred	**308,828**	(78,484)
Provision for income tax	**₱487,311**	(₱8,867)

Net deferred income tax assets and net deferred income tax liabilities amounted to ₱436.51 million and ₱91.01 million, respectively, as at September 30, 2020 and ₱653.92 million and ₱350.49 million, respectively, as at December 31, 2019.

During the period, aside from the recognition of ₱223 million deferred tax asset (DTA) from NOLCO, DTAs on various elected deductible temporary differences and unused NOLCO have not been recognized as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

28. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. No provision for credit losses recognized for receivables from related parties recorded for the nine-month period ended September 30, 2020 and year ended December 31, 2019, respectively. The assessment of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

The composition of due to/from related parties are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Due from related parties (see Note 7)		
AC Energy	**₱121,958**	₱9
Presage	**49,897**	–
NLREC	**2,920**	–
South Negros Biopower Inc.	**1,585**	–
	₱176,360	₱9
Due to related parties (see Note 16)		
AC Energy	**₱148,263**	₱31,843
MGI	**86,798**	157,965
Ayala Land Inc.	**9,703**	–
Red Creek Properties Inc.	**4,048**	–
Crimson Field Enterprises	**4,398**	–
Asia Coal	**254**	254
Ayala Cooperative	**167**	–
	₱253,631	₱190,062
Due to stockholders (see Note 31)	**₱21,685**	₱16,594
Accrued directors' and annual incentives (see Note 16)	**₱14,374**	₱50

AC Energy
The Parent Company and its subsidiaries BPGC, CIPP and Guimaras Wind have management contracts with PHINMA, Inc. These Management Contracts were assigned to AC Energy on June 25, 2019 through the executed Deed of Assignment.

MGI
The Parent Company purchases the entire net electricity output of MGI.

Presage
The Parent Company paid income taxes on behalf of Presage. These are recorded as advances which are intended to be settled within the year.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group amounted to ₱34.20 million and ₱42.53 million for the nine-month period ended September 30, 2020 and 2019, respectively.

Identification, Review and Approval of Related Party Transactions
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

29. Earnings (Loss) Per Share

Basic and diluted EPS are computed as follows:

	For the nine-month period ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
(a)	*(In Thousands, Except for Number of Shares and Per Share Amounts)*	
(b) Net income (loss) attributable to equity holders of Parent Company	**₱2,935,091**	(₱229,567)
Common shares outstanding at beginning of period (see Note 19)	**7,521,774,922**	4,889,774,922
Weighted average number of:		
Shares issued during the period	**2,257,365,799**	944,820,513
Shares buyback during the period	**(9,061,646)**	–
(b) Weighted average common shares outstanding	**9,770,079,075**	5,834,595,435
Basic/Diluted earnings (loss) per share (a/b)	**₱0.30**	(₱0.04)

For the nine-month periods ended September 30, 2020 and 2019, the Parent Company does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings (loss) per share is the same as basic earnings (loss) per share for the nine-month period ended September 30, 2020 and 2019.

30. Significant Laws, Commitments and Contracts

Updates to certain contracts and commitments disclosed in the annual consolidated financial statements as at December 31, 2019 and new contracts entered during the nine-month period ended September 30, 2020 are provided below:

Feed-in-Tariff (FIT)

San Lorenzo Wind
On June 10, 2015, the SLWP was issued a Certificate of Endorsement (COE) for Feed-In Tariff Eligibility by the DOE.

On December 1, 2015, Guimaras Wind received its COC from the ERC which entitles Guimaras Wind to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034. Outstanding receivable under the FIT System amounted to ₱268.37 million and ₱190.89 million as at September 30, 2020 and December 31, 2019, respectively.

MSEI
On June 13, 2016, the DOE, through its issuance of the COE, certified the MSEI's Solar Farm Project as an eligible project under the FIT system.

On December 28, 2016, MSEI received another provisional authority to operate by the ERC dated December 8, 2016 but this time, as a RE generation company, which allows MSEI to be entitled to a FIT rate of ₱8.69 for a period of twenty (20) years from March 11, 2016.

On February 6, 2017, MSEI received the COC from ERC and accordingly, measured its revenue from energy sales using FIT rate.

ISLASOL
On October 3, 2014, the Board of Investments (BOI) approved the Company's registration as a renewable energy developer of 18 Megawatt (MW) solar power plant (Phase2A) under Renewable Energy Act of 2008 (the Act).

On November 4, 2015, the BOI approved the Company's registration as a renewable energy developer of 14MW solar power plant (Phase2B) and 48MW solar power plant (Phase3) under the Act.

The plant has been completed in 2016 and started commercial operations in March 2016.

SACASOL
On January 7, 2014, the BOI approved the Company's registration as a renewable energy developer of 22 Megawatt (MW) solar power plants (Phases 1A & 1B) under the Renewable Energy Act of 2008 (the Act).

On December 20, 2014, the BOI approved the Company's registration as a renewable energy developer of 23MW solar power plants (Phases 1C & 1D) under the Act.

Pursuant to Section 7 of the Act and Section 5 of its Implementing Rules and Regulations (IRR), the ERC adopts and promulgates the FIT Rules. All renewable energy (RE) plants shall be deemed eligible upon issuance by ERC of a COC authorizing them to operate as FIT-eligible RE plants. Eligible RE plants shall be entitled to the appropriate FITs as established.

On June 4, 2014, the DOE issued the COE for FIT eligibility to endorse the 13MW Phase 1A solar power plant of SACASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On October 7, 2014, the DOE issued the COE for FIT eligibility to endorse the 9MW Phase 1B solar power plant of ISLASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On February 9, 2015, the ERC granted the COC to Phase 1A solar power plant with a capacity of 13MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from May 15, 2014 until May 14, 2034. On the same date, ERC granted the COC to Phase 1B solar power plant with a capacity of 9MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from August 16, 2014 to August 15, 2034.

On September 11, 2015, the DOE issued the COE for FIT eligibility to endorse the 23MW Phases 1C and 1D solar power plants of SACASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On May 4, 2016, ERC granted the COC to Phases 1C and 1D solar power plants with a capacity of 23MW, which entitles SACASOL to the FIT rate of ₱8.69/kWh from September 6, 2015 to September 5, 2035.

NLR
On December 11, 2014, the DOE, through its issuance of the COE, certified the NLR's Wind Farm Project as an eligible project under the FIT system. On April 13, 2015, the ERC issued a COC, which entitles NLR to the FIT rate of ₱8.53 per kWh, as approved by the ERC from November 11, 2014 to November 10, 2034.

Northwind
On July 31, 2007, Northwind and the DOE entered into a Negotiated Commercial Contract (NCC) covering the contract area located in Bangui, Ilocos Norte. As a holder of a valid and existing NCC, Northwind is deemed provisionally registered as an RE Developer under RA 9513. The provisional authority shall subsist until the issuance by the DOE of a Certificate of Registration.

On February 26, 2013, the DOE granted Northwind a Certificate of Registration under Wind Energy Service Contract No. 2012-07-058. The Certificate of Registration served as the basis for its application with the BOI for the grant of incentives under RA 9513. The approval grants an ITH incentive of seven (7) years starting September 2014.

On October 10, 2014, the DOE granted Northwind a Certificate of Endorsement for FIT Eligibility (COE-FIT No. 2014-10-001) for its Phase III expansion project. The endorsement was the basis for the ERC to issue a FIT COC on April 13, 2015.

The tariff on the generation of the original twenty (20) turbines (Phases I & II) is a FIT rate specific to the Northwind of ₱5.76/kWh, as approved by the ERC in its decision dated June 30, 2014. In an Order dated November 7, 2017, the ERC granted Northwind an increase of ₱0.20/kWh, in connection with a Motion for Partial Reconsideration of the Decision dated June 30, 2014, in ERC Case No. 2011-060RC filed by Northwind on December 5, 2014, thereby increasing the FIT rate specific to Phases I & II from ₱5.76/kWh to ₱5.96/kWh.

The FIT specific to Northwind is lower than the national FIT and is valid for twenty (20) years, less the actual years of operation as provided for under the FIT Rules.

The tariff on the six (6) turbines (Phase III) is at ₱8.53/kWh, subject to adjustments as may be approved by the ERC under the FIT rules. The FIT period on the six turbines shall be from October 10, 2014 to October 8, 2034.

<u>Renewable Energy Act of 2008 and FIT rules</u>
On January 30, 2009, Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the "Renewable Energy Act of 2008" (the Act), became effective.

As provided for in the Act, developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall be entitled to the following incentives, among others:

(a) Income Tax Holiday (ITH) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;

(b) Duty-free importation of RE Machinery, Equipment and Materials - Within the first ten (10) years of upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;
(c) Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
(d) Net Operating Loss Carry Over (NOLCO) - the NOLCO of the RE developer incurred during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
(e) Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
(f) Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
(g) Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy shall be subject to zero percent (0%) VAT;
(h) Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kWh rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
(i) Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
(j) Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and customs duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act.

In addition, to accelerate the development of emerging renewable energy resources, a FIT system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass will be promulgated which shall include, but not limited to, the following:
(a) Priority connections to the grid for electricity generated from emerging renewable energy resources;
(b) The priority purchase and transmission of, and payment for, such electricity by the grid system operators; and

(c) Determine the fixed tariff to be paid to electricity produced from each type of emerging renewable energy and the mandated number of years for the application of these rates, which shall not be less than twelve (12) years.

The FIT to be set shall be applied to the emerging renewable energy to be used in compliance with the renewable portfolio standard as provided for in the Act and in accordance with the rules to be promulgated by ERC in consultation with the National Renewable Energy Board.

RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB upon registration.

On July 12, 2010, the ERC approved and issued the FIT Rules which provides for the rules and regulations for the determination of the FIT for emerging RE technologies such as biomass, solar, run-of-river hydropower, ocean and wind energy.

On December 16, 2013, the ERC approved Resolution No. 24 of 2013, A Resolution Adopting the Guidelines on the Collection of the Feed-In Tariff Allowance (FIT-All) and Disbursement of the FIT-All Fund.

Service Contracts with the DOE

Solar Energy Service Contract (SESC) (Bugallon, Pangasinan)
On May 22, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 648-hectare area in the Municipality of Bugallon, Province of Pangasinan. Pre-development activities, such as, yield assessment, environmental impact study and system impact study are underway and are expected to be completed within the year. The Parent Company hopes to construct a 45MW ground mount fixed-tilt grid tied solar PV plant in the service contract area. The term of the service contract is twenty-five (25) years, extendable for another 25 years. All costs of the Bugallon Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Solar Energy Service Contract (Lipa City and Padre Garcia, Batangas)
On July 18, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 486 hectare area in the City of Lipa and Municipality of Padre Garcia, Province of Batangas. The Parent Company hopes to construct a 45MW ground mount fixed-tilt grid connected solar plant in the service contract area. All technical studies were completed and necessary permits were secured such as the ECC as well as local government endorsement. The term of the service contract is twenty-five (25) years, extendable for another 25 years. All costs of the Lipa and Padre Garcia Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Solar Energy Service Contract of MSEI
On October 9, 2013, MSEI entered into Solar Energy Service Contract with DOE. Under the Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "RE Act"), the exclusive right to explore and develop a particular renewable energy area under the said Act shall be through a Renewable Energy Service Contract. MSEI is appointed and constituted by DOE as the party having the exclusive right to explore, develop, and utilize the solar energy resources within the contract area. MSEI may pursue any additional investment or new investment within the contract area and shall be solely responsible for providing the necessary services, technology, equipment and financing for twenty-five (25) years.

One Subic Power's Facilities Lease Agreement with SBMA
One Subic Power has a lease contract with SBMA for a parcel of land and electric generating plant and facilities. The lease was originally entered on July 20, 2010 and was valid for five years. The agreement was amended on October 24, 2012 to extend the term of the lease to July 19, 2020 with an option to renew for another five years. On December 21, 2017, SBMA informed One Subic Power that its BOD has approved the amendments of the FLA extending the lease term until July 19, 2030. On April 3, 2018, the third amendments were signed and approved.

For the nine-month period ended September 30, 2020 and 2019, OSPGC recognized finance charges on the lease liabilities amounting to ₱26.27 million and nil, respectively. “Finance charges” are part of “Interest and Other Finance Charges” account. OSPGC also recognized rent expense amounting to ₱13.34 million and ₱6.86 million for the nine-month period ended September 30, 2020 and 2019, respectively. “Rent expense” is under “Cost of sale electricity”.

Guimaras Wind’s Lease Agreement with Various Land Owners
Guimaras Wind has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased assets, which indicates that the risks and rewards relates to the asset are retained with the land owners. These leases are classified as operating leases and have terms of twenty (20) to twenty-five (25) years.

For the nine-month period ended September 30, 2020 and 2019, Guimaras Wind recognized finance charges on the lease liabilities amounting to ₱13.32 million and ₱13.43 million, respectively, included under “Interest and Other Finance Charges” account.

Easements and Right of Way Agreements
In 2014, Guimaras Wind also entered to various easements and right of way agreements with land owners in Guimaras for the erection of transmission lines that will connect the 54 MW wind farm project located in San Lorenzo, Guimaras to the grid. One-off payments made by Guimaras Wind to various land owners to cover the 25-year easement and right of way agreements were recognized as prepaid rent in the consolidated statements of financial position and amortized over the term of the lease. The amortization of the lease during the construction period was capitalized as part of the cost of the wind farm.

Guimaras Wind recognized rent expense of nil and ₱1.76 million for the nine-month period ended September 30, 2020 and 2019 respectively, included in “Rent” account under “Cost of sale of electricity” (see Note 21).

The rent expense recognized for 2019 was from the short-term lease of Land Lot 1832-C-2 which expired on December 19, 2019.

ACEN’s Agreement on Assignment of Contract of Lease
On November 20, 2019, the Parent Company, AC Energy, Ayala Land, Inc. (ALI) and Ayalaland Offices, Inc. entered an agreement on assignment of contract of lease. AC Energy assigned a portion of its office unit and parking slots effective September 1, 2019. The lease is until May 31, 2022. The lease is at a fixed monthly rate of ₱0.83 million and ₱0.01 million for the office unit and parking slots, respectively with an escalation rate of 5% every year, beginning on the second year. For the nine-month period ended September 30, 2020, ACEN recognized finance charges on the lease liabilities amounting to ₱0.82 million, included under “Interest and Other Finance Charges” account.

SLTEC’s Contract of Lease for Office Space
On December 19, 2019, SLTEC notified the lessor of their intent to pre-terminate their office lease contract effective June 30, 2020. SLTEC remeasured the lease liability and ROU asset as a result of the termination of the contract (see Note 14).

SACASOL's Contract of Lease for Land Phases 1A & 1B
On March 7, 2014, SACASOL entered into a lease agreement with San Julio Realty, Inc. (SJRI) for the lease of 35 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of Phase 1A and Phase 1B solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area delineated for Phase 1A for a period of 25 years. The area delineated for Phase 1B shall be held for the remaining term of the agreement upon the receipt of notice by the Company.

On June 18, 2020, SACASOL had its lease modified with SJRI. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period, respectively. The lease modification did not result in a separate lease.

SACASOL's Contract of Lease for Land - Phases 1C and 1D
On October 21, 2014, SACASOL entered into a lease agreement with SJRI for the lease of 32.4214 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of Phases 1C and 1D solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area for a period of 25 years.

On June 18, 2020, SACASOL had its lease modified with SJRI. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period. The lease modification did not result in a separate lease.

ISLASOL's Contract of Lease for Land - Phases 2A & 2B
Part of the acquisition of solar power plant projects from SCSEI is a lease agreement with Roberto J. Cuenca, Sr., (the Lessor) executed on June 5, 2014 for the lease of 24.4258 hectares of land located at La Carlota City, Negros Occidental as site for the construction and operations of Phases 2A and 2B solar power plant projects of ISLASOL. Upon execution of the agreement, ISLASOL shall hold the land area delineated for a period of 25 years.

ISLASOL's Contract of Lease for Land - Phase 3
On September 1, 2015, ISLASOL entered into a lease agreement with MSPDC (the Lessor) for the lease of approximately 638,193 sq.m. of land located in Barangay Sta. Teresa, Municipality of Manapla, Negros Occidental. The term of the lease shall be for a period of 25 years upon written notice served upon the Lessor by ISLASOL not earlier than one 1 year but not later than 3 months before the expiration of the original period of lease. Lease extension shall be in writing executed by both parties 3 months before the expiration of the original period of lease. ISLASOL has the sole option to extend the term of the lease.

MSEI's Contract of Lease for Land
On September 2, 2015, MSEI entered into a lease agreement with Montenegro Brothers Agricultural Corporation for 21.45 hectares of land located in Barrio Alanginlanan, Bais, Negros Oriental as site for the construction and operation of its solar power facility. The term of the lease shall be for a period of 25 years, with a monthly rental payment of P7.00 per square meter, exclusive of VAT, and subject to annual adjustment based on actual inflation rate covering subject period as published/ pronounced by National Economic Development Authority or equivalent agency. The period of lease may be extended, under the same terms and conditions, at the sole discretion of MSEI for up to another 25 years.

Solarace1's Contract of Lease for Land
On September 30, 2019, Solarace1 entered into a lease agreement with Ayala Land Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility. The term of the lease shall be for a period of 21 years, with a monthly rental payment of ₱15.45 per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of Solarace1 for up to another 21 years.

Northwind's Contract of Lease for Rental of Office Space
In August 2017, Northwind's Metro Manila Administrative Office transferred to Makati. A new contract of lease was signed on September 18, 2017 with 6750 Ayala Avenue Joint Venture (AAJV) for a period of 5 years by NLR, an affiliate of Northwind.

An Agreement on the Assignment of Lease was signed between NLR and Northwind on November 20, 2017. NLR assigned half of the lease premises of 123.8 sq. meters to the Northwind, with a monthly rental of ₱0.12 million subject to 5% annual escalation rate.

In January 2020, Northwind assigned the contract of lease with 6750 AAJV to AC Energy Philippines, Inc.

31. **Financial Risk Management Objectives and Policies**

Objectives and Investment Policies
The funds of the entities are held directly by the Group and are managed by AC Energy's Risk, Corporate Finance, Investor Relations and Treasury Group (RCIT).

All cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance is yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

RCIT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

RCIT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

Risk Management Process

Foreign Exchange Risk
The Group defines foreign exchange risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:
- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading either by spot conversions; and
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values

The Group's significant foreign currency-denominated financial assets and financial liabilities as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)			December 31, 2019 (As restated)		
	U.S. Dollar (US$)	**Euro (€)**	**Sing (S$)**	U.S. Dollar (US$)	Euro (€)	**Sing (S$)**
Financial Assets						
Cash and cash equivalents	**$20,115**	**€–**	**S$–**	$15,051	€–	S$–
Short-term investments	–	–	–	2,776	–	–
Other receivables	–	–	–	441	–	31
	$20,115	–	–	18,268	–	S$31
Financial Liabilities						
Accounts payable and other current liabilities	**(4,300)**	**(258)**	**(487)**	(1,416)	(615)	(43)
Short-term loans	**(100,000)**	–	–	–	–	–
	(104,300)	**(258)**	**(487)**	(1,416)	(615)	(43)
Net foreign currency-denominated assets (liabilities)	**($84,185)**	**(€258)**	**($487)**	$16,852	(€615)	(S$12)
Peso equivalent	**(₱4,080,447)**	**(₱14,683)**	**(₱17,250)**	₱855,070	(₱34,692)	(₱450)

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱48.47 to US$1.00, ₱56.91 to €1.00 and ₱35.42 to S$1.00 as at September 30, 2020 and ₱50.74 to US$1.00, ₱56.41 to €1.00 and ₱37.49 to S$1.00 as at December 31, 2019.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in 2020 and 2019. The possible changes are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US$	Euro (€)	Sing (S$)
2020	**(₱0.50)**	**₱42,093**	**₱129**	**(S$243)**
	(1.00)	**84,185**	**258**	**(487)**
	0.50	**(42,093)**	**(129)**	**243**
	1.00	**(84,185)**	**(258)**	**487**
2019	(₱0.50)	(₱8,426)	(₱725)	₱6
	(1.00)	(16,852)	(1,450)	12
	0.50	8,426	725	(6)
	1.00	16,852	1,450	(12)

Credit or Counterparty Risk

The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by RCIT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and RCIT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	September 30, 2020 (Unaudited)					
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
Current:						
Trade receivables	**₱2,951,422**	**₱–**	**₱–**	**₱945,710**	**₱80,991**	**₱3,978,123**
Due from related parties	–	**2,554**	–	**173,806**	–	**176,360**
Others	–	**1,124,165**	–	**633,845**	**85,984**	**1,843,994**
Noncurrent						
Trade receivables	–	–	–	**2,003,782**	**13,752**	**2,017,534**
Receivables from third parties	–	**423,352**	–	–	–	**423,352**
	₱2,951,422	**₱1,550,071**	**₱–**	**₱3,757,143**	**₱180,727**	**₱8,439,363**

	December 31, 2019 (As restated)					
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
Current:						
Trade receivables	₱1,944,167	₱–	₱411,139	₱208,592	₱81,023	₱2,644,921
Due from related parties	9	–	–	–	–	9
Others	–	96,641	27,598	434,240	85,984	644,463
Noncurrent						
Trade receivables	–	–	–	1,123,511	13,751	1,137,262
Receivables from third parties	–	423,705	12,564	–	–	436,269
	₱1,944,176	₱520,346	₱451,301	₱1,766,343	₱180,758	₱4,862,924

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments and derivative assets were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third-party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk of financial assets not subject to impairment
The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk which mainly pertains to financial assets at FVOCI amounting to ₱1.25 million and ₱533.14 million as at September 30, 2020 and December 31, 2019.

Maximum exposure to credit risk of financial assets subject to impairment
The gross carrying amount of financial assets subject to impairment are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (As restated)
Financial Assets at Amortized Cost		
(Portfolio 1)		
Cash and cash equivalents	**₱6,340,468**	₱9,592,576
Short-term investments	–	100,000
Under "Receivables" account		
Trade receivables	**3,978,123**	2,644,921
Due from related parties	**176,360**	9
Others	**1,843,994**	644,463
Under "Other Noncurrent Assets" account		
Trade receivables	**2,017,534**	–
Receivables from third parties	**423,352**	436,269
Deposits and advances to suppliers	**1,037,974**	415,332
	₱15,817,805	₱13,833,570

The Group's maximum exposure to credit risk are as follows:

	September 30, 2020 (Unaudited)				
	12-month	**Lifetime ECL**			**Total**
Grade	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	
High	**₱6,340,468**	**₱–**	**₱–**	**₱5,995,657**	**₱12,336,125**
Standard	–	–	–	–	–
Substandard	–	–	–	–	–
Default	–	–	–	**13,752**	**13,752**
Gross carrying amount	**6,340,468**	–	–	**6,009,409**	**12,349,877**
Less loss allowance	–	–	–	**166,975**	**166,975**
Carrying amount	**₱6,340,468**	**₱–**	**₱–**	**₱5,842,434**	**₱12,182,902**

	December 31, 2019 (As restated)				
	12-month	Lifetime ECL			Total
Grade	Stage 1	Stage 2	Stage 3	Simplified Approach	
High	₱8,219,484	₱–	₱–	₱3,094,449	₱11,313,933
Standard	–	–	–	–	–
Substandard	–	–	–	–	–
Default	–	–	–	120,262	120,262
Gross carrying amount	8,219,484	–	–	3,214,711	11,434,195
Less loss allowance	–	–	–	167,007	167,007
Carrying amount	₱8,219,484	₱–	₱–	₱3,047,704	₱11,267,188

Liquidity Risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments does not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

	September 30, 2020 (Unaudited)					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 Year to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱–**	**₱1,552,847**	**₱3,422,108**	**₱–**	**₱–**	**₱4,974,955**
Retention payable	**–**	**–**	**45,963**	**–**	**–**	**45,963**
Accrued expenses [a]	**–**	**277,930**	**259,353**	**–**	**–**	**537,283**
Accrued interest	**–**	**51,112**	**190,935**	**–**	**–**	**242,047**
Due to related parties	**–**	**151,501**	**102,129**	**–**	**–**	**253,630**
Derivative liability	**–**	**129,494**	**–**	**–**	**–**	**129,494**
Others	**–**	**5,377**	**–**	**–**	**–**	**5,377**
Short-term loans	**–**	**–**	**6,767,473**	**–**	**–**	**6,767,473**
Due to stockholders	**–**	**21,685**	**–**	**–**	**–**	**21,685**
Lease liabilities [b]	**–**	**41,401**	**138,855**	**785,762**	**2,664,923**	**3,630,941**
Long-term loans [c]	**–**	**770,801**	**1,363,150**	**10,752,416**	**21,823,679**	**34,710,046**
Other noncurrent liabilities	**–**	**–**	**–**	**735,464**	**1,274,411**	**2,009,875**
	₱–	**₱3,002,148**	**₱12,289,966**	**₱12,273,642**	**₱25,763,013**	**₱53,328,769**

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*

	December 31, 2019 (As restated)					
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱–	₱1,131,160	₱2,008,782	₱–	₱–	₱3,139,942
Retention payable	–	2,377	–	–	–	2,377
Accrued expenses [a]	23,942	35,912	83,587	–	–	143,441
Accrued interest	–	34,405	103,213	21,472	–	159,090
Due to related parties	–	142,546	47,516	–	–	190,062
Derivative liability	–	21,060	–	–	–	21,060
Accrued directors' and annual incentives	50	–	–	–	–	50
Others [b]	13,902	10,264	170,189	–	–	194,355
Due to stockholders	16,594	–	–	–	–	16,594
Lease liabilities [c]	–	8,386	25,157	105,206	842,789	981,538
Long-term loans [d]	–	296,922	296,925	8,076,832	14,248,767	22,919,446
Other noncurrent liabilities	–	–	–	2,370,914	918,988	3,289,902
	₱54,488	₱1,683,032	₱2,735,369	₱10,574,424	₱16,010,544	₱31,057,857

[a] *Excluding current portion of vacation and sick leave accruals amounting to ₱6.94 million.*
[b] *Excluding payable to officers and employees amounting to ₱9.21 million.*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*

As at September 30, 2020 and December 31, 2019, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	September 30, 2020 (Unaudited)				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Current:					
Cash and cash equivalents	**₱6,342,176**	**₱–**	**₱–**	**₱–**	**₱6,342,176**
Receivables:					
Trade	**2,951,423**	**490,460**	**506,129**	**30,111**	**3,978,123**
Due from related parties	**2,555**	**–**	**173,805**	**–**	**176,360**
Others	**1,124,165**	**18,750**	**564,216**	**136,863**	**1,843,994**
Noncurrent:					
Trade receivables	**–**	**–**	**–**	**2,003,782**	**2,003,782**
Receivable from third parties	**–**	**–**	**–**	**423,352**	**423,352**
Deposit receivables	**–**	**–**	**–**	**120,178**	**120,178**
Derivative assets	**–**	**689**	**–**	**–**	**689**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**21**	**21**
Unquoted	**–**	**–**	**–**	**1,230**	**1,230**
	₱10,420,319	**₱509,899**	**₱1,244,150**	**₱2,715,537**	**₱14,889,905**

	December 31, 2019 (As restated)				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱9,593,248	₱–	₱–	₱–	₱9,593,248
Short-term investments	100,000	–	–	–	100,000
Receivables:					
Trade	1,944,166	289,616	411,139	–	2,644,921
Due from related parties	9	–	–	–	9
Others	96,641	520,223	27,599	–	644,463
Deposit receivables*	–	–	77,284	–	77,284
Noncurrent:					
Trade receivables	1,123,511	–	–	–	1,123,511
Receivable from third parties	–	12,564	–	423,705	436,269
Deposit receivables	–	–	–	109,419	109,419
Derivative assets	–	33	–	–	33
Financial assets at FVOCI:					
Quoted	–	–	–	21	21
Unquoted	–	–	–	533,116	533,116
	₱12,857,575	₱822,436	₱516,022	₱1,066,261	₱15,262,294

**Excluding nonrefundable deposits amounting to nil and ₱13.52 million as at December 31, 2019.*

Market Risk

Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2020 and December 31, 2019, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

<u>ACEN</u>
In 2019, the Parent Company availed a ₱5.00 billion loan with BDO with a term of ten (10) years payable in semi-annual installments. The loan has a fixed interest rate for the first five (5) years and is subject to be repriced for the succeeding five (5) years.

On July 10, 2020, the Parent Company entered into a term loan agreement with CBC amounting to ₱7.00 billion. The loan has a term of ten (10) years with an option to choose the pricing structure prior to each drawdown. As at September 30, 2020, the Parent Company has drawn ₱1.50 billion and is subject to a fixed interest rate of 5% for ten (10) years with no repricing. The undrawn portion of the term loan facility amounting to ₱5.50 billion is still subject to interest rate risk depending on the pricing structure to be selected once drawdown is made.

Commodity Price Risk
The Group defines Commodity Price Risk as the risk of realizing reduced profit margins and/or increasing the volatility of future earnings that are affected by the pricing variability and uncertainty in coal supply and any associated foreign exchange risk. The risk is measured based on potential downside impact of market volatility to target earnings.

To manage Commodity Price Risk, the Group develops a Coal and Fuel Hedging Strategy aimed to:
- Manage the risk associated with unexpected increase in coal and fuel prices which affect the target Profit & Loss of the Group
- Determine the Hedge Item and appropriate Hedging Instrument to use, including but not limited to price, amount and tenor of the hedge to reduce the risk to an acceptable level
- Reduce Mark-to-Market impact of hedges by qualifying the hedging transaction for hedge accounting

Only the Group's Chief Executive Officer and Chief Finance Officer are authorized to make coal and fuel hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed quarterly during the Group's Finance Committee (FINCOM). Continuation, addition, reduction and termination of existing hedges are decided by the FINCOM and any material change in permissible hedging instrument, counterparties and limits are elevated to the Board for approval.

As at September 30, 2020 and December 31, 2019, the Group's outstanding fuel and coal hedge volumes and resulting derivative asset and liability are as follows:

Fuel

	September 30, 2020 (Unaudited)		Test of
	In Metric Tons (MT)	U.S. Dollar (US$)	Effectiveness
Derivative Assets	**550**	**14**	**100%**
BAP closing rate		**48.49**	
Peso equivalent		**₱689**	

Coal

	September 30, 2020 (Unaudited)		Test of
	In Metric Tons (MT)	U.S. Dollar (US$)	Effectiveness
Derivative Liabilities	**404,000**	**(4,320)**	**100%**
BAP closing rate		**48.48**	
Peso equivalent		**(₱209,434)**	

	December 31, 2019		Test of
	In Metric Tons (MT)	U.S. Dollar (US$)	Effectiveness
Derivative Liabilities	135,000	(414)	100%
BAP closing rate		50.82	
Peso equivalent		(₱21,040)	

The portion of gain or loss on the hedging instrument amounting to ₱187.69 million that is determined to be effective is recognized in other comprehensive income as at September 30, 2020.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVOCI.

Monitoring of Risk Management Process
Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Weekly market reports are submitted to the Management Committee that includes an updated summary of global and domestic events of the past month and the balance of the year.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

During 2019, the Parent Company availed a ₱5.00 billion loan with BDO. During 2020, the Parent company availed short-term loans amounting to $100 million with ACRI and ₱2.55 million from various banks. The Parent company also availed a ₱1.50 billion term loan from CBC. In relation to these loans, the Parent Company closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

32. **Fair Values**

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at September 30, 2020 and December 31, 2019:

	September 30, 2020 (Unaudited)			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Financial assets at FVOCI	**₱1,251**	**₱21**	**₱1,230**	**₱–**
Derivative asset*	**689**	**–**	**689**	**–**
Refundable deposits**	**120,178**	**–**	**–**	**120,178**
Trade Receivables***	**1,544,487**	**–**	**–**	**1,544,487**
Receivables from third parties****	**2,131,226**	**–**	**–**	**2,131,226**
	₱3,797,831	**₱21**	**₱1,919**	**₱3,795,891**
Liabilities				
Long-term debt	**₱24,129,626**	**₱–**	**₱26,737,477**	**₱–**
Deposit payables and other liabilities*****	**178,875**	**–**	**–**	**178,875**
Derivative liability	**209,434**	**–**	**209,434**	**–**
Lease liabilities	**1,847,017**	**–**	**1,529,157**	**–**
	₱26,364,952	**₱–**	**₱28,476,068**	**₱178,875**

** Included under "Other current assets" account.*
*** Included under "Other current assets" and "Other noncurrent assets" accounts.*
**** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments only.*
***** Included under "Receivables" and "Other noncurrent assets" accounts.*
****** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

	December 31, 2019 (As restated)			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVOCI	₱533,137	₱21	₱533,116	₱–
Derivative asset*	33	–	33	–
Refundable deposits**	109,419	–	–	109,419
Receivables from third parties***	840,219	–	–	840,219
	₱1,482,808	₱21	₱533,149	₱949,638
Liabilities				
Long-term debt	₱22,919,446	₱–	₱23,487,779	₱–
Deposit payables and other liabilities****	169,773	–	–	169,773
Derivative liability	21,060	–	21,060	–
Lease liabilities	981,538	–	742,267	–
	₱24,091,817	₱–	₱24,251,106	₱169,773

** Included under "Other current assets" account.*
*** Included under "Other current assets" and "Other noncurrent assets" accounts.*
**** Included under "Receivables" and "Other noncurrent assets" accounts.*
***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Asset at FVOCI
Quoted market prices have been used to determine the fair values of quoted financial assets at FVOCI.

Refundable Deposits, Deposits Payable and Other Liabilities
Estimated fair value is based on present value of future cash flows discounted using the prevailing PDST-R2 rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 3.42% to 6.08%.

Lease liabilities
Estimated fair value of lease liabilities is based on the present value of future cash flows, discounted using the prevailing risk-free rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period. The discount rates used range from 3.05% to 5.88% as at September 30, 2020.

Derivative asset and liability
The fair value of the derivative asset and liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

33. **Operating Segments**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The scope of the operating segments has been modified following the changes in the organization due to various acquisitions (see Notes 1, 2, 4 and 5).

- Power segment has been renamed to "Philippines" and now includes the Commercial Operations, Renewables and Thermal and Diesel entities.
- Petroleum has been aggregated with a new segment "Parent and Others". This segment now includes ACEN parent, ACE Enexor parent and Palawan55.

2019 comparative segment information has been restated.

No operating segments have been aggregated to form the above reportable operating segments.

	For the nine-month period ended September 30, 2020 (Unaudited)			
	Parent and Others	**Philippines**	**Intersegment Eliminations**	**Consolidated**
Revenue				
Revenue from sale of electricity	**₱–**	**₱19,776,998**	**(₱4,626,973)**	**₱15,150,025**
Rental income	**–**	**137,967**	**(66,304)**	**71,663**
Other revenues	**37,200**	**65,413**	**(76,024)**	**26,589**
	37,200	**19,980,378**	**(4,769,301)**	**15,248,277**
Costs and expenses				
Cost of sale of electricity	**–**	**14,724,731**	**(4,577,188)**	**10,147,543**
General & administrative expenses	**608,852**	**589,568**	**79,229**	**1,277,649**
	608,852	**15,314,299**	**(4,497,959)**	**11,425,192**
Equity in net income of associates and a joint venture	**–**	**13,667**	**471,524**	**485,191**
Interest and other finance charges	**(506,100)**	**(913,313)**	**55,198**	**(1,364,215)**
Other income (expense)	**407,701**	**36,180**	**120,844**	**564,725**
Net income before income tax	**(670,051)**	**3,802,613**	**376,224**	**3,508,786**
Provision for (benefit from) income tax	**46,110**	**675,409**	**(234,208)**	**487,311**
Segment net income (loss)	**(₱716,161)**	**₱3,127,204**	**₱610,432**	**₱3,021,475**

	As at September 30, 2020 (Unaudited)			
Operating assets	**₱43,593,233**	**₱66,460,747**	**(₱47,298,436)**	**₱62,755,544**
Operating liabilities	**₱20,369,019**	**₱36,238,861**	**(₱14,270,552)**	**₱42,337,328**
Other disclosure:				
Depreciation and Amortization	**₱15,877**	**₱1,466,987**	**(₱4,774)**	**₱1,478,089**

	For the nine-month period ended September 30, 2019 (Unaudited)			
	Parent and Others	Philippines	Intersegment Eliminations	Consolidated
Revenue				
Revenue from sale of electricity	₱–	₱12,995,228	(₱1,202,577)	₱11,792,651
Rental income	1,358	45,504	–	46,862
Dividend income	7,585	17,823	–	25,408
	8,943	13,058,555	(1,202,577)	11,864,921
Costs and expenses				
Cost of sale of electricity	–	12,897,800	(1,202,577)	11,695,223
General & administrative expenses	180,948	253,053	–	434,001
	180,948	13,150,853	(1,202,577)	12,129,224
Equity in net income (loss) of associates and a joint venture	(79,100)	–	73,349	(5,751)
Interest and other finance charges	(219,682)	(378,606)	–	(598,288)
Other income (expense)	345,961	296,533	–	642,494
	47,179	(82,703)	73,349	38,455
Net income (loss) before income tax	(124,826)	(174,371)	73,349	(225,848)
Provision for (benefit from) income tax	(63,303)	54,436	–	(8,867)
Segment net income (loss)	(₱61,523)	(₱228,807)	₱73,349	(₱216,981)

	As at December 31, 2019 (As restated)			
Operating assets	₱20,924,454	₱42,213,640	(₱14,600,551)	₱48,537,543
Operating liabilities	₱13,152,089	₱ 20,156,697	(₱1,351,	₱31,957,524262)
Other disclosure:				
Depreciation and Amortization	₱10,476	₱469,239	₱102,345	₱582,060

Adjustments and Eliminations

Interest and other financial income, including fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Company's associates and joint venture.

Reconciliation of profit

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Segment total profit (loss) before adjustments and eliminations	**₱2,411,044**	(₱290,330)
Dividend income	–	25,408
Rent income	**71,663**	46,862
Interest and other financial charges	**(1,364,215)**	(598,288)
Interest and other financial income	**564,725**	642,494
Other income (loss) - net	**1,338,258**	(43,127)
Income before income tax	**₱3,021,475**	(₱216,981)

Other income - net include foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment and financial assets at FVOCI, provision for probable losses, gain (loss) on derivatives and other miscellaneous income (expense) which are managed on a group basis and are not allocated to operating segments.

34. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the nine-month period ended September 30, 2020 and 2019 are as follow:

	September 30, 2020 (Unaudited)	September 30, 2019 (Restated)
Acquired through business combination (Note 4):		
Property, plant and equipment	**₱2,119,796**	₱19,860,741
Right-of-use assets	**996,101**	229,377
Other noncurrent assets	**8,383**	661,132
Non-cash additions to property, plant and equipment	**1,124,104**	94,228
Reclassifications to (from):		
Creditable withholding taxes	**53,069**	–
Asset held for sale	**(3,546)**	–
Property, plant and equipment	**(1,247)**	(133,883)
Right-of-use assets	**–**	118,183

Movements in the Group's liabilities from financing activities for the nine-month period ended September 30, 2020 and 2019 are as follows:

	January 1, 2020 (as Adjusted, Unaudited)	Availments/ Proceeds	Payments	Others	September 30, 2020
Current portion of:					
Short-term loans	**₱3,556**	**₱7,671,500**	**(₱753,556)**	**₱120,709**	**₱7,042,209**
Long-term loans	**593,847**	**–**	**(593,847)**	**745,474**	**745,474**
Lease liabilities	**128,796**	**–**	**(141,155)**	**270,706**	**258,347**
Interest payable	**159,090**	**–**	**(1,142,466)**	**1,225,423**	**242,047**
Dividends payable	**–**	**–**	**(658,669)**	**658,669**	**–**
Due to stockholders	**16,594**	**5,091**	**–**	**–**	**21,685**
Noncurrent portion of:					
Long-term loans	**22,325,599**	**3,800,000**	**(1,996,968)**	**(744,479)**	**23,384,152**
Lease liabilities	**852,742**	**–**	**–**	**735,928**	**1,588,670**
Other noncurrent liabilities	**1,280,027**	**153,541**	**–**	**576,309**	**2,009,877**
Total liabilities from financing activities	**₱25,360,251**	**₱11,630,132**	**(₱5,286,661)**	**₱3,588,739**	**₱35,292,461**

	January 1,2019	Payments	Others	September 30, 2019
Current portion of:				
Short-term loans	₱400,000	(₱400,000)	₱–	₱–
Long-term loans	265,460	(265,460)	532,459	532,459
Lease liabilities	35,426	(63,769)	44,810	16,467
Interest payable	79,297	(576,161)	553,525	56,661
Due from stockholders	16,651	(1,472)	32,415	47,594
Noncurrent portion of:				
Long-term loans	6,071,473	(931,405)	12,587,513	17,727,581
Lease liabilities	536,889	–	173,051	709,940
Total liabilities from financing activities	₱7,405,196	(₱2,238,267)	₱13,923,773	₱19,090,702

Short-term loans include ₱2,140.73 million assumed through the business combination of ISLASOL, with a carrying amount of ₱395.71 million as at September 30, 2020.

35. Contingencies

Tax assessments:

a. On August 20, 2014, ACEN distributed cash and property dividends in the form of shares in ACE Enexor after securing SEC's approval of the registration and receipt of Certificate Authorizing Registration (CAR) from the BIR.

   On October 22, 2014, ACEN received from the BIR a Formal Letter of Demand (FLD), assessing ACEN for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

   On November 21, 2014, ACEN and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:
   1) The dividend distribution is a distribution of profits by ACEN to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;
   2) ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
   3) There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment (FDDA) denying the protest. On June 25, 2015, ACEPH filed with the CTA a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA granted ACEN's petition and ordered the cancellation and withdrawal of the FLD. On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's (CIR's) motion for reconsideration. On February 22, 2019, the CIR filed a petition for review with the CTA en banc seeking the reversal of the CTA Third Division's decision dated September 28, 2018 and resolution dated January 18, 2019. On July 21, 2020, the CTA en banc upheld the decision of the Third Division and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at November 11, 2020, the CIR's motion for reconsideration has not been resolved by the CTA en banc.

b. NLR is a party to several cases involving the assessment and collection by the Provincial Treasurer of real property tax on the wind turbine generators, civil works, equipment, machinery, and transmission lines of NLR located in the municipalities of Pagudpud, Bacarra, Burgos, Pasuquin and Bangui. NLR was assessed real property tax at a rate of 2% or an aggregate amount of ₱411.01 million for years 2015 to 2019. NLR paid under protest the real property taxes thereon and filed a protest questioning the imposition of 2% tax rate on its renewable energy (RE) facilities, and the penalty assessed for the real property taxes for the year 2015. Under Republic Act No. 1953, otherwise known as Renewable Energy Act of 2008, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value.

   In 2017, the Central Board Assessment Appeals (CBAA) ruled in favor of NLR stating that NLR can recover the real property tax paid in year 2015 to 2016 and the penalty pain in 2015 totaling ₱50.96 million. In a decision dated February 26, 2020, the Court of Tax Appeals upheld the CBAA ruling and ruled in favor of NLR. The decision is not yet final and executory.

   As at September 30, 2020, the 2017 to 2020 real property tax protest, with an aggregate amount of ₱58.24 million, is still pending decision with the Local Board Assessment Appeals of Ilocos Norte.

<u>Claims for tax refund</u>

a. On August 15, 2016, Guimaras Wind filed with the BIR a letter and application for tax credits or refund for the Guimaras Wind's excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to Guimaras Wind's zero-rated sales. On December 19, 2016, Guimaras Wind received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31, 2014. On January 11, 2017, Guimaras Wind filed with the CTA a Petition for Review. During 2018, Guimaras Wind and the BIR presented their evidence and arguments. On January 9, 2020, Guimaras Wind received a copy of the Decision of the CTA.

   In its Decision, the CTA partially granted Guimaras Wind's Petition for Review and ordered the BIR to refund or issue a tax credit certificate in favor of Guimaras Wind in the reduced amount of ₱16.15 million since the CTA ruled that Guimaras Wind was able to prove compliance with the essential elements for the grant of VAT zero-rating under Section 15(g), Renewable Energy Act of 2008 beginning June 1, 2015, which are as follows:

1. The seller (Guimaras Wind) is a Renewable Energy Developer of renewable energy facilities;
2. It sells fuel or power generated from renewable sources of energy, such as wind;
3. The said seller is a “generation company,” i.e., a person or entity authorized by the Energy Regulatory Commission (ERC) to operate facilities used in the generation of electricity; and
4. Such authority is embodied in a COC issued by the ERC which must be secured before the actual commercial operations of the generation facility.

However, the CTA held that Guimaras Wind was not able to prove compliance with the 3rd and 4th essential elements to qualify for VAT zero-rating prior to June 1, 2015 because the CTA considered the condition fulfilled only upon the issuance of the COC by the ERC in favor of Guimaras Wind on June 1, 2015. Hence, Guimaras Wind’s generated sales from its power generation activities which were considered by the CTA to be subject to zero percent (0%) VAT were only those made during the period June 1, 2015 to June 30, 2015.

On January 24, 2020, Guimaras Wind filed its motion for reconsideration where it presented that the sale of power through renewable sources of energy by VAT-registered persons shall be subject to 0% VAT per Tax Code and Renewable Energy Act of 2008 and that the COC issued by the ERC merely confirms the status of Guimaras Wind as a Generation Company.

On January 29, 2020, the BIR also filed a motion for reconsideration praying that the Court reconsider its Decision of January 3, 2020 and deny the entirety of Guimaras Wind's claim for refund.

On July 1, 2020, Guimaras Wind received the CTA Third Division’s Resolution denying the Company’s motion for reconsideration for lack of merit. Guimaras Wind filed its appeal on August 20, 2020 with the CTA En Banc.

On September 23, 2020, the CTA En Banc denied the Motion for Partial Reconsideration filed by the CIR and affirmed its earlier decision partially granting Guimaras Wind's claim for refund in the amount of ₱16.15 million. Guimaras Wind expects the CIR to file an appeal with the CTA En Banc which may be consolidated with the Petition for Review Guimaras Wind filed on August 20, 2020.

Meanwhile, on September 4, 2020, Guimaras Wind filed a Motion to Amend Petitioner's Name from Phinma RE to Guimaras Wind Corporation which was granted by CTA En Banc on September 18, 2020.

b. In 2018, SACASOL file a petition for review to the CTA for the disallowed claim of 2014 and 2015 input VAT amounting to ₱62.64 million. On February 3, 2020, SACASOL filed a memorandum with the CTA on the pending case. No decision was received from the CTA as at report date.

c. NLR filed a claim with the BIR for the conversion into tax credit certificates of its unutilized Input VAT amounting to ₱9.28 million in March 2018 for the taxable period from 1st quarter to 4th quarter of 2016, of which, ₱8.32 was disallowed by the BIR. Related impairment loss of the same amount was recognized in 2019 for the disallowed input VAT.

In 2018, NLR converted into tax credit certificates the amount of ₱0.96 million out of the ₱9.28 million.

On July 25, 2020, NLR filed an appeal with the CTA questioning the denial by the BIR. A Memorandum was filed by both parties and is submitted for decision.

NLR recognized allowance for input VAT impairment amounted to ₱19.31 million as at September 30, 2020 and December 31, 2019.

d. Northwind filed for refund of excessive input VAT for the year 2016, amounting to ₱3.61 million originally filed on July 25, 2018, the Northwind later moved to withdraw its Petition for Review. Through the Resolution dated June 10, 2019, the CTA granted the Northwind’s withdrawal. Accordingly, the CTA declared that the VAT Refund/Credit Notice dated May 11, 2018 as final and executory. The Commissioner of Internal Revenue’s (“CIR”) prayer to reconsider the dismissal of the case was denied via the Resolution dated September 13, 2019.

   On October 18, 2019, the CIR filed its Petition for Review praying for the Resolution to be reversed and a new one be entered declaring that Northwind is not entitled to the entire claim. On December 12, 2019, the Corporation filed its Comment/Opposition to Petitioner’s Petition for Review praying that the Petition for Review be denied and the Resolution of the Court of Appeals First Division be upheld. The CTA issued a Resolution dated January 10, 2020 giving due course to the Petitioner’s Petition for Review and submitting it for decision.

   Northwind recognized provision for impairment losses on input VAT amounting to ₱3.77 million and ₱0.14 million in September 30, 2020 and 2019, respectively.

36. Events After the Reporting Period

Additional subscription to Bataan Solar
On October 15, 2020, ACEN signed a subscription agreement with Bataan Solar for subscription of additional 7,999,190 common shares and 71,992,425 Class A Redeemable Preferred Shares ("RPS A") to be issued out of the increase in ACS of Bataan Solar, with subscription price of ₱39,995,950 and ₱359,962,125, respectively, to be paid in tranches with ₱99,989,520, payable on date of acquisition.

Amendment to subscription agreement with Ingrid
On October 22, 2020, ACEN executed a subscription agreement with deed of assignment of advances and deposits for future stock subscription with Ingrid for the subscription by ACEN of 5 Class A common shares ("Common A"), 480,000 Class A redeemable preferred shares ("RPS A"), and 5,219,995 Class B redeemable preferred shares ("RPS B") of Ingrid.

Assignment to Ingrid by ACEN in the total amount of ₱570 million, composed of ₱150 million outstanding receivables from Ingrid and ₱420 million deposits for future stock subscription, in exchange for, and as payment for, the subscribed shares to be issued out of the increase in the authorized capital stock of Ingrid, subject to necessary regulatory approvals from the SEC.
The subscription agreement with deed of assignment effectively supersedes the subscription agreement of 50,000 Class A common shares and 5,651,000 Class A RPS, dated December 18, 2019.

The subscription will be used to fund initial works for the construction of the Ingrid project.

Prepayment of the BDO legacy loan
On October 30, 2020, ACEN prepaid in full its ₱500 million corporate note with BDO in accordance with the terms of the loan agreement.

ACEN was able to get consent from BDO to allow prepayment on an interest payment date October 30, 2020 without premium or penalty.

Agreement letter on the extension of payment
On October 30, 2020, ISLASOL, VRC and TLCTI Asia entered into letter agreement on the extension of payment for the balance of subscription payable by TLCTI Asia in favor of ISLASOL in the amount of ₱405.97 million with an interest rate of 8% for any portion paid on or before February 28, 2021; and 10% for any portion paid after February 28, 2021. TLCTI Asia has until December 31, 2021 to pay the balance of the subscription price.

Events after the reporting period are treated as non-adjusting events.

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of AC Energy Philippines Inc. or ACEN *(formerly PHINMA Energy Corporation)* and its subsidiaries should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2020, for the nine months ended September 30, 2020 and 2019 and the restated financial statements as at December 31, 2019. The unaudited interim consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

The Company posted consolidated net income attributable to parent amounting to **₱2,935.10 million** for the period ended September 30, 2020 compared to **₱229.57 million** restated net loss in the same period last year.

The tables below summarize the consolidated results of operations of ACEN's revenues, costs and expenses for the period ended September 30, 2020 and 2019.

Revenues

	July-Sept		**Jan-Sept**		**July-Sept**		**Jan-Sept**	
In thousand Pesos	**2020**	2019	**2020**	2019	**Inc (Dec)**	%	**Inc (Dec)**	%
Revenue from sale of electricity	**5,262,547**	3,482,281	**15,150,025**	11,792,651	**1,780,266**	51	**3,357,374**	28
Dividend income	–	17,823	–	25,408	**(17,823)**	(100)	**(25,408)**	(100)
Rental income	**8,590**	45,485	**71,663**	46,862	**(36,895)**	(81)	**24,801**	53
Other revenue	**7,134**	–	**26,589**	–	**7,134**	–	**26,589**	100

- The increase in **revenue from sale of electricity** was primarily due to higher energy sales from the Parent Company's power supply business as a result of the new contracts. The group also recognized additional revenues from the consolidation of newly acquired entities and FIT adjustments.
- No **dividend income** was received for the nine months period ended September 30, 2020.
- **Rental income** increased due to the contribution from entities acquired as a result of the asset swap with AC Energy, Inc.
- **Other revenue** consists of management fees earned by ACEN from its associate and bulk water sales.

Costs and Expenses

In thousand Pesos	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	July-Sept Inc (Dec)	%	Jan-Sept Inc (Dec)	%
Cost of sale of electricity	**3,741,547**	3,396,245	**10,147,543**	11,695,223	**345,302**	10	**(1,547,680)**	(13)
General and administrative	**446,628**	152,936	**1,277,649**	434,001	**293,692**	192	**843,648**	194

- With the favorable increase in energy sales, **cost of sale of electricity** for the nine-month period ending September 30, 2020 still managed to decrease due to lower WESM prices especially during the first half of the year compared to same period last year. However, cost of sale of electricity for the third quarter of 2020 increased versus 2019 corresponding to higher energy sales.
- **General and administrative expenses** increased due to personnel integration-related expenses, management fees paid to AC Energy, Inc, taxes on borrowings and provision for oil spill expenses before insurance recovery.

Other Income and Expenses

In thousand Pesos	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	July-Sept Inc (Dec)	%	Jan-Sept Inc (Dec)	%
Interest and other finance charges	**(456,420)**	(362,449)	**(1,364,215)**	(598,288)	**(93,971)**	26	**(765,927)**	128
Other Income	**228,402**	591,065	**564,725**	642,494	**(362,663)**	(61)	**(77,769)**	(12)
Equity in net income (loss) of associates and joint ventures	**146,657**	54,284	**485,191**	(5,751)	**92,373**	170	**490,942**	(8,537)

- **Interest and other finance charges** is higher due to availment of new long-term and short-term loans from November 2019 to the first quarter of 2020. This was also driven by higher interest accretion on lease liabilities with additional lease contracts consolidated in the group following the asset swap with AC Energy, Inc. as well as new contracts entered from last quarter of 2019.
- **Other income** included fees for services rendered during the first quarter of 2020 as well as gain from foreign currency transactions. However, other income in 2019 is higher than 2020 attributed to the collection of SLTEC's business interruption insurance claims and gain from sale of assets.
- Higher **equity in net income of associates and JV** was posted in the third quarter of 2020 compared to same period last year mainly attributed to income contribution from PhilWind with the transfer of indirect interest from AC Energy, Inc. through asset swap together with acquisition of PINAI's interest in February 2020.

Provision for income tax

In thousand Pesos	July-Sept **2020**	July-Sept 2019	Jan-Sept **2020**	Jan-Sept 2019	July-Sept **Inc (Dec)**	July-Sept %	Jan-Sept **Inc (Dec)**	Jan-Sept %
Current	**28,091**	54,487	**178,483**	69,617	**(26,396)**	(48)	**108,866**	156
Deferred Income tax	**27,581**	(114,651)	**308,828**	(78,484)	**142,232**	(124)	**387,312**	(493)

- The increase in **provision for income tax - current** was due to higher consolidated taxable income for the period ended September 30, 2020 which is attributable to higher revenue coupled with lower cost of sales.
- **Provision for deferred income tax** in the third quarter of 2020 was higher due to the reversal of deferred tax assets on NOLCO.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	**September 2020**	**December 2019**	**Increase (Decrease) Amount**	**%**
Current Assets				
Cash and cash equivalents	**6,342,176**	9,593,248	(3,251,072)	(34)
Short term deposits	–	100,000	(100,000)	(100)
Receivables	**5,831,502**	3,122,386	2,709,116	87
Fuel & spare parts - at cost	**1,337,289**	938,459	398,830	42
Current portion of:				
Input VAT	**479,565**	186,337	293,228	157
CWT	**205,541**	179,007	26,534	15
Other current assets	**500,471**	212,819	287,652	135
Asset held for sale	**–**	3,546	(3,546)	(100)
Noncurrent Assets				
Plant, property and equipment	**30,881,631**	25,438,929	5,442,702	21
Investments and advances	**6,384,183**	2,534,102	3,850,081	152
Financial assets at FVOCI	**1,251**	533,137	(531,886)	(100)
Goodwill & other intangible assets	**2,576,998**	441,077	2,135,921	484
Deferred income tax assets – net	**436,511**	653,923	(217,412)	(33)
Input VAT-noncurrent	**1,026,026**	372,917	653,109	175
Right of use asset	**2,133,581**	951,750	1,181,831	124
Other noncurrent assets	**3,780,848**	2,401,613	1,379,235	57

- Decrease in **cash and cash equivalents** was due to various expenditures for development projects and new investments including strategic acquisitions.
- Decrease in **short term investments** was due to redemption of time deposit of the parent company
- Increase in **receivables** mainly attributed to the approval of price adjustment for a power supply contract and accrual of additional revenues from FIT adjustment.
- **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with ACEN's purchases of bunker fuel which are not yet consumed as of September 30, 2020.

- Increase in **current portion of input VAT** is mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured by the parent company.
- **Creditable withholding tax** went up due to improvement in collection of ACEN's receivable from retail customers and unutilized CWT.
- **Other current assets** increased primarily due to SLTEC's prepayments of taxes and insurance as well as advances to contractors. Acquisition of ISLASOL and SACASOL also contributed to the increase of the group's current assets.
- **Assets held for sale** was reclassified back to plant, property and equipment as management has no more intention of selling the assets of One Subic Oil.
- **Plant, property and equipment** rose with the consolidation of ISLASOL's and SACASOL's fixed assets.
- **Investments and advances** increased mainly due to investment in PhilWind.
- **Financial assets at FVOCI** decreased due to conversion of ISLASOL and SACASOL to subsidiary when ACEN acquired shares in March 2020.
- **Goodwill & other intangible assets** increased mainly as a result of acquisition of ISLASOL and SACASOL.
- Despite the increase of **deferred tax asset** from acquisition of ISLASOL and SACASOL, deferred tax asset of the Group went down mainly due to the application of the parent company's NOLCO in current year taxable income.
- **Input Vat non-current** increased due to reclassification of input vat of non-operating subsidiaries to non-current.
- **Right-of-use asset** increased with the consolidation of ISLASOL's and SACASOL's leased properties.
- **Other non-current assets** increased primarily due to non-current portion of receivable from FIT adjustment as well as various advances to contractors for the ongoing project developments.

In thousand pesos	September 2020	December 2019	Increase (Decrease) Amount	%
Current Liabilities				
Accounts payable and other liabilities	**7,040,072**	4,294,290	2,745,782	64
Short-term loans	**7,042,209**	3,556	7,038,653	197,937
Due to stockholders	**21,685**	16,594	5,091	31
Income and withholding taxes payable	**75,875**	41,208	34,667	84
Current portion of lease liability	**258,347**	128,796	129,551	101
Current portion of long-term loans	**745,474**	593,847	151,627	26
Noncurrent Liabilities				
Pension & other employment benefits	**79,959**	60,503	19,456	32
Long-term loans - net of current portion	**23,384,152**	22,325,599	1,058,553	5
Lease liability	**1,588,670**	852,742	735,928	86
Deferred tax income liabilities - net	**91,008**	350,487	(259,479)	(74)
Other noncurrent liabilities	**2,009,877**	3,289,902	(1,280,025)	(39)
Equity				
Capital Stock	**13,706,957**	7,521,775	6,185,182	82
Additional paid in capital	**8,606,494**	83,768	8,522,726	10,174
Other equity reserve	**(7,346,223)**	5,561,480	(12,907,703)	(232)
Unrealized FV gains on equity Instruments in FVOCI	**(8,129)**	(96,584)	88,455	(92)
Remeasurement losses on defined Benefit plan	**(7,034)**	9,254	(16,288)	(176)
Unrealized fair value losses on Derivative instruments designated Under hedge accounting	**(146,122)**	(14,742)	(131,380)	891
Accumulated comprehensive loss of JV & associates	**(2,723)**	(2,107)	(616)	29
Retained earnings	**4,348,963**	3,296,295	1,052,668	32
Treasury shares	**(56,361)**	(27,704)	(28,657)	103
Non-controlling interests	**1,322,394**	248,584	1,073,810	432

- **Accounts payable and other current liabilities** went up mainly driven by the increase in payables to contractors of Solar Ace 1, increase in deferred output tax from higher sales and derivative liabilities from hedging contracts. Consolidation of ISLASOL and SACASOL also contributed to the increase in accounts payable and other current liabilities.
- **Short term loans** went up mainly from short term loans from affiliate AC Renewables International Pte. Ltd. and HSBC and short-term loans from acquisition of ISLASOL.
- **Due to stockholders** increased from the declaration of dividend from Manapla Sun.

- Increase in **income and withholding taxes payable** was mainly due to accrual of income tax expense of several subsidiaries and higher tax withheld from purchases.
- **Current portion of lease liability** increased due to acquisition of ISLASOL and SACASOL.
- **Current portion of long-term loans** increased due to Northwind's availment of loans from BPI.
- **Pension & other employment benefits** increased due to accrual of retirement expense for the nine-month period.
- **Long-term loans - net of current portion** increased due to the new loans availed by ACEN to fund new investments.
- **Lease Liability-net of current portion** increased as a result of acquisition of ISLASOL and SACASOL.
- The decrease in the **deferred income tax liabilities** of ISLASOL and SACASOL contributed to the increase in deferred tax liability of the group.
- The asset retirement obligation from the acquisition of ISLASOL and SACASOL as well as the accrual of estimated costs in the recovery, clean up and damages to be incurred in relation to the oil spill incident contributed to the increase in **other non-current liabilities**.
- **Capital stock and additional paid in capital** increased from the issuance of common stock for the share swap agreement with AC Energy, Inc. Common shares equivalent to 6,185,182,288 at ₱ 2.37 per share were issued in exchange for AC Energy's interest in various domestic entities.
- The decrease in **other equity reserve** is also from the result of share swap transaction with AC Energy Inc.
- The decrease in **unrealized FV gains on equity instruments in FVOCI** was due to adjustments from the share swap transaction with AC Energy, Inc..
- **Unrealized fair value losses on derivative instruments designated under hedge accounting increased** with accrual of additional losses in derivative contracts.
- The increase in **accumulated comprehensive loss/income of JV and associates** was a result in the adjustment made in MGI comprehensive income.
- **Remeasurement losses on defined benefit plan** decreased as a result of elimination of the balance from Northwind Power Development Corporation related to the share swap agreement.
- **Retained earnings** increased as a result of the net income earned for the period ending September 30, 2020.
- **Treasury shares** increased due to redemption of shares for the period.
- **Non-controlling interests** increased due to the 40% investment of TLCTI Asia in ISLASOL.

Key Performance Indicators

The key performance indicators of AC Energy Philippines, Inc. and its majority owned subsidiaries, as consolidated, are the following:

Key Performance Indicator	Formula	Sep 2020 Unaudited	Dec 2019 Restated	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**0.97**	**2.82**	(1.85)	(66)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**0.80**	**2.52**	(1.72)	(68)
Solvency Ratios					
Asset-to-equity ratio	Total assets / Total equity	**3.07**	**2.93**	0.14	5
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**3.57**	**1.01**	2.56	253
Net bank Debt to Equity ratio	Short & long term loans - Cash & Cash Equivalents / Total Equity	**1.22**	**0.80**	0.42	53

Key Performance Indicator	Formula	Sep 2020 Unaudited	Sep 2019 Unaudited	Increase (Decrease)	
				Amount	%
Profitability Ratios					
Return on equity	Net income after tax attributable to equity holders* / Average stockholders' equity	**22.09%**	**(2.51%)**	24.60	(980)
Return on assets	Net income after taxes* / Average total assets	**7.24%**	**(0.92%)**	8.16	(887)
Asset Turnover	Revenues / Average total assets	**27.40%**	**37.54%**	(10.14)	(27)

***Annualized*

Current ratio & Acid test ratio

Current ratio & acid test ratio dropped due to the increase in current liabilities primarily from short-term loans and accounts payables.

Interest coverage ratio

The increase in interest coverage ratio was brought about by higher net income before interest and tax for the period ending September 30, 2020 compared to net loss reported in the same period last year.

Net bank debt to equity ratio

Net debt equity ratio increased due to additional loans in 2020.

Return on equity and assets

Return on equity and assets went up this year as the Company registered net income in the first 3 quarters of the year compared to net loss reported in the same period last year.

Asset turnover

Asset turnover decreased primarily due to significant increase in assets resulting from acquisitions of ISLASOL and SACASOL.

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

- There were no material events that had occurred subsequent to the balance sheet date except for the event after the reporting period disclosed in Note 33 of the Interim Condensed Consolidated Financial Statements.

- ACEN has material commitments to invest in capital expenditure projects mainly in Baloi Wind Project and Renewable Energy Lab Project. Refer to Annex A or Notes to the Financial Statements for the details.

- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
  - The results of operations of the Company and its subsidiaries depend, to a significant extent, on the performance of the Philippine economy.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and low demand brought about by the community quarantines have driven market prices of electricity downward, resulting in lower margins.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way - Material to the Company's liquidity and profitability is the negotiations to reduce supply costs. The Company is also pursuing customer contracts at higher prices from both the retail and wholesale markets. The Company has identified low-earning assets and have offered these in the market. The Company is also looking at cost optimization and reduction in operating expenses at the plant level as well as head office.

- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations. There were no operations subject to seasonality and cyclicality except for the operation of wind farms. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

ANNEX C

Reports on SEC Form 17-C
The Company submitted SEC form 17-C and Press Statements to PSE, SEC on the following matters in the third quarter ended September 30, 2020:

1. July 1, 2020 – Amendment of the disclosure on the Annual Report for the fiscal year ended December 31, 2019 to attach the parent audited financial statements of the Company (Annex B) as received by the Bureau of Internal Revenue on June 9, 2020.
2. July 1, 2020 – Announcement on the availability of the Company's 2019 Integrated Report on the Company's website through the link: https://acenergy.ph/ac-energy-philippines-ir-2019/
3. July 1, 2020 – Amendment of the disclosure with PSE reference number C06368-2019 dated October 18, 2019 (Amendments to Articles of Incorporation) to reflect the date of approval by the Securities and Exchange Commission (June 22, 2020) of the amendment of Article VII of the Company's Articles of Incorporation.
4. July 6, 2020 – Clarification of the news article in Inquirer.Net on 4 July 2020 entitled "321 residents evacuated amid power barge oil spill in Iloilo City" (https://newsinfo.inquirer.net/1301813/321-residents-evacuated-amid-power-barge-oil-spill-in-iloilo-city)
5. July 15, 2020 – Share Buy-Back Transaction of 500,000 ACEN Shares
6. July 15, 2020 – List of Top 100 Stockholders for the period ended June 30, 2020
7. July 16, 2020 – Share Buy-Back Transaction of 400,000 ACEN Shares
8. July 16, 2020 – Submission of SEC Form 23-B of AC Energy, Inc. dated June 3, 2020
9. July 16, 2020 – Public Ownership Report for the for the Quarter ended June 30, 2020
10. July 23, 2020 – Signing of a Shareholders' Agreement among AC Energy Philippines, Inc., ACE Endevor, Inc., and Axia Power Holdings Philippines Corp.
11. July 24, 2020 – Joint Venture via a Shareholders' Agreement among AC Energy Philippines, Inc., ACE Endevor, Inc., and Axia Power Holdings Philippines Corp. for the development, construction and operation of the 150MW diesel power plant project in Pililla, Rizal.
12. July 27, 2020 – Subscription by the Company of shares in Giga Ace 4, Inc.
13. July 27, 2020 – Subscription by the Company of shares in Giga Ace 5, Inc.
14. July 27, 2020 – Subscription by the Company of shares in Giga Ace 6, Inc.
15. July 27, 2020 – Subscription by the Company of shares in Giga Ace 7, Inc.
16. July 27, 2020 – Subscription by the Company of shares in Giga Ace 8, Inc.
17. July 27, 2020 – Subscription by the Company of shares in Giga Ace 9, Inc.
18. July 27, 2020 – Subscription by the Company of shares in Giga Ace 10, Inc.
19. July 28, 2020 – Executive Committee's approval of the Company's additional investment in Bataan Solar Energy, Inc. and Giga Ace 4, Inc.
20. July 29, 2020 – Resolution of the DENR-EMB dated 27 July 2020 on Notice of Violation No. 20-NOVW-0630-164 issued to Power Barge 102, owned by the Company, in relation to the oil spill incident of July 3, 2020
21. August 7, 2020 – Change of the Company's stock symbol from "ACEPH" to "ACEN" effective on 14 August 2020
22. August 12, 2020 – Quarterly Report for the period ended June 30, 2020

23. August 12, 2020 – Press release on the Company's first half net income of Php1.96 billion following the completion of its on-shore assets restructuring
24. August 19, 2020 – Matters taken up at the regular board meeting held on 18 August 2020 via video conferencing:
    a. Ratification of the following actions made by the Executive Committee:
        i. Approval of the Company's investment of up to PhP2.2 billion into its subsidiaries, namely, Bataan Solar Energy, Inc. and Giga Ace 4, Inc., to be used to further the opportunities presented by emerging clean energy technologies, and for various development activities including securing land, permitting, undertaking project studies, project planning, and procuring and installing equipment available from the new technologies;
        ii. Approval of the Company's 2019 Business Separation and Unbundling Plan for approval of the Energy Regulatory Commission; and
        iii. Approval of the Company's Quarterly Report for the quarter ending on June 30, 2020;
    b. Approval of additional hedging counterparties for the Company;
    c. Approval of the declaration of cash dividends of four centavos (Php0.04) per share on the 13,692,457,210 issued and outstanding shares of the Company, or a total dividend amount of PhP547,698,288.00 to be paid on or before September 17, 2020 to stockholders of record as of September 3, 2020;
    d. Approval of the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on January 1, 2021;
    e. Approval of the revised land acquisition plan of ACE Endevor, Inc., the Company's subsidiary, to expand to other geographies in the Philippines for development of power generation and other types of projects, with a total budget of up to PhP5 billion;
    f. Approval of the investment of up to PhP500 Million for the construction of a 75 MWdc solar power plant project in Arayat and Mexico, Pampanga, in partnership with Citicore Renewable Energy Corp.; and
    g. Approval of the investment of up to PHP2.9 billion for the construction of a 75 MWdc solar power plant project in Palauig, Zambales, through its subsidiaries, ACE Endevor, Inc. and Giga Ace 8, Inc.
25. August 19, 2020 – Approval of the Company's Board of Directors of the declaration of cash dividends of Php0.04 per share on the 13,692,457,210 issued and outstanding shares of the Company, or a total dividend amount of PhP547,698,288.00, to be paid on September 17, 2020 to the shareholders on record as of September 3, 2020.
26. August 25, 2020 – Submission of SEC Form 23-B of Sebastian Arsenio R. Lacson dated August 24, 2020
27. August 27, 2020 – Amendment of the disclosure on the Amendment of the Company's Articles of Incorporation to attach a copy of the Certificate of Approval of Increase of Authorized Capital Stock, the Certificate of Filing Amended Articles of Incorporation, and the Amended Articles of Incorporation.
28. August 27, 2020 – Submission of SEC Form 23-B of Ma. Teresa P. Posadas dated August 25, 2020
29. August 27, 2020 - Amendment of the disclosure on the Quarterly Report for the quarter ending on June 30, 2020 to clarify the Company's "Earnings Per Share".
30. August 28, 2020 – Submission of SEC Form 23-B of Alan T. Ascalon dated August 27, 2020

31. August 28, 2020 – Submission of SEC Form 23-B of Mariejo P. Bautista dated August 27, 2020
32. September 1, 2020 – Submission of SEC Form 23-B of Danilo L. Panes dated August 27, 2020
33. September 1, 2020 – Submission of SEC Form 23-B of Sebastian Arsenio R. Lacson dated August 27, 2020
34. September 2, 2020 – Submission of the Company's 2019 Integrated Annual Corporate Governance Report, in compliance with SEC Memorandum Circular No.15 Series of 2017
35. September 4, 2020 – Submission of SEC Form 23-B of Sebastian Arsenio R. Lacson dated September 1, 2020
36. September 4, 2020 – Submission of SEC Form 23-B of Alan T. Ascalon dated September 2, 2020
37. September 11, 2020 – Submission of SEC Form 23-B of Sebastian Arsenio R. Lacson dated September 8, 2020
38. September 15, 2020 – Submission of the Company's 2020 First Amended General Information Sheet
39. September 18, 2020 – Submission of SEC Form 23-B of Solomon M. Hermosura dated September 17, 2020
40. September 18, 2020 – Submission of SEC Form 23-B of Danilo L. Panes dated September 17, 2020
41. September 24, 2020 – Subscription by the Company of shares in Buendia Christiana Holdings Corp.
42. September 25, 2020– Submission of SEC Form 23-B of Solomon M. Hermosura dated September 24, 2020
43. September 30, 2020 – Submission of SEC Form 23-B of Solomon M. Hermosura dated September 29, 2020

Annex A

FTI CONSULTING

Property-for-Share Swap between PHINMA Energy Corporation and AC Energy, Inc.

PSE Fairness Opinion and Valuation Report Cover Letter

09 October 2019

STRICTLY PRIVATE & CONFIDENTIAL

October 09, 2019

Mariejo P. Bautista	**Maria Corazon G. Dizon**
SVP – Finance and Controller	**Chief Financial Officer**
PHINMA Energy Corporation	**AC Energy, Inc.**
4F 6750 Building, Ayala Avenue,	4F 6750 Building, Ayala Avenue,
Makati City 1226 Philippines	Makati City 1226 Philippines

Re: Fairness Opinion and Valuation Report

Dear Ms. Bautista and Ms. Dizon:

FTI Consulting Philippines, Inc. (“FTI Consulting”) is pleased to submit this Fairness Opinion and Valuation Report (“Report”) dated 09 October 2019 covering the property-for-share swap transaction between PHINMA Energy Corporation (“PHEN” or the “Company”), a listed company in the Philippine Stock Exchange (“PSE”), and its parent company, AC Energy, Inc. (“ACEI” or the “Parent Company”) (collectively as the “Parties”).

ACEI intends to transfer shares of certain Philippine assets (“ACEI Assets” or the “Targets”) to PHEN via a property-for-share swap for PHEN common shares (“PHEN Shares” or “Listed Company Shares”) (the “Transaction”). PHEN plans to transfer 6,185,182,288 PHEN Shares at an issue price of PHP2.37 per share or a total consideration paid of PHP14,658,882,022.56 for the ACEI Assets listed in Exhibit 1. Exhibit 1 also includes the exchange ratio indicating the number of PHEN Shares for each ACEI Asset.

Exhibit 1. List of ACEI Assets and Transaction Exchange Ratios

Business Segment	Type of Share	No. of Shares	Transaction Exchange Ratios**
AC Energy Development, Inc.	Common A*	2,000,000	252.2717235
	Founders	3,979,868	0.03
	Redeemable Preferred*	20,580,905	39.94
ACTA Power Corp.	Common	364,000	42.3995879
Ingrid Power Holdings, Inc.	Common	100,000	19.04
Philippine Wind Holdings Corp	Common	230,256	1,056.50
	Preferred A-1	15,088	19,403.32
	Preferred A-2	2,631	278,815.35
Moorland Philippines, Inc.	Common*	12,057,240	22.00
	Redeemable Preferred*	108,515,160	3.70
Viage Corporation	Common	1,250	80,000.00
NorthWind Power Development Corp	Redeemable Preferred	1,000,000	36.00
Monte Solar Energy, Inc.	Common A	12,000,000	3.52
	Preferred A	445,310,895	1.05
South Luzon Thermal Energy Corp.	Common	12,540,588	85.8000137
	Preferred	12,540,588	85.80
Manapla Sun Development Corp.	Common	490,999	218.02044403

Source: ACEI Management

** No. of shares as of Valuation Date are different from what is used in this valuation exercise. There is a special assumption that ACEI will increase the capitalization of these companies for restructuring purposes.*

*** No. of PHEN shares to be swapped for each share of ACEI Asset*

FTI Consulting conducted a valuation study of both PHEN Shares and ACEI Assets under the 2017 International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by PHEN. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests

The Valuation Date of this engagement is June 30, 2019, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value according to IVS is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The Philippine Stock Exchange, Inc.'s ("PSE") Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104) requires a fairness opinion covering the valuation of the shares for property-for-share swap transactions. Such fairness opinion must be supported by a valuation report. Section II No. 5 of the memo requires the valuation of both the shares of the listed company covered by the listing application and the consideration to be received under the Transaction.

Furthermore, FTI Consulting assessed the fairness of the proposed transaction on two aspects: (1) fairness of the proposed Transaction Exchange Ratios, and (2) fairness of the aggregate value of the ACEI Assets being exchanged for PHEN shares.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2016-0041 renewed on October 11, 2017) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

Summary of Findings

PHEN Shares Valuation

FTI Consulting used the Sum-of-the-Parts Method to estimate the fair range of market values for PHEN given that it is engaged in various businesses in the energy sector.

Each business under PHEN was valued using valuation methodologies appropriate to the development state that each business is in. Pre-operating or non-operating assets were valued using the Cost Approach (Adjusted Book Value), while operating assets were valued using the Income or Market Approach, as appropriate.

Actual observed market prices were also used to cross-check the fair range of market values. We noted that volume traded in PHEN stocks increased in the first half of 2019 due to the announced acquisition of AC Energy, Inc. The closing price as of June 30, 2019 and the 30-day volume-weighted average prices from the Valuation Date were used as these reflect known information about the Company's publicly disclosed initiatives as of the Valuation Date.

The Market Approach using price multiples such as EV/EBITDA or P/E ratios were not considered since PHEN's 12-month trailing EBITDA and earnings were negative as of June 30, 2019.

Exhibit 2 presents the results of our valuation of PHEN Shares using Sum-of-the-Parts Method.

ACEI Assets Valuation

FTI Consulting considered the use of different valuation methodologies such as the Market Approach, Income Approach, or Cost Approach depending on what is considered appropriate for the specific circumstances of the ACEI Asset such as stage of project development, availability of market comparable companies, and availability of reliable financial data.

Exhibit 3 presents the results of our valuation of the ACEI assets using different valuation methodologies.

Exhibit 2. Valuation of PHEN Shares

Business Segment	Business Type	Valuation Method	Equity Value (at 100%)		% Ownership	Equity Value (at PHEN's stake)	
Amounts in PHP Millions			**Low**	**High**	**[PHEN]**	**Low**	**High**
RES	Commercial	Income [DCF]	1,114.62	2,225.81	*100.0%*	1,114.62	2,225.81
PB101/102	Diesel	Income [DCF]	1,806.68	1,949.72	*100.0%*	1,806.68	1,949.72
PPGC	Diesel	Income [DCF]	839.28	932.04	*100.0%*	839.28	932.04
OSPGC	Diesel	Income [DCF]	2,646.48	2,867.70	*100.0%*	2,646.48	2,867.70
CIPP	Diesel	Income [DCF]	402.44	458.42	*100.0%*	402.44	458.42
PHINMA Renewable	Wind	Income [DCF]	2,722.58	3,791.66	*100.0%*	2,722.58	3,791.66
SLTEC	Coal	Income [DCF]	12,734.44	14,575.16	*45.0%*	5,730.50	6,558.82
PHINMA Petroleum	Exploration	VWAP/Market cap	1,077.41	1,175.00	*76.3%*	822.28	896.76
MGI	Geothermal	Adj. BV/Market	15.57	15.57	*25.0%*	15.57	15.57
One Subic Oil	Non-operating	Adjusted BV	73.14	73.14	*100.0%*	36.57	36.57
ACTA Power	Non-operating	Adjusted BV	2,764.95	4,134.03	*50.0%*	691.24	1,033.51
SLTEC Land	Investment property	Appraised value	812.20	812.20	*100.0%*	812.20	812.20
PB 103	Non-operating asset	Book value	171.83	171.83	*100.0%*	171.83	171.83
TOTAL OPERATING VALUE						**17,812.27**	**21,750.62**
PHEN, Net Debt						(1,133.29)	(1,133.29)
PHEN, Corporate Overhead						(950.63)	(950.63)
PHEN, Other Non-operating Assets and Liabilities						1,225.27	1,225.27
TOTAL EQUITY VALUE						**16,953.62**	**20,891.97**
Total number of shares outstanding (in millions)						7,522	7,522
PRICE PER SHARE (in PHP)						**2.25**	**2.78**
Closing price as of 30 June 2019							**2.55**
Volume-weighted average price:							
30-day							**2.56**
60-day							**2.28**
90-day							**2.05**

Source: FTI Consulting Analysis

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Exhibit 3. Valuation of ACEI Assets

Business Segment / Type of Shares*	Valuation Method	Equity Value (100%)		% Ownership	Equity Value (at ACEI's stake)	
Amounts in PHP millions		**Low**	**High**	**[ACEI]**	**Low**	**High**
AC Energy Development, Inc.						
Common A	Sum-of-the-Parts	1,207.53	1,797.36	*100.0%*	1,207.53	1,797.36
Founders	Sum-of-the-Parts	0.24	0.36	*100.0%*	0.24	0.36
Preferred	Sum-of-the-Parts	2,058.09	2,058.09	*100.0%*	2,058.09	2,058.09
ACTA Power Corp.	Adjusted Book Value	73.14	73.14	*50.0%*	36.57	36.57
Ingrid Power Holdings, Inc.	Adjusted Book Value	4.51	4.51	*100.0%*	4.51	4.51
Philippine Wind Holdings Corp						
Common	Income Approach [DDM]	534.15	2,105.77	*42.9%*	229.07	903.07
Preferred A-1	Income Approach [DDM]	1,593.77	1,646.52	*41.8%*	665.80	687.84
Preferred A-2	Income Approach [DDM]	4,542.99	4,693.36	*36.8%*	1,673.57	1,728.96
Moorland Philippines, Inc.						
Common Stock	Sum-of-the-Parts	712.51	1,483.52	*100.0%*	712.51	1,483.52
Redeemable Preferred Stock	Sum-of-the-Parts	1,085.15	1,085.15	*100.0%*	1,085.15	1,085.15
Viage Corporation	Sum-of-the-Parts	264.23	325.89	*100.0%*	264.23	325.89
NorthWind Power Development Corp						
Redeemable Preferred	Income Approach [FCFF]	147.51	147.51	*67.8%*	100.00	100.00
Monte Solar Energy, Inc.						
Common A	Income Approach [FCFF]	-	309.43	*100.0%*	-	309.43
Preferred A	Income Approach [FCFF]	1,104.55	1,113.28	*100.0%*	1,104.55	1,113.28
South Luzon Thermal Energy Corp.						
Common	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Preferred	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Manapla Sun Development Corp.	Income Approach [FCFE]	697.53	725.37	*36.4%*	253.69	263.82
TOTAL		**26,760.3**	**32,144.4**		**13,852.6**	**16,999.2**

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

Exhibit 4 shows the calculation of the range of the fair exchange ratios between PHEN Shares and ACEI Assets.

Exhibit 4. Calculation of the Fair Range of Exchange Ratios

Business Segment / Type of Shares*	Equity Value (at ACEI's stake)		No. of Shares	Value Per Share		Fair Exchange Ratio Calculated**	
Amounts in PHP unless indicated	**Low**	**High**	**[ACEI]**	**Low**	**High**	**Low**	**High**
AC Energy Development, Inc.							
Common A	1,207,532,518	1,797,362,802	2,000,000	603.77	898.68	217.18	399.41
Founders	240,291	357,663	3,979,868	0.06	0.09	0.02	0.04
Preferred	2,058,090,500	2,058,090,500	20,580,905	100.00	100.00	35.97	44.44
ACTA Power Corp.	36,572,146	36,572,146	364,000	109.17	109.17	36.14	44.65
Ingrid Power Holdings, Inc.	4,511,128	4,511,128	100,000	45.11	45.11	16.23	20.05
Philippine Wind Holdings Corp							
Common	229,072,723	903,073,225	230,256	994.86	3,922.04	357.86	1,743.13
Preferred A-1	665,802,299	687,840,138	15,088	44,127.94	45,588.56	15,873.36	20,261.58
Preferred A-2	1,673,565,327	1,728,959,793	2,631	636,094.77	657,149.29	228,811.07	292,066.35
Moorland Philippines, Inc.							
Common Stock	712,508,883	1,483,517,900	12,057,240	59.09	123.04	21.26	54.68
Redeemable Preferred Stock	1,085,151,600	1,085,151,600	108,515,160	10.00	10.00	3.60	4.44
Viage Corporation	264,227,232	325,891,538	1,250	211,381.79	260,713.23	76,036.61	115,872.55
NorthWind Power Development Corp							
Redeemable Preferred	100,000,000	100,000,000	1,000,000	100.00	100.00	35.97	44.44
Monte Solar Energy, Inc.							
Common A	-	309,426,600	12,000,000	-	25.79	-	11.46
Preferred A	1,104,550,997	1,113,277,238	445,310,895	2.48	2.50	0.89	1.11
South Luzon Thermal Energy Corp.							
Common	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Preferred	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Manapla Sun Development Corp.	253,693,073	263,816,194	490,999	516.69	537.30	185.86	238.80
	13,852,571,303	**16,999,155,738**					

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

***Calculated using the fair value range of PHEN shares of PHP2.25 to PHP2.78 per share as indicated in Exhibit 2*

Exhibit 5 shows the comparison of the fair range of exchange ratios calculated by FTI Consulting and the proposed exchange ratio by the Parties:

Exhibit 5. Comparison of the Fair Range of Exchange Ratios and the Transaction Exchange Ratio

Business Segment / Type of Shares*	Exchange Ratio Calculated		Transaction Exchange Ratio
Amounts in PHP millions	**Low**	**High**	
AC Energy Development, Inc.			
Common A	217.18	399.41	252.2717235
Founders	0.02	0.04	0.03
Preferred	35.97	44.44	39.94
ACTA Power Corp.	36.14	44.65	42.3995879
Ingrid Power Holdings, Inc.	16.23	20.05	19.04
Philippine Wind Holdings Corp			
Common	357.86	1,743.13	1,056.50
Preferred A-1	15,873.36	20,261.58	19,403.32
Preferred A-2	228,811.07	292,066.35	278,815.35
Moorland Philippines, Inc.			
Common Stock	21.26	54.68	22.00
Redeemable Preferred Stock	3.60	4.44	3.70
Viage Corporation	76,036.61	115,872.55	80,000.00
NorthWind Power Development Corp			
Redeemable Preferred	35.97	44.44	36.00
Monte Solar Energy, Inc.			
Common A	-	11.46	3.52
Preferred A	0.89	1.11	1.05
South Luzon Thermal Energy Corp.			
Common	63.92	90.40	85.8000137
Preferred	63.92	90.40	85.80
Manapla Sun Development Corp.	185.86	238.80	218.02044403

Valuation Conclusion and Fairness Opinion

The valuation of each of the subsidiaries of PHEN is shown in Exhibit 2 and is discussed in more detail in our Valuation Report. As shown in Exhibit 2, FTI Consulting places the fair range of market value of PHEN Shares between PHP2.25 and PHP2.78 per share.

The valuation of each of the ACEI Asset is shown in Exhibit 3 and is discussed in more detail in our Valuation Report. In aggregate, FTI Consulting places the fair value of all ACEI Assets to be exchanged for PHEN Shares to be within PHP13.85 billion to PHP17.0 billion. As shown in Exhibit 4, FTI Consulting calculated the range of exchange ratios indicating the number of PHEN Shares for each ACEI Asset.

Based upon Management's representations and our analyses, FTI Consulting is of the opinion that:

1. **the exchange ratios provided by Management are <u>considered fair from a financial point-of-view</u> since these ratios are within the fair range of exchange ratios as indicated in Exhibits 4 and 5; and**
2. **given that the total issue price of PHEN Shares amounting to PHP14.66 billion (i.e., 6,185,182,288 PHEN shares issued at PHP2.37 per share) falls within our fair range of market values for ACEI assets of PHP13.85 billion to PHP17.0 billion, the proposed property-for-share swap is <u>also fair from a financial point of view</u>.**

FTI CONSULTING

Statement of Limitations

- This Report opines solely on the fairness of the consideration to be transferred by ACEI and consideration to be received by PHEN. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the Report, FTI Consulting relied on available information and records, including but not limited on the representation of the Parties, audited financial statements, competent person's report, regulatory agency's reports and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council ("AASC"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Listed Company and the Targets or any financial or other information.
- With respect to prospective financial information relative to the Company and the Targets referenced throughout this report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of the Company's or the Targets' directors, officers, or employees relative to the compensation to the Company's or the Targets' shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction during the prior two years in which compensation was received or intended to be received.
- Information with respect to Company's and Targets' operations and account balances purported to be in effect and described in our report was obtained primarily through analyses provided by and discussions with the Company's and Targets' management ("Management"). Key transaction documents were also reviewed to determine Transaction details.
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants, are compliant with the Code of Ethics for Professional Accountants in the Philippines.

Statement of Compliance

- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our Report.

Attached for your reference is our Valuation Report and this letter should be read together with it.

Should you require clarification of any of the matters contained in our report or any further information, we would be pleased to meet and discuss it. We have no responsibility to update this report for events and circumstances occurring after the date of this letter.

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

By:	By:
Dominador T. Gregorio III	**John B. Balce**
Senior Managing Director	Senior Managing Director
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SEC Accreditation No. 032

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Property-for-Share Swap between PHINMA Energy Corporation and AC Energy, Inc.

PSE Fairness Opinion and Valuation Report

09 October 2019

Table of Contents

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Executive Summary

Executive Summary

PHINMA Energy Corporation ("PHINMA Energy" or "PHEN" or the "Company") is a company listed in the Philippine Stock Exchange as an integrated power solutions company. PHEN is engaged in power generation, electricity supply, renewable energy, and resource exploration and development.

AC Energy, Inc. ("AC Energy") acquired 66.34% of PHINMA Energy last June 2019 (collectively, the "Parties").

AC Energy is a wholly-owned subsidiary of Ayala Corporation, one of the biggest conglomerate's in the Philippines. AC Energy is Ayala Corporation's investment vehicle in the energy sector. AC Energy primarily develops and manages thermal and renewable energy projects in the Philippines and the region. It also has presence in the local retail electricity supply market. AC Energy has stakes in renewable projects including solar, wind and biomass, and thermal projects. AC Energy has a regional presence with projects in the Philippines, Vietnam, Indonesia and Australia.

ACEI intends to transfer shares of certain Philippine assets ("ACEI Assets" or the "Targets") to PHEN via a property-for-share swap for PHEN common shares ("PHEN Shares" or "Listed Company Shares") (the "Transaction"). PHEN plans to transfer 6,185,182,288 PHEN Shares at an issue price of Php2.37 per share for the ACEI Assets.

FTI Consulting conducted a valuation study of both PHEN Shares and ACEI Assets under the 2017 International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by PHEN.

The Valuation Date of this engagement is June 30, 2019, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value according to IVS is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Executive Summary

Listed below are the ACEI Assets including the exchange ratios indicating the number of PHEN Shares for each ACEI Asset.

Business Segment	Type of Share	No. of Shares	Transaction Exchange Ratios**
AC Energy Development, Inc.	Common A*	2,000,000	252.2717235
	Founders	3,979,868	0.03
	Redeemable Preferred*	20,580,905	39.94
ACTA Power Corp.	Common	364,000	42.3995879
Ingrid Power Holdings, Inc.	Common	100,000	19.04
Philippine Wind Holdings Corp	Common	230,256	1,056.50
	Preferred A-1	15,088	19,403.32
	Preferred A-2	2,631	278,815.35
Moorland Philippines, Inc.	Common*	12,057,240	22.00
	Redeemable Preferred*	108,515,160	3.70
Viage Corporation	Common	1,250	80,000.00
NorthWind Power Development Corp	Redeemable Preferred	1,000,000	36.00
Monte Solar Energy, Inc.	Common A	12,000,000	3.52
	Preferred A	445,310,895	1.05
South Luzon Thermal Energy Corp.	Common	12,540,588	85.8000137
	Preferred	12,540,588	85.80
Manapla Sun Development Corp.	Common	490,999	218.02044403

Source: ACEI Management

** No. of shares as of Valuation Date are different from what is used in this valuation exercise. Based on discussions with Management, there is a special assumption that ACEI will increase the capitalization of these companies for restructuring purposes.*

*** No. of PHEN shares to be swapped for each share of ACEI Asset*

FTI CONSULTING

Executive Summary

Summary of Findings

The following are the results of the valuation of PHEN Shares using Sum-of-the-Parts Method:

Business Segment	Business Type	Valuation Method	Equity Value (at 100%)		% Ownership	Equity Value (at PHEN's stake)	
Amounts in PHP Millions			**Low**	**High**	**[PHEN]**	**Low**	**High**
RES	Commercial	Income [DCF]	1,114.62	2,225.81	*100.0%*	1,114.62	2,225.81
PB101/102	Diesel	Income [DCF]	1,806.68	1,949.72	*100.0%*	1,806.68	1,949.72
PPGC	Diesel	Income [DCF]	839.28	932.04	*100.0%*	839.28	932.04
OSPGC	Diesel	Income [DCF]	2,646.48	2,867.70	*100.0%*	2,646.48	2,867.70
CIPP	Diesel	Income [DCF]	402.44	458.42	*100.0%*	402.44	458.42
PHINMA Renewable	Wind	Income [DCF]	2,722.58	3,791.66	*100.0%*	2,722.58	3,791.66
SLTEC	Coal	Income [DCF]	12,734.44	14,575.16	*45.0%*	5,730.50	6,558.82
PHINMA Petroleum	Exploration	VWAP/Market cap	1,077.41	1,175.00	*76.3%*	822.28	896.76
MGI	Geothermal	Adj. BV/Market	15.57	15.57	*25.0%*	15.57	15.57
One Subic Oil	Non-operating	Adjusted BV	73.14	73.14	*100.0%*	36.57	36.57
ACTA Power	Non-operating	Adjusted BV	2,764.95	4,134.03	*50.0%*	691.24	1,033.51
SLTEC Land	Investment property	Appraised value	812.20	812.20	*100.0%*	812.20	812.20
PB 103	Non-operating asset	Book value	171.83	171.83	*100.0%*	171.83	171.83
TOTAL OPERATING VALUE						**17,812.27**	**21,750.62**
PHEN, Net Debt						(1,133.29)	(1,133.29)
PHEN, Corporate Overhead						(950.63)	(950.63)
PHEN, Other Non-operating Assets and Liabilities						1,225.27	1,225.27
TOTAL EQUITY VALUE						**16,953.62**	**20,891.97**
Total number of shares outstanding (in millions)						7,522	7,522
PRICE PER SHARE (in PHP)						**2.25**	**2.78**
Closing price as of 30 June 2019							**2.55**
Volume-weighted average price:							
30-day							**2.56**
60-day							**2.28**
90-day							**2.05**

Source: FTI Consulting Analysis

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Executive Summary

PHEN Shares Valuation

FTI Consulting used the Sum-of-the-Parts Method to estimate the fair range of market values for PHEN given that it is engaged in various businesses in the energy sector.

Each business under PHEN was valued using valuation methodologies appropriate to the development state that each business is in. Pre-operating or non-operating assets were valued using the Cost Approach (Adjusted Book Value), while operating assets were valued using the Income or Market Approach, as appropriate.

Actual observed market prices were also used to cross-check the fair range of market values. We noted that volume traded in PHEN stocks increased in the first half of 2019 due to the announced acquisition of AC Energy, Inc. The closing price as of June 30, 2019 and the 30-day volume-weighted average prices from the Valuation Date were used as these reflect known information about the Company's publicly disclosed initiatives as of the Valuation Date.

The Market Approach using price multiples such as EV/EBITDA or P/E ratios were not considered since PHEN's 12-month trailing EBITDA and earnings were negative as of June 30, 2019.

Executive Summary

The following are the results of our valuation of the ACEI Assets using the indicated valuation methodology:

Business Segment / Type of Shares*	Valuation Method	Equity Value (100%)		% Ownership	Equity Value (at ACEI's stake)	
Amounts in PHP millions		Low	High	[ACEI]	Low	High
AC Energy Development, Inc.						
Common A	Sum-of-the-Parts	1,207.53	1,797.36	*100.0%*	1,207.53	1,797.36
Founders	Sum-of-the-Parts	0.24	0.36	*100.0%*	0.24	0.36
Preferred	Sum-of-the-Parts	2,058.09	2,058.09	*100.0%*	2,058.09	2,058.09
ACTA Power Corp.	Adjusted Book Value	73.14	73.14	*50.0%*	36.57	36.57
Ingrid Power Holdings, Inc.	Adjusted Book Value	4.51	4.51	*100.0%*	4.51	4.51
Philippine Wind Holdings Corp						
Common	Income Approach [DDM]	534.15	2,105.77	*42.9%*	229.07	903.07
Preferred A-1	Income Approach [DDM]	1,593.77	1,646.52	*41.8%*	665.80	687.84
Preferred A-2	Income Approach [DDM]	4,542.99	4,693.36	*36.8%*	1,673.57	1,728.96
Moorland Philippines, Inc.						
Common Stock	Sum-of-the-Parts	712.51	1,483.52	*100.0%*	712.51	1,483.52
Redeemable Preferred Stock	Sum-of-the-Parts	1,085.15	1,085.15	*100.0%*	1,085.15	1,085.15
Viage Corporation	Sum-of-the-Parts	264.23	325.89	*100.0%*	264.23	325.89
NorthWind Power Development Corp						
Redeemable Preferred	Income Approach [FCFF]	147.51	147.51	*67.8%*	100.00	100.00
Monte Solar Energy, Inc.						
Common A	Income Approach [FCFF]	-	309.43	*100.0%*	-	309.43
Preferred A	Income Approach [FCFF]	1,104.55	1,113.28	*100.0%*	1,104.55	1,113.28
South Luzon Thermal Energy Corp.						
Common	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Preferred	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Manapla Sun Development Corp.	Income Approach [FCFE]	697.53	725.37	*36.4%*	253.69	263.82
TOTAL		**26,760.3**	**32,144.4**		**13,852.6**	**16,999.2**

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

ACEI Assets Valuation

FTI Consulting considered the use of different valuation methodologies such as the Market Approach, Income Approach, or Cost Approach depending on what is considered appropriate for the specific circumstances of the ACEI Asset such as stage of project development, availability of market comparable companies, and availability of reliable financial data.

Executive Summary

The following shows calculation of the range of the fair exchange ratios between PHEN Shares and ACEI Assets:

Business Segment / Type of Shares*	Equity Value (at ACEI's stake)		No. of Shares	Price Per Share		Fair Exchange Ratio Calculated**	
Amounts in PHP unless indicated	**Low**	**High**	**[ACEI]**	**Low**	**High**	**Low**	**High**
AC Energy Development, Inc.							
Common A	1,207,532,518	1,797,362,802	2,000,000	603.77	898.68	217.18	399.41
Founders	240,291	357,663	3,979,868	0.06	0.09	0.02	0.04
Preferred	2,058,090,500	2,058,090,500	20,580,905	100.00	100.00	35.97	44.44
ACTA Power Corp.	36,572,146	36,572,146	364,000	109.17	109.17	36.14	44.65
Ingrid Power Holdings, Inc.	4,511,128	4,511,128	100,000	45.11	45.11	16.23	20.05
Philippine Wind Holdings Corp							
Common	229,072,723	903,073,225	230,256	994.86	3,922.04	357.86	1,743.13
Preferred A-1	665,802,299	687,840,138	15,088	44,127.94	45,588.56	15,873.36	20,261.58
Preferred A-2	1,673,565,327	1,728,959,793	2,631	636,094.77	657,149.29	228,811.07	292,066.35
Moorland Philippines, Inc.							
Common Stock	712,508,883	1,483,517,900	12,057,240	59.09	123.04	21.26	54.68
Redeemable Preferred Stock	1,085,151,600	1,085,151,600	108,515,160	10.00	10.00	3.60	4.44
Viage Corporation	264,227,232	325,891,538	1,250	211,381.79	260,713.23	76,036.61	115,872.55
NorthWind Power Development Corp							
Redeemable Preferred	100,000,000	100,000,000	1,000,000	100.00	100.00	35.97	44.44
Monte Solar Energy, Inc.							
Common A	-	309,426,600	12,000,000	-	25.79	-	11.46
Preferred A	1,104,550,997	1,113,277,238	445,310,895	2.48	2.50	0.89	1.11
South Luzon Thermal Energy Corp.							
Common	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Preferred	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Manapla Sun Development Corp.	253,693,073	263,816,194	490,999	516.69	537.30	185.86	238.80
	13,852,571,303	**16,999,155,738**					

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

***Calculated using the fair value range of PHEN shares of Php2.25 to Php2.78 per share as indicated in Exhibit 2*

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Executive Summary

The following is the comparison of the fair range of exchange ratios calculated by FTI Consulting and the proposed exchange ratio by the Parties:

Business Segment / Type of Shares*	Exchange Ratio Calculated		Transaction Exchange Ratio
Amounts in PHP millions	Low	High	
AC Energy Development, Inc.			
Common A	217.18	399.41	252.2717235
Founders	0.02	0.04	0.03
Preferred	35.97	44.44	39.94
ACTA Power Corp.	36.14	44.65	42.3995879
Ingrid Power Holdings, Inc.	16.23	20.05	19.04
Philippine Wind Holdings Corp			
Common	357.86	1,743.13	1,056.50
Preferred A-1	15,873.36	20,261.58	19,403.32
Preferred A-2	228,811.07	292,066.35	278,815.35
Moorland Philippines, Inc.			
Common Stock	21.26	54.68	22.00
Redeemable Preferred Stock	3.60	4.44	3.70
Viage Corporation	76,036.61	115,872.55	80,000.00
NorthWind Power Development Corp			
Redeemable Preferred	35.97	44.44	36.00
Monte Solar Energy, Inc.			
Common A	-	11.46	3.52
Preferred A	0.89	1.11	1.05
South Luzon Thermal Energy Corp.			
Common	63.92	90.40	85.8000137
Preferred	63.92	90.40	85.80
Manapla Sun Development Corp.	185.86	238.80	218.02044403

Based upon Management's representations and our analyses, FTI Consulting is of the opinion that:

1. **the exchange ratios provided by Management are <u>considered fair from a financial point-of-view</u> since these ratios are within the fair range of exchange ratios as indicated in Exhibits 4 and 5; and**
2. **given that the total issue price of PHEN Shares amounting to PHP14.66 billion (i.e., 6,185,182,288 PHEN shares issued at PHP2.37 per share) falls within our fair range of market values for ACEI assets of PHP13.85 billion to PHP17.0 billion, the proposed property-for-share swap is <u>also fair from a financial point of view</u>.**

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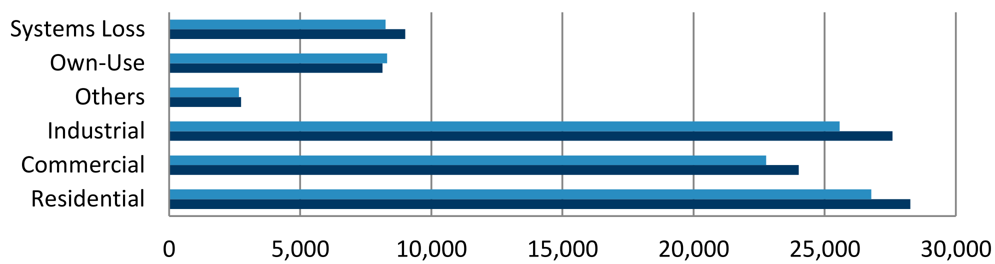
Market Overview

Market Overview | Electricity Sector

Presented in this section is an overview of the Philippine Electricity market. The succeeding pages also provide details on the different subsectors.

2017 vs 2018 Electricity Sales and Consumption by Sector (in GWh)



	Residential	Commercial	Industrial	Others	Own-Use	Systems Loss
2017	26,782	22,768	25,573	2,670	8,316	8,262
2018	28,261	24,016	27,587	2,753	8,141	9,007

- From 2017 to 2018, total electricity sales (which include sales to residential, commercial, industrial and others) increased from 77,793 GWh to 82,617 GWh. Total consumption, which includes electricity sales plus own-use and system losses, increased from 94,370 GWh to 99,765 GWh.
- The residential sector continued to have the highest share in consumption in 2018 at 28.3%. However, in terms of growth, the industrial sector posted the highest increase from 2017 to 2018 at a rate of 7.9%.

Total Installed and Dependable Capacity per Segment (in MW)

Fuel Type	Installed 2017	Installed 2018	Dependable 2017	Dependable 2018
Coal	8,049	8,844	7,674	8,368
Oil Based	4,154	4,292	3,287	2,995
Natural Gas	3,447	3,453	3,291	3,286
Geothermal	1,916	1,944	1,752	1,770
Hydro	3,627	3,701	3,268	3,473
Biomass	224	258	160	182
Solar	886	896	700	740
Wind	427	427	383	427
TOTAL	**22,730**	**23,815**	**20,515**	**21,241**

- The total power supply in the Philippines in terms of dependable capacity grew by 9.04% from 2017 to 2018. This is mainly driven by new projects with a total capacity of 933.4 MW, which added to the country's overall supply.
- The additional plant capacity in 2018 came from the following sources: Coal (720 MW), Oil (87.3 MW), Geothermal (12 MW), Hydropower (80.3 MW), and Biomass (34 MW).

Source: Department of Energy, Power Development Plan 2016-2040

Market Overview | Coal

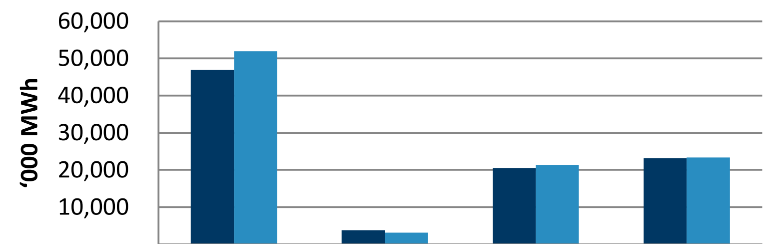
Coal

- The total installed capacity of coal-fired power plants in 2018 amounted to 8,844 MW which contributes about 37.1% in the country's overall installed capacity. Additionally, the total coal energy generation in 2018 amounted to 51,932,187 MWh. In terms of growth, coal still continues to have the highest growth rate, compared to other energy sources, for about 9.9% in installed generating capacity and 10.8% in gross generating capacity.

Coal Supply

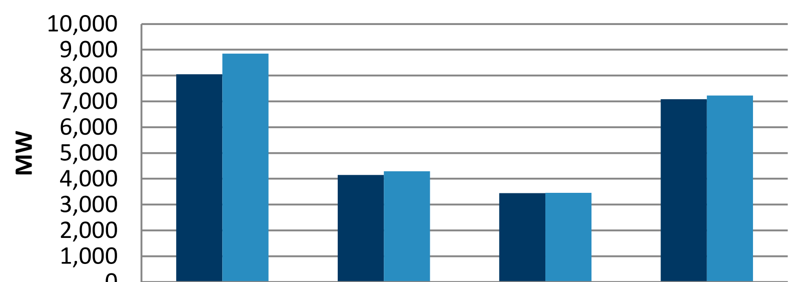
- As of December 2018, there are 31 Coal Operating Contracts (COCs) that are in the development and productions stages.
- Recently, the state-owned firm, Philippine National Oil Company ("PNOC"), was able to complete its coal asset valuation in COC 122 Isabela and COC 41 Zamboanga Sibugay. The firm plans to partner with private companies in order to develop these COCs. In addition, PNOC will also conduct the same activity in COC 185 Buug-Malangas and COC 186 Isabela-Malangas.
- Moreover, the leading companies in this space are Coal Asia Holdings, Inc., Forum Pacific Inc., and Semirara Mining and Power Corporation.
- Coal is governed by the Presidential Decree No. 972 or "The Coal Development Act of 1976" which promotes exploration, development, production and utilization of coal.

Gross Power Generation in '000 MWh



	Coal	Oil Based	Natural Gas	Renewable Energy
2017	46,867	3,787	20,547	23,189
2018	51,932	3,173	21,334	23,326

Installed Generating Capacity in MW



	Coal	Oil Based	Natural Gas	Renewable Energy
2017	8,049	4,153	3,447	7,079
2018	8,844	4,292	3,453	7,227

Market Overview | Oil, Natural Gas and Geothermal

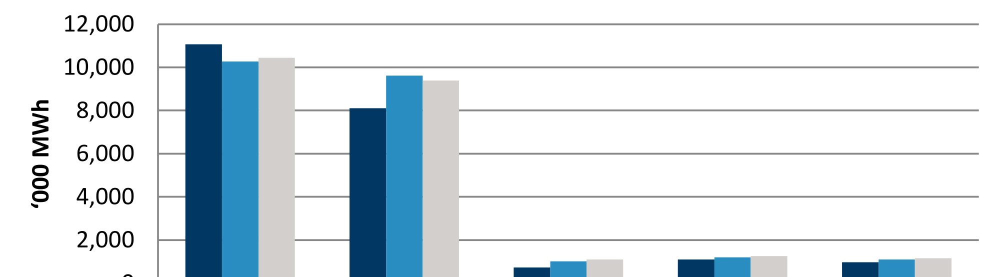
Oil and Natural Gas

- Oil-based and Natural Gas plants accounted for 4,292 MW and 3,453 MW of total installed capacity in 2018, with an equivalent market share of 18% and 14.5%, respectively.
- The largest supplier of natural gas in the Philippines is the Malampaya Gas Field, which has produced a total of 1.94 trillion cubic feet of gas and 75.0 million barrels of associated condensate as of end December 2017 since it started production in 2001. The natural gas from Malampaya provides clean fuel for five (5) power plants in Batangas with a total generation capacity of 3,400MW. However, in 2018, Energy Undersecretary Donato Marcos mentioned that only around 1,000 MW of generating capacity can be supplied by 2024.
- As a result, the DOE started the implementation of the Philippine Conventional Energy Contracting Program ("PCECP") to bolster investments in the upstream oil and gas sector. This program provides investors the option to propose potential areas for exploration and/or development.
- In October 2019, the DOE announced that it will soon release its decision on the seven groups who bid for the petroleum exploration in Cagayan, Palawan, Sulu Sea, Agusan-Davao, Cotobato and West Luzon. On the other hand, in May 2019, President Rodrigo Duterte signed EO 80 which allowed the government to strike deals with third parties in oil exploration. Through the deal, the state-owned Philippine National Oil Company-Exploration Corporation ("PNOC-EC") was able to partner up with its China National Offshore Oil Corporation ("CNOOC").

Geothermal

- Geothermal plants in the Philippines have a total installed capacity of 1,944 MW in 2018, representing 8.2% of the total mix. As of 2018, the Philippines is considered as one of the top's producers of geothermal power. It has the 5th largest geothermal reserves in the world with seven (7) geothermal fields, just behind countries such as the United States, Indonesia, Japan and Kenya.
- In 2017, the energy investment council was formed in order to approve or disapprove energy projects within 30 days. According to the DOE's Power Development Plan 2016-2040, the Philippines plans to double geothermal capacity by the end of 2040.
- The leading companies in this space are Energy Development Corp., Aboitiz Power Corp., and San Miguel Corp. Global Power.
- Geothermal energy generated 10,435,305 MWh in 2018 which is 10.50% of total gross power generated. This also makes it the renewable energy source with the highest energy generated the Philippines.

Gross Power Generation in '000 MWh



	Geothermal	Hydro	Biomass	Solar	Wind
2016	11,070	8,111	726	1,097	975
2017	10,270	9,611	1,013	1,201	1,094
2018	10,435	9,384	1,105	1,249	1,153

Source: Department of Energy, Napocor, News Articles

Market Overview | Solar and Wind

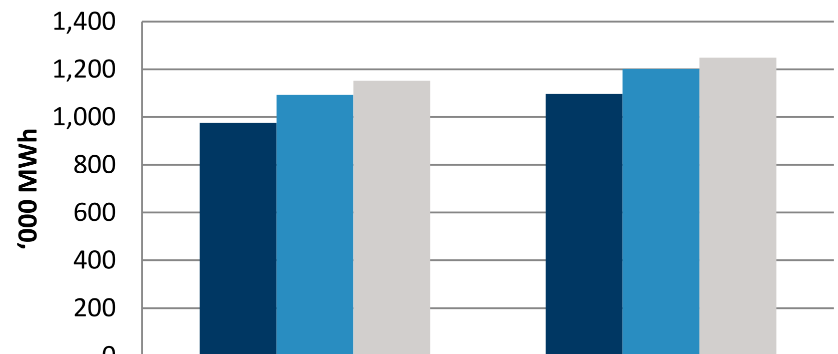
Solar

- In 2018, Solar accounted for 3.8% of the total installed capacity in the country with a total of 896 MW of power.
- The overall solar energy generation went up from 1,201,152 MWh in 2017 to 1,249,116 MWh in 2018, contributing 1.3% share to the total energy mix. As of December 2018, there are 62 indicative solar power projects with a total capacity of 10,199 MW. Currently, the DOE urges the private sector to invest in floating solar farms.
- Solar Philippines is the largest solar company in the Philippines. Last April 2019, Solar Philippines started operations of its Tarlac solar farm with a full capacity of 150 MW.
- In 2010, the Household Electrification Program ("HEP") was designed to provide households an access to electricity using mature RE systems such as Photovoltaic ("PV") solar home systems. In 2017, a total of 38,991 households have gained electricity access through this PV solar system. Currently, through the European Union ("EU"), the Access to Sustainable Energy Programme ("ASEP") aims to install about 45,000 PV solar home systems, with 50-watt peak capacity each, to remote off-grid communities.

Wind

- In 2018, wind energy contributed only 1.2% in the country's overall gross generation. Total installed capacity also remained constant at 427 MW. Currently, the Philippines has the greatest cumulative installed capacity for wind power generation.
- The Philippine Energy Plan 2017-2040 was proposed as an initiative to increase the capacity of renewable energy in the country, with wind power contributing at least 1,030 MW of the potential renewable energy capacities.
- The Burgos Wind Farm, constructed by Energy Development Corporation, is the largest wind power project in the Philippines which has a capacity of 150 MW.

Gross Power Generation in '000 MWh



	Wind	Solar
2016	975	1,097
2017	1,094	1,201
2018	1,153	1,249

Source: *Energy Annual Report 2018, DOE 2018 Power Statistics, Business World*

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Market Overview | Biomass

Biomass

- Biomass accounted for 258 MW or 1.8% of total installed capacity in 2018, up from 224 MW in 2017.
- Despite being the substitute fuel energy in the industry and commercial sector, the sluggish growth of 0.9% was attributed due to the declining popularity of biomass as a conventional fuel in the household sector. On the other hand, biomass gradually stepped up its contribution to the power sector as its level of fuel input to electricity generation increased by 101.6%.
- The heightened promotion on the use of RE resulted to a total of 67 proposed biomass projects with an additional capacity of more than 300 MW.
- In 2012, the Philippine government implemented a new feed-in tariff program in order to develop the emerging renewable energy resources. For biomass, the Philippine government implemented a feed-in tariff of PHP6.63 per kWh.
- In the biomass space, the leading companies are Isabela Biomass Energy Corporation ("IBEC") and Universal Robina Corporation ("URC").

Source: Department of Energy, World Health Organization, ADB

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Valuation Approach

Valuation Approach

In order to arrive at our estimates of value, we have considered the three (3) generally accepted approaches to valuation described below.

Approaches to Valuation

The generally accepted approaches to valuation are referred to as:

- Market Approach;
- Income Approach; and
- Cost Approach.

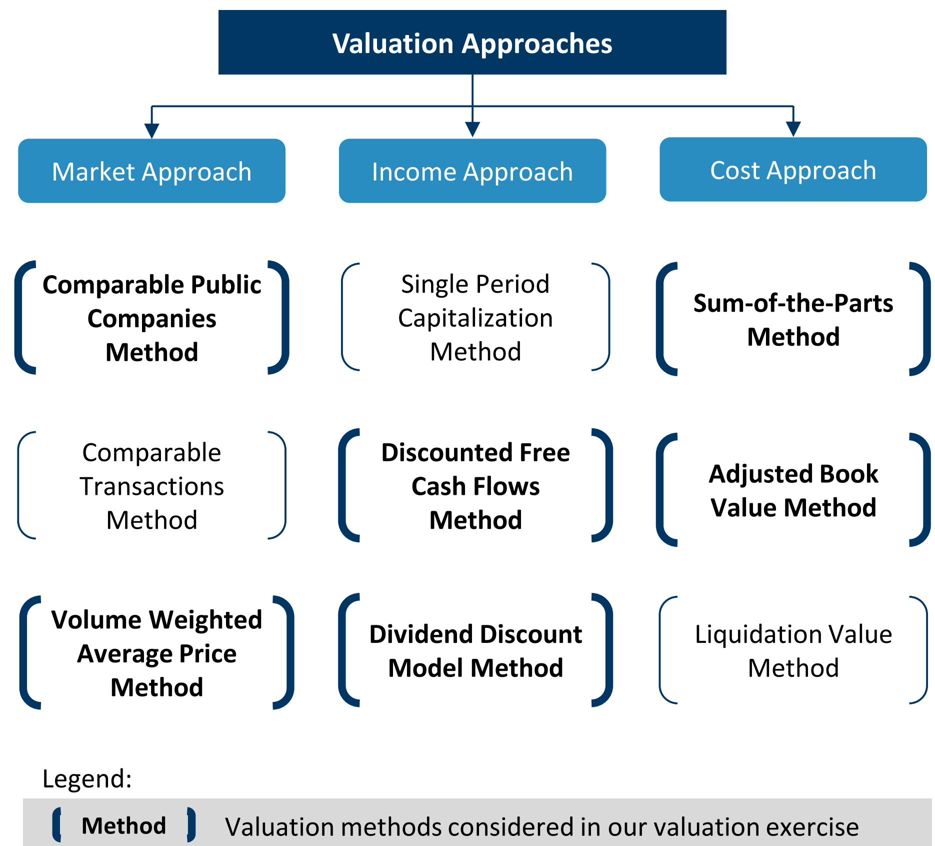
Within each category, a variety of methodologies exists to assist in the estimation of value. The succeeding sections contain a brief overview of the theoretical basis of each approach, as well as a discussion of the specific methodologies relevant to the analyses performed.

Market Approach

The Market Approach references actual transactions in the equity of the company being valued or transactions in similar companies that are traded in the public markets. Third-party transactions in the equity of a company generally represent the best estimate of fair market value if they are done at arm's length.

Comparable Public Companies Method

This method involves identifying and selecting publicly-traded companies with financial and operating characteristics similar to the subject company being valued. Once publicly-traded companies are identified, valuation multiples can be derived, adjusted for comparability, and then applied to the subject company's corresponding fundamental data to estimate the value of its equity.



Valuation Approach

Volume Weighted Average Price Method

This method involves analysis of the value of the Company's shares based on its historical trading volume and price.

Income Approach

The Income Approach is based on the premise that the value of a subject company is the present value of the future earning capacity that is available for distribution to investors in the subject company.

Discounted Free Cash Flows Method

This method involves forecasting the subject company's appropriate cash flow stream over an appropriate period, and discounting it back to present value using an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in the ownership of the subject company being valued.

Under the Discounted Free Cash Flows Method, Free Cash Flows to Firm ("FCFF") are determined and discounted using the weighted average cost of capital ("WACC"). FCFF represents the cash flows available for distribution to debtors and common equity shareholders of the company after all operating expenses have been paid and all necessary investments in working capital and fixed assets have been made, as shown below:

FCFF = Net Income + Noncash Charges – FCInv – WCInv + [(1-Tax) x Int]

where:

Noncash Charges = Depreciation and amortization

FcInv = Fixed capital investments

WcInv = Working capital investments

Tax = Effective tax rate of the company

Int = Interest payments

WACC is computed by multiplying the weights of debt and equity in the company's financing by the after-tax costs of debt and equity, respectively. The formula for the calculation of WACC is as follows:

$WACC = W_d\, R_d\, (1 - Tax\ Rate) + W_e\, R_e$

where: W_d = Weight of debt

W_e = Weight of equity

R_d = Pre-tax cost of debt

R_e = Cost of equity (discussed in detail in next slide)

Free Cash Flows to Equity ("FCFE") are determined and discounted using the cost of equity. FCFE represents the cash flow available for distribution to common equity shareholders of the company after all operating expenses, interest, and principal payments have been paid and all necessary investments in working capital and fixed assets have been made. It is calculated as follows:

FCFE= CFO – FCInv + Net borrowing

where:

CFO = Cash Flows from Operations

FcInv = Fixed Capital Investments

Net Borrowing= Newly acquired debt less principal debt repayments

Valuation Approach

Cost of equity was estimated using the Capital Asset Pricing Model ("CAPM"). CAPM is calculated as follows:

$R_e = R_f + \beta\,(R_m - R_f) + \alpha$

where: R_f = Risk-free rate
B = Levered Beta
R_m = Expected market rate of return
α = Alpha or specific risk premium

Risk-free rate represents the return that would be earned from an investment in risk-free assets such as government bonds. Expected market rate of return is based on the historical return rate on the country's equity index. In addition, beta measures a stock's sensitivity of returns to changes in the market. It is a measure of systematic risk. Beta may be estimated by leveraging the unlevered beta derived from comparable public companies.

The unlevered beta is based on the average raw betas of comparable publicly traded companies. The comparable companies are selected on the basis of their business operations and risks. The raw betas are unlevered using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

Unlevered Beta of Each Comparable = Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

To re-lever the unlevered beta using the subject company's leverage, the formula is as follows:

Levered Beta of Subject Company = Average Unlevered Beta of Comparable Companies x [1 + (1 – Effective Tax Rate) x (Debt/Equity of subject Company)]

Dividend Discount Model Method

This method involves forecasting the subject company's future dividends over an appropriate period, and discounting all the future dividends back to present value using the cost of equity.

Cost Approach

The Cost Approach is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

Sum-of-the-Parts Method

A valuation method that provides an indication of the value of an entire asset or enterprise by the addition of the separate values of its component parts. Values of the component parts are estimated using different valuation methodologies as deemed appropriate.

Adjusted Book Value Method

This method measures the company's value by subtracting the market or fair value of its liabilities, including off-balance sheet items like operating leases, from the market or fair value of its assets. Transaction costs are applied to the market or fair values of the assets and liabilities to get the adjusted book value of the company.

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Valuation Analysis
PHINMA Energy Corporation

Valuation Analysis
PHINMA Energy Corporation

Corporate Background

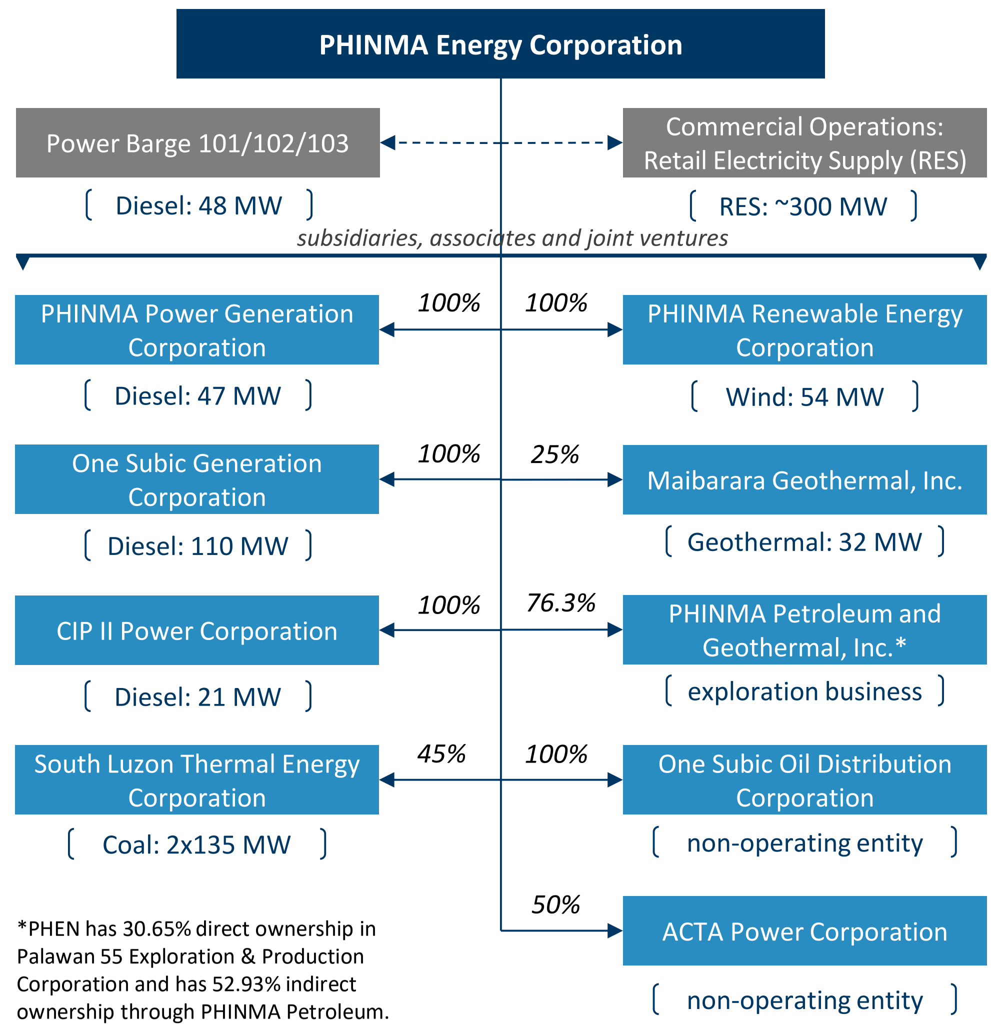
- **PHINMA Energy Corporation** ("PHINMA Energy" or "PHEN") is a company listed in the Philippine Stock Exchange as an integrated power solutions company. PHEN is engaged in power generation, electricity supply, renewable energy, and resource exploration and development. As of 30 June 2019, PHEN's energy portfolio has a total combined capacity of approximately 600 megawatts sourced from its own power plants and partnership ventures.
- PHEN's business can generally be classified into three main groups:

  [1] *trading business*: PHEN is a licensed Retail Electricity Supplier (RES). As a RES, the company is allowed to supply electricity to the contestable market through bilateral contracts and through Wholesale Electricity Spot Market (WESM).

  [2] *generation business*: PHEN holds equity stakes in different power generating plants. It has investments in diesel, coal, geothermal, and renewable energy.

  [3] *resource exploration and development business*: PHEN holds investments in resource development companies with interests in exploration service contracts granted by the Philippine government.
- PHINMA Energy recently changed its name to AC Energy Philippines, Inc. after AC Energy, Inc. completed its acquisition of PHINMA, Inc.'s and PHINMA Corporation's combined stakes in PHEN.

Corporate Structure



*PHEN has 30.65% direct ownership in Palawan 55 Exploration & Production Corporation and has 52.93% indirect ownership through PHINMA Petroleum.

Sources: PHINMA Energy website and Annual Report

Valuation Analysis
PHINMA Energy Corporation

Valuation Summary

- Based upon discussions with management, research conducted, and valuation analyses performed, the consolidated equity value of PHINMA Energy using the Sum-of-the-Parts method is reasonably estimated to be within the range of **PHP16,953.62 million** to **PHP20,891.97 million**. Dividing by total number of shares outstanding of 7.52 billion, this results to a price per share range of **PHP2.25** to **PHP2.78** as of 30 June 2019 (the "Valuation Date").

Valuation Summary of PHINMA Energy as of 30 June 2019

Business Segment	Business Type	Valuation Method	Equity Value (at 100%)		% Ownership	Equity Value (at PHEN's stake)		Reference
Amounts in PHP Millions			**Low**	**High**	**[PHEN]**	**Low**	**High**	
RES	Commercial	Income [DCF]	1,114.62	2,225.81	*100.0%*	1,114.62	2,225.81	Section A
PB101/102	Diesel	Income [DCF]	1,806.68	1,949.72	*100.0%*	1,806.68	1,949.72	Section B
PPGC	Diesel	Income [DCF]	839.28	932.04	*100.0%*	839.28	932.04	Section B
OSPGC	Diesel	Income [DCF]	2,646.48	2,867.70	*100.0%*	2,646.48	2,867.70	Section B
CIPP	Diesel	Income [DCF]	402.44	458.42	*100.0%*	402.44	458.42	Section B
PHINMA Renewable	Wind	Income [DCF]	2,722.58	3,791.66	*100.0%*	2,722.58	3,791.66	Section C
SLTEC	Coal	Income [DCF]	12,734.44	14,575.16	*45.0%*	5,730.50	6,558.82	Section D
PHINMA Petroleum	Exploration	VWAP/Market cap	1,077.41	1,175.00	*76.3%*	822.28	896.76	Section E
MGI	Geothermal	Adj. BV/Market	15.57	15.57	*25.0%*	15.57	15.57	Section F
One Subic Oil	Non-operating	Adjusted BV	73.14	73.14	*100.0%*	36.57	36.57	Section G
ACTA Power	Non-operating	Adjusted BV	2,764.95	4,134.03	*50.0%*	691.24	1,033.51	Section G
SLTEC Land	Investment property	Appraised value	812.20	812.20	*100.0%*	812.20	812.20	Section G
PB 103	Non-operating asset	Book value	171.83	171.83	*100.0%*	171.83	171.83	Section G
TOTAL OPERATING VALUE						**17,812.27**	**21,750.62**	
PHEN, Net Debt						(1,133.29)	(1,133.29)	Section H
PHEN, Corporate Overhead						(950.63)	(950.63)	Section H
PHEN, Other Non-operating Assets and Liabilities						1,225.27	1,225.27	Section H
TOTAL EQUITY VALUE						**16,953.62**	**20,891.97**	
Total number of shares outstanding (in millions)						7,522	7,522	
PRICE PER SHARE (in PHP)						**2.25**	**2.78**	

Share price as of 30 June 2019	**2.55**
1-month VWAP	**2.56**
3-month VWAP	**2.05**

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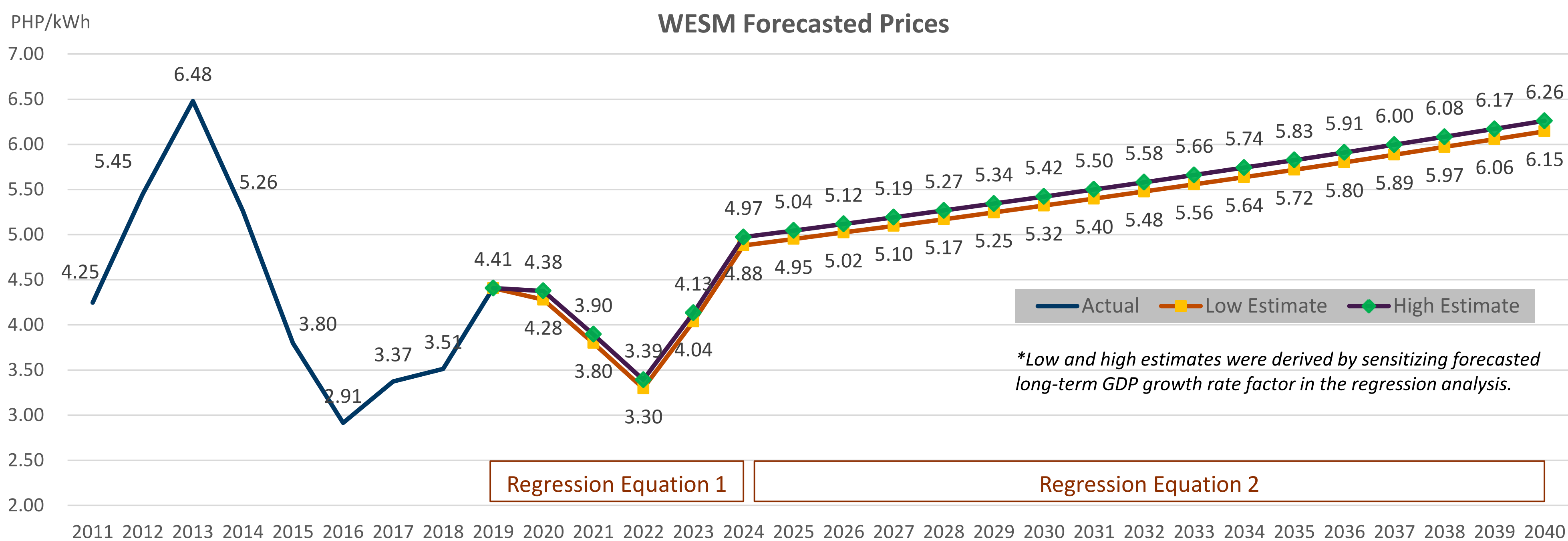
Valuation Analysis – PHINMA Energy Corporation
Section A | WESM Forecasting

- One of the key input assumptions in valuing PHINMA Energy is the forecasted WESM price. WESM prices were forecasted using multivariate regression analysis. Two different regression equations were formulated: (1) short-run analysis to account for the expected capacity additions in Luzon from 2019-2023, and (2) long run analysis taking into account the Malampaya shutdown.



Regression Equation 1 (2019-2023): 2.126 + 48.173 (GDP Luzon Growth Rate) + 0.033 (Brent Oil Price) - 0.001 (Energy Surplus)

Regression Equation 2 (2024 onwards): -1.856 + 45.859 (GDP Luzon Growth Rate) + 0.042 (Brent Oil Price)

- Please refer to Appendix 2 for the details of the regression analysis conducted in this valuation exercise.

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Valuation Analysis – PHINMA Energy Corporation
Section A | Retail Electricity Supply

PHEN's RES business was valued within the range of **PHP1,114.62 million** to **PHP2,225.81 million** using the Discounted FCFF method. We applied a 9.44% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized the forecasted WESM prices from 2019F to 2041F.

Business Background

- PHINMA Energy is a licensed Retail Electricity Supplier (RES). As a RES, the company is allowed to supply electricity to the contestable market pursuant to the Electricity Power Industry Reform Act (EPIRA). Further, excess supply is sold through WESM.
- PHINMA Energy sources its power supply from South Luzon Thermal Energy Corporation through a Power Purchase Agreement (PPA) until 2041, and from Maibarara Geothermal, Inc. through an Electricity Supply Agreement (ESA) until 2038.

Valuation of RES Business

- The approach used to estimate the equity value of PHINMA Energy's retail electricity supply business was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to PHEN, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for RES business.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U)	0.48	PHEN's unlevered beta as of 30 Jun '19
D:E ratio [1]	0.18	D:E of PHEN as of 30 Jun '19
Tax rate	30.00%	Applicable income tax rate
Levered Beta (β_L)	0.55	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Specific risk premium (α)	2.00%	To account for specific risks (i.e. WESM price volatility)
Cost of Equity	**10.26%**	CAPM equation [RFR + β_L x (Market RP)+α]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	30.00%	Applicable income tax rate
Cost of debt, post-tax	**4.95%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	84.42%	Computed based on D:E ratio above
Weight of debt [2]	15.58%	Computed based on D:E ratio above
WACC	**9.44%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] D:E ratio was computed by dividing PHEN's total debt of PHP3.54 billion against its market capitalization of PHP19.19 billion as of 30 Jun 2019.

[2] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

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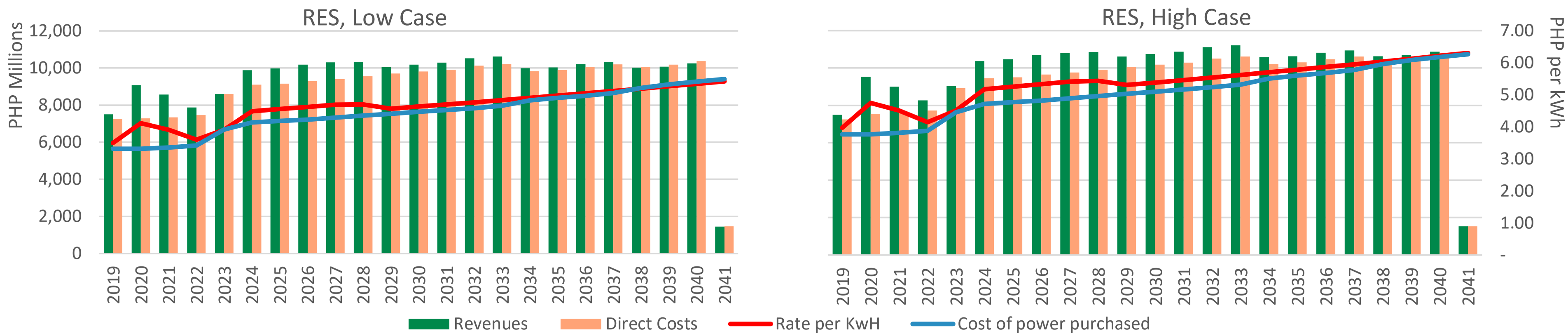
Valuation Analysis – PHINMA Energy Corporation
Section A | Retail Electricity Supply



Key Forecast Assumptions

- Revenues are derived from contracted demand and WESM sales.
- As of 30 June 2019, PHEN has 13 existing contracts with total combined contracted capacity of around 290MW. Generation rates were mostly fixed. For contracts with escalation provisions, generation rates were estimated to grow by half of inflation. Further, management assumes non-renewal of existing contracts with the last contract to end in 2028.
- Excess supply is sold through WESM. WESM prices were assumed to have 30% premium over forecasted WESM LWAP for peak hours and 25% discount for non-peak hours. To cross-check, we did a 3-month analysis of the historical WESM prices during peak and non-peak hours. Our analysis shows that the assumptions used are consistent with the actual prices. Please refer to Appendix 3 for the details.
- PHEN sources its power supply from SLTEC and MGI with total combined capacity of approximately 220MW. SLTEC accounts for 90.7%, on average, of total supply over the forecast period.

Key Forecast Assumptions (cont'd.)

- SLTEC's effective price is at PHP3.73 to PHP3.86 per kWh in 2019 to 2022, and will ramp up starting in 2023 at PHP4.52. MGI's effective price is fixed at PHP4.00 per kWh.
- Positive margins are expected in the short term given the reduced generation cost from SLTEC and lower forecasted coal prices. In the long run, long-term marginal costs are projected to be at the same level with the forecasted WESM prices.

Valuation Summary

- Given that the RES business is sensitive to WESM prices, we sensitized the forecasted WESM prices to arrive at the low and high estimates of value. This resulted to an equity valuation range for RES business of **PHP1,114.62 million** to **PHP2,225.81 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Equity Value	1,114.62	2,225.81

Valuation Analysis – PHINMA Energy Corporation
Section B | Diesel Portfolio – PB101/102, PPGC, OSPGC, CIPP

PHEN's diesel portfolio was valued within the range of **PHP5,694.89 million** to **PHP6,207.89 million** using the Discounted FCFF method. We applied a 6.94% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized the capacity factor to WESM over the forecast period.

Business Background

- PHINMA Energy has investments in different diesel assets as follows:
  - PHINMA Power Generation Corporation (PPGC) which operates a 47MW bunker C-fuel power plant in Bulacan, Philippines;
  - One Subic Power Generation Corporation (OSPGC) which operates a 110MW diesel power plant in Subic, Olongapo City, Philippines;
  - CIP II Power Corporation (CIPP) which operates a 21MW bunker C-fired power plant in La Union, Philippines; and
  - Power Barges 101 and 102 (PB101/PB102) which have total net capacity of 48MW.

Valuation of Diesel Assets

- Each diesel asset was valued using the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity. It also requires the identification of public companies that are reasonably comparable to the diesel entities, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for the diesel assets.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.32	Average unlevered beta of comps
D:E ratio [2]	-	D:E ratio of diesel entities
Tax rate	30.00%	Applicable income tax rate
Levered Beta (β_L)	0.32	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**6.94%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	30.00%	Applicable income tax rate
Cost of debt, post-tax	**4.95%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	100.0%	Computed based on D:E ratio above
Weight of debt [3]	0.00%	Computed based on D:E ratio above
WACC	**6.94%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendix 4 for the comparable companies considered in the analysis and Appendix 8 for the unlevered beta computation.

[2] Diesel entities have no outstanding debt as of the Valuation Date.

[3] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

Valuation Analysis – PHINMA Energy Corporation
Section B | Diesel Portfolio – PB101/102, PPGC, OSPGC, CIPP

Key Forecast Assumptions

- Diesel assets are mainly driven by sales from ASPA and WESM.
- For all diesel assets, Management intends to maximize nominated capacity to ASPA. For our analysis, we used 80% of plant availability to be nominated to ASPA.
- Historical bid/offer rates for non-firm dispatchable reserves range between PHP0.80 and PHP1.00 per kWh. For our analysis, ASPA rates were assumed to float around PHP1.00/kWh and above, with a ceiling of PHP1.25/kWh based on current ASPA contracts with diesel entities.
- Capacity factors to WESM for the diesel assets were assumed to be within high single digits to low double digits. The diesel assets use "BFO WESM" rates which assume premiums against WESM LWAP.
- Fuel costs cover the majority of diesel entities' expense. Fuel costs were based on Singapore fuel oil 180 centistoke quotes ("FO 180cst"). These were projected using regression equation with Brent crude as the explanatory variable. Based on the regression analysis, there is 98% correlation between FO 180cst and Brent crude.
- For the Brent crude projection, we used the Brent crude forecasts published by the U.S. Energy Information Administration (EIA).

i. PB101/102

- Capacity factors to WESM for PB101 and PB102 were assumed at 2.9% and 2.5% in 2019 to 2021, respectively. Starting 2022, capacity to WESM for both power barges was assumed to increase at 10%.
- Management expects dry dock cost of PHP100 million every ten years starting in 2019 and 2021 for PB101 and PB102, respectively. Annual recurring capex was assumed at PHP15 million per power barge.

ii. PPGC

- Capacity factor to WESM was assumed at 9.3% over the forecast period.
- Management expects higher capital expenditures of approximately PHP105 million in 2019 and 2020 for the rehabilitation of the diesel plant. Thereafter, recurring capex is expected to be PHP15 million annually.

iii. OSPGC

- Capacity factor to WESM was assumed at 7.8% over the forecast period.
- Major capital expenditures of approximately PHP650 million were assumed in 2019 and 2020 for the rehabilitation of the diesel plant. Starting 2021, assumed annual recurring capex is PHP15 million.

iv. CIPP

- Capacity factor to WESM was assumed at 11.9% over the forecast period.
- Management expects capital expenditures of around PHP50 million in 2019 and 2020 for the rehabilitation of the diesel plant. Starting 2021, assumed annual recurring capex is PHP15 million.

Valuation Analysis – PHINMA Energy Corporation
Section B | Diesel Portfolio – PB101/102, PPGC, OSPGC, CIPP

Valuation Summary

- The low and high estimates of value were computed by sensitizing capacity factor allocated to WESM with the low estimate using half of the originally forecasted capacity factor.
- Based on the foregoing analysis, the total equity value of PHEN's diesel assets is estimated to be within the range of **PHP5,649.89 million** to **PHP6,207.89 million** as of the Valuation Date. Please see table to the right for the summary.

Amounts in PHP Millions	Low Estimate	High Estimate
Power Barges 101&102		
Enterprise Value	1,806.68	1,949.72
[+] Cash and NOAL	-	-
Equity Value	**1,806.68**	**1,949.72**
PHINMA Power [PPGC]		
Enterprise Value	710.82	803.59
[+] Cash and Cash Equivalents	114.15	114.15
[+] NOAL[1]	14.31	14.31
Equity Value	**839.28**	**932.04**
One Subic Power [OSPGC]		
Enterprise Value	2,617.97	2,839.19
[+] Cash and Cash Equivalents	20.93	20.93
[+] NOAL[1]	7.58	7.58
Equity Value	**2,646.48**	**2,867.66**
CIPII Power [CIPP]		
Enterprise Value	311.88	367.86
[+] Cash and Cash Equivalents	80.31	80.31
[+] NOAL[1]	10.25	10.25
Equity Value	**402.44**	**458.42**
Equity Value of Diesel Portfolio	**5,694.89**	**6,207.89**

[1] Please refer to Appendix 11 for the breakdown of the NOAL.

NOAL = non operating assets and liabilities

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Valuation Analysis – PHINMA Energy Corporation
Section C | PHINMA Renewable

PHINMA Renewable was valued within the range of **PHP2,722.58 million** to **PHP3,791.66 million** using the Discounted FCFF method. We applied a 9.27% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized the feed-in-tariff (FIT) rate. We assumed a flat FIT rate of PHP7.4/kWh over the forecast period as the low case. For the high case, we applied an escalation to the FIT rate every five years.

Business Background

- PHINMA Renewable Energy Corporation (PHINMA Renewable) was established with the primary purpose of developing and utilizing renewable energy and pursuing clean and energy-efficient projects. PHINMA Renewable operates the 54MW San Lorenzo Wind Power project in Guimaras, Philippines and is entitled to the Feed-in-Tariff (FIT) program until 2034.

Valuation of PHINMA Renewable

- The approach used to estimate the equity value of PHINMA Renewable was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to PHINMA Renewable, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for PHINMA Renewable.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.66	Average beta of comparable companies
D:E ratio [1]	0.66	D:E of comparable companies
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	1.05	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**11.18%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	10.00%	Applicable income tax rate
Cost of debt, post-tax	**6.36%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	60.29%	Computed based on D:E ratio above
Weight of debt [2]	39.71%	Computed based on D:E ratio above
WACC	**9.27%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendix 5 for the comparable companies considered in the analysis and Appendix 9 for the unlevered beta computation.

[2] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

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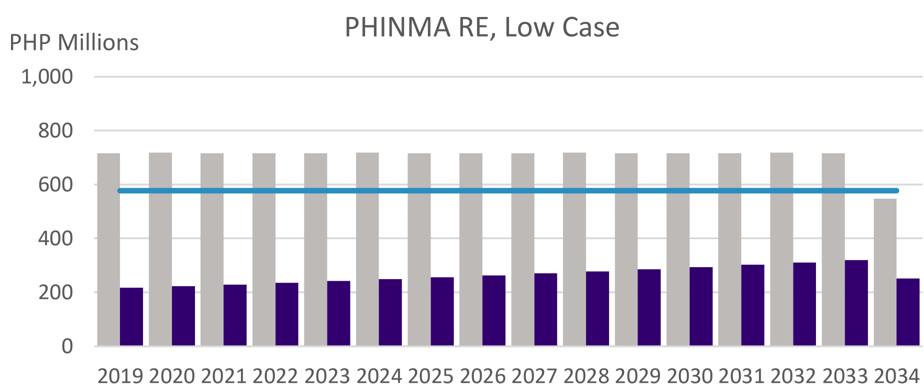
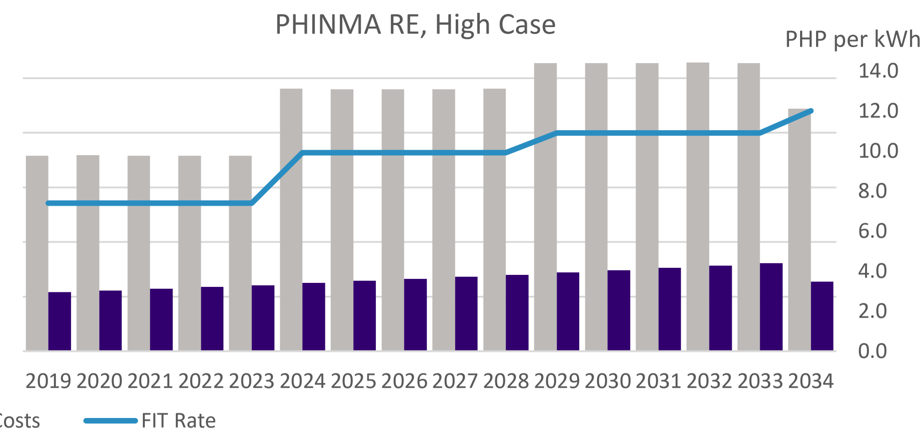
Valuation Analysis – PHINMA Energy Corporation
Section C | PHINMA Renewable





Key Forecast Assumptions

- Revenues are sourced from the 54MW San Lorenzo Wind project, which is entitled to FIT until 2034 with a base rate of PHP7.4/kWh. The plant is expected to end operations once the FIT program expires.
- The plant's net capacity factor is assumed at 20.5% per year, which is in line with the historical average for the past four years (2015-2018).
- Operating costs are mostly direct costs which are forecasted based on cost per MW and are expected to grow in line with inflation.
- Expected recurring capital expenditures is PHP15 million per annum over the forecast period.
- PHINMA Renewable has existing long term debt with Development Bank of the Philippines and Security Bank Corporation. These are expected to be fully paid in 2029.
- Per R.A. No. 9513., renewable energy plants enjoy a lower corporate income tax rate of 10%. We applied this rate for purposes of our valuation.

Valuation Summary

- We arrived at the low and high estimates of value by sensitizing the FIT rate. Our low estimate assumes that the FIT rate will stay flat at PHP7.4/kWh until 2034. For our high estimate, we applied an escalation to FIT rate every five years starting 2024 using ERC's mandated formula. The base year for escalation is 2014 which is the start of plant operations.
- Based on the foregoing analysis, we arrived at an equity value for PHINMA Renewable within the range of **PHP2,722.58 million** to **PHP3,791.66 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	3,354.25	4,423.32
[-] Debt Value	(1,656.79)	(1,656.79)
[+] Cash and Cash Equivalents	709.94	709.94
[+] NOAL[1]	315.18	315.18
Equity Value	**2,722.58**	**3,791.66**

[1] Please refer to Appendix 11 for the breakdown of the NOAL.

NOAL = non operating assets and liabilities

Valuation Analysis – PHINMA Energy Corporation
Section D | South Luzon Thermal Energy Corporation

SLTEC was valued within the range of **PHP5,730.50 million** to **PHP6,558.82 million** at 45% stake of PHEN using the Discounted FCFF method. We applied a 7.51% WACC as our discount rate. To arrive at our low and high estimates of value, we assumed the plant's availability factor at 82.5% and 86.0% over the life of the asset, respectively.

Business Background

- South Luzon Thermal Energy Corporation (SLTEC) operates a 2x135MW coal-fired power plant in Calaca, Batangas. The first unit of SLTEC's Circulating Fluidized Bed Coal-fired Power Plant started its commercial operations in 2015, while the second unit commenced operations in 2016. Both units are under a Power Purchase Agreement (PPA) with PHINMA Energy for 25 years. PHINMA Energy and AC Energy owns 45% and 35% of SLTEC, respectively. The plant is expected to have a 40-year economic life.

Valuation of SLTEC

- The approach used to estimate the equity value of SLTEC was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to SLTEC, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for SLTEC.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U)[1]	0.50	Average beta of comparable companies
D:E ratio [2]	1.47	D:E of SLTEC as of 30 Jun '19
Tax rate	30.00%	Applicable income tax rate
Levered Beta (β_L)	1.01	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**10.95%**	CAPM equation [RFR + β_L x (Market RP)+α]
Cost of debt, pre-tax	7.40%	Interest rate on existing loan
Tax rate	30.00%	Applicable income tax rate
Cost of debt, post-tax	**5.18%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	40.46%	Computed based on D:E ratio above
Weight of debt [3]	59.54%	Computed based on D:E ratio above
WACC	**7.51%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendix 6 for the comparable companies considered in the analysis and Appendix 10 for the unlevered beta computation.

[2] D:E ratio was computed by dividing SLTEC's total debt of PHP10.81 billion against its total equity of PHP7.35 billion as of 30 June 2019.

[3] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

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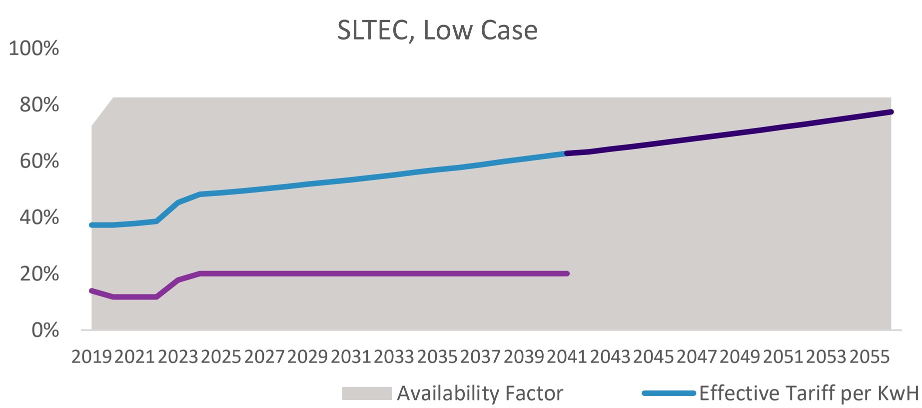
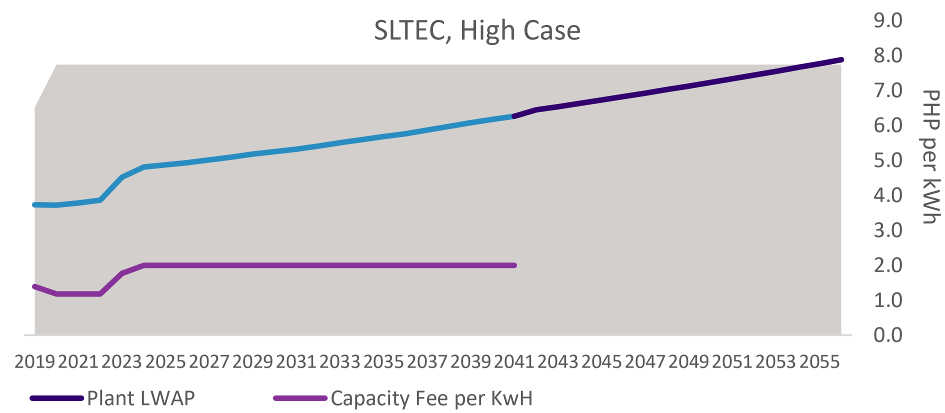
Valuation Analysis – PHINMA Energy Corporation
Section D | South Luzon Thermal Energy Corporation





Key Forecast Assumptions

- Revenue is derived mainly from its PPA with PHEN. SLTEC and PHEN recently amended the PPA to extend its term and reduce the capacity fee starting 2019, followed by a step-up capacity fee after 4 years. Once the PPA expires in 2040 and 2041 for unit 1 and 2, respectively, power generated from the plant is assumed to be sold to the WESM until 2056.
- For 2H 2019, plant availability factors are 72.5% and 82.5% for unit 1 and 2, respectively. This is expected to increase to 86.0% from 2020 onwards as plant rehabilitations are completed.
- SLTEC's coal costs were based on the GlobalCOAL Newcastle Index, adjusted for calorific value and moisture content per its coal supply agreements. Newcastle coal prices were projected based on published ICE NewCastle futures prices as of the Valuation Date, adjusted for inflation.
- Capital expenditures of PHP300 million in 2019 and 2020 are assumed for the rehabilitation of the plant. Thereafter, replacement capex of PHP100 million with additional PHP75 million every two years is expected.

Valuation Summary

- We arrived at the low and high estimates of value by sensitizing the plant's availability factor from 2020 onwards. For the low case, we assumed that it will be in line with the expected rate for unit 2 in 2H 2019 of 82.5%. The high case follows management's forecast of 86.0%.
- Based on the foregoing analysis, the total equity value for SLTEC is within the range of **PHP12,734.44 million** to **PHP14,575.16 million**. At 45% PHEN's stake, this results to an equity valuation range of **PHP5,730.50 million** to **PHP6,558.82 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	21,801.26	23,641.99
[-] Debt Value	(10,814.45)	(10,814.45)
[+] Cash and Cash Equivalents	1,967.46	1,967.46
[+] NOAL[1]	(219.83)	(219.83)
Equity Value (at 100% ownership)	**12,734.44**	**14,575.16**
Equity Value (at 45% stake)	**5,730.50**	**6,558.82**

[1] Please refer to Appendix 11 for the breakdown of the NOAL.

NOAL = non operating assets and liabilities

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Valuation Analysis – PHINMA Energy Corporation
Section E | PHINMA Petroleum

PHINMA Petroleum was valued within the range of **PHP822.28 million** to **PHP896.76 million** at 76.32% stake of PHEN. For the low estimate, we used 1-month VWAP analysis, while the market capitalization as of the Valuation Date was used for the high estimate.

Business Background

- PHINMA Petroleum and Geothermal, Inc. (PHINMA Petroleum) is engaged in exploration and development of geothermal resources such as crude oil and natural gas. It was listed in the Philippine Stock Exchange by way of introduction in 2014.
- PHINMA Petroleum holds 52.93% interest in Palawan 55 Exploration and Production Corporation (Palawan 55). Palawan 55 is the operator of SC 55 project which covers 900,000 hectares in West Palawan, Philippines. Based on the company's annual report, SC 55 project is a deep water block in the middle of a proven regional oil and gas fairway that extends from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan. Currently, the project is in the appraisal period.
- As of the Valuation Date, PHINMA Petroleum has not started commercial operations.
- PHINMA Energy's effective ownership in PHINMA Petroleum is 76.32%.

Valuation of PHINMA Petroleum

- PHINMA Petroleum was valued using the Volume Weighted Average Price ("VWAP") analysis. This method determines the equity value of the company based on its historical trading volume and price.
- VWAP analysis was considered given that there were limitations in using other valuation methodologies, such as income and market approaches. Limitations include, among others:

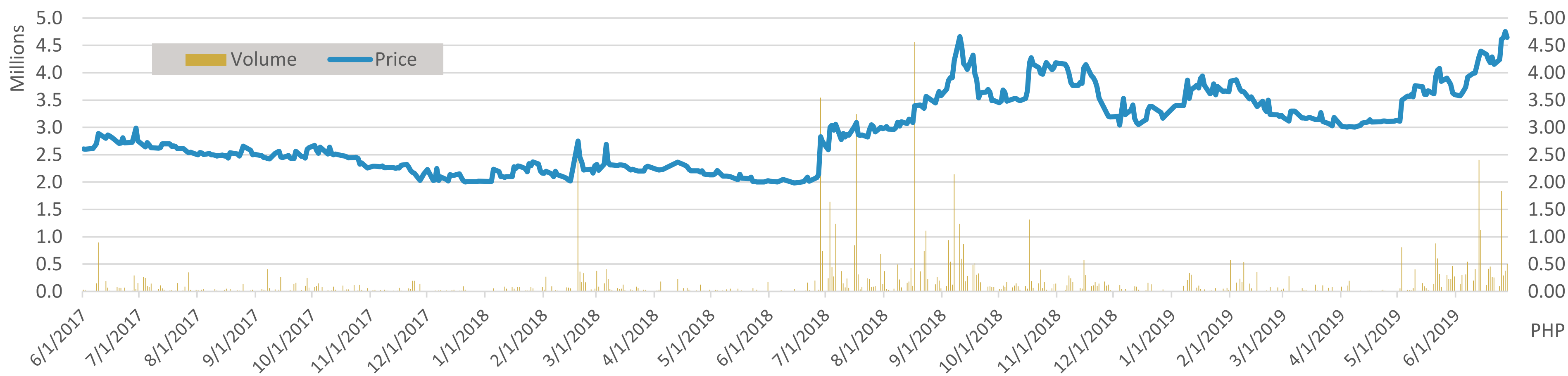
  (1) There is no readily available financial forecast;

  (2) PHINMA Petroleum has not started commercial operations. As such, financial metrics such as EBITDA, EBIT, and earnings would reflect negative balances; and

  (3) Finding comparable publicly listed companies is challenging for extraction industries because of differences in location, accessibility, extraction costs, quality and status of reserves, and quality of equipment used in operations. These factors typically require transaction data to be adjusted as mentioned in IVSC's discussion paper on valuations in Extraction Industries (2012).

Valuation Analysis – PHINMA Energy Corporation
Section E | PHINMA Petroleum

PHINMA Petroleum 2-Year Historical Share Price Performance



VWAP Analysis

- The VWAPs of PHINMA Petroleum in the past two years are as follows:

Period	VWAP (PHP)
Market price as of 30 June 2019	4.70
1-month	4.31
3-months	4.09
6-months	3.96
12-months	3.69
24-months	3.40

- We note that the changes in VWAP may be affected by different factors including key milestones from the company and market conditions.
- 1-month VWAP was considered given that a closer VWAP to the Valuation Date would better reflect prevailing market conditions and sentiment, and recent disclosures by PHINMA Petroleum management on initiatives being undertaken to further develop their project. Using older VWAPs may be less relevant and applicable.

Valuation Summary

- The low estimate of value was derived by using the 1-month VWAP of PHINMA Petroleum from the Valuation Date. The market capitalization of PHINMA Petroleum as of the Valuation Date was used as the high estimate.
- Based on the above information, the equity valuation range for PHINMA Petroleum is estimated within **PHP1,077.41 million** to **PHP1,175.00 million**. At 76.32% PHEN's stake, this results to an equity valuation range of **PHP822.28 million** to **PHP896.76 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate [1]	High Estimate [2]
Equity Value (at 100% ownership)	1,077.41	1,175.00
Equity Value (at 76.32% stake)	**822.28**	**896.76**

[1] Low estimate: 1-month VWAP (PHP4.31) multiplied by outstanding shares of 250 million

[2] High estimate: closing price as of Valuation Date (PHP4.70) multiplied by outstanding shares of 250 million

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Valuation Analysis – PHINMA Energy Corporation
Section F | Maibarara Geothermal, Inc.

MGI was valued within the range of **PHP691.24 million** to **PHP1,033.51 million** at 25% stake of PHEN. We used the adjusted book value method to arrive at the low estimate, while we conducted comparable public companies method to arrive at the high estimate.

Business Background

- Maibarara Geothermal, Inc. (MGI) owns and operates the Maibarara Geothermal Power Project (MGPP) for power generation in Sto. Tomas, Batangas, Philippines.
- MGPP is the first geothermal power plant that has been put on commercial operation under R.A. No. 9513 or the Renewable Energy Law. MGPP has total capacity of 32MW.
- Current ownership structure of MGI is as follows: 65% PetroGreen Energy Corporation, 25% PHINMA Energy, and 10% PNOC Renewables Corporation.

Valuation of MGI

- MGI was valued using both cost and market approaches to valuation.
  - Adjusted book value method under cost approach entails adjusting the assets and liabilities of MGI to fair value, and subsequently determining MGI's adjusted net asset value.
  - Comparable public companies method under market approach involves identification of public companies that are reasonably comparable to MGI, and analysis of the valuation indications the multiples of comparable companies imply when applied to MGI.
- Income approach was not considered given that the Management has less control over the business. As such, assumptions to be used in the forecasts could not be confirmed by Management.

Adjusted Book Value Method

- Presented below is MGI's net asset values as of 30 June 2019.

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	764.01	764.01
Restricted cash	292.97	292.97
Receivables	131.18	131.18
Other current assets	127.06	127.06
PPE [(1)]	4,427.96	4,427.96
Other noncurrent assets	239.04	239.04
Total Assets	**5,982.22**	**5,982.22**
LIABILITIES		
Accounts payable	225.06	225.06
Loans payable [(2)]	3,004.90	2,966.61
Asset retirement obligation	16.73	16.73
Accrued retirement liability	8.87	8.87
Total Liabilities	**3,255.56**	**3,217.27**
Net Assets	**2,726.66**	**2,764.95**

[(1)] The appraisal report for PPE was not made available for purposes of the valuation exercise.

[(2)] Fair value was computed by calculating the total of the present values of the fixed component of the loan from the date of repricing to the Valuation Date, and the floating component from the maturity date to the Valuation Date using the market rate as of Valuation Date.

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Valuation Analysis – PHINMA Energy Corporation
Section F | Maibarara Geothermal, Inc.

Comparable Public Companies Method

- We researched comparable companies classified under Global Industry Classification Standards or GICS as "Independent Power and Renewable Electricity Producers". From the list, we selected comparable companies that have geothermal portfolio in emerging Southeast Asian countries. The table below presents the comparable companies identified.

Comparable Companies [1]	Country	Geothermal Portfolio Size
First Gen Corporation	Philippines	1,168.8MW
Aboitiz Power Corporation	Philippines	682.8MW
Electricity Generating PCL	Thailand	874MW
BCPG PCL	Thailand	182MW

- From the analysis of the comparable companies, we gathered their EV/EBITDA and P/E multiples. These multiples were considered given that these are the more common multiples used for capital-intensive businesses such as MGI. The table below shows the multiples that were considered in our valuation.

	EV/EBITDA	P/E
First Gen Corporation	21.05	17.37
Aboitiz Power Corporation	10.00	11.99
Electricity Generating PCL	4.89	7.86
BCPG PCL	25.47	36.78
Median	**15.53**	**14.68**
Average	**18.84**	**22.05**

- The median and average multiples were applied to the EBITDA and earnings of MGI as of the Valuation Date to get an estimated range of enterprise values. These are then adjusted for net debt and non-operating assets and liabilities to arrive at the range of equity values.

Comparable Public Companies Method (cont'd.)

- Given that MGI is not publicly listed as compared to its comparable companies, it is more difficult to trade the company's shares in the market. Higher friction costs associated with the sale of the shares (e.g. selling costs, taxes, etc.) is also expected. As such, an illiquidity discount of 15% was further applied in our valuation. We then took the average of the equity values derived from the multiples analysis to arrive at the final equity value of MGI.

Amounts in PHP Millions	EV/EBITDA	P/E
MGI's financial metric as of 30 June 2019	433.63	206.80
MGI's net debt as of 30 June 2019 [2]	(1,947.91)	-
MGI's NOAL as of 30 June 2019 [2]	213.44	213.44
Implied Equity Value, pre-discount (low est.)	4,997.96	3,248.82
Implied Equity Value, pre-discount (high est.)	6,434.84	4,772.63
Illiquidity Discount	*15.0%*	*15.0%*
Implied Equity Value, post-discount (low est.)	4,248.27	2,761.49
Implied Equity Value, post-discount (high est.)	5,469.62	4,056.74
Average of Implied Equity Values, post-discount		**4,134.03**

Valuation Summary

- The equity valuation range of MGI is estimated within **PHP2,764.95 million** to **PHP4,134.03 million**. At 25% stake of PHEN, this results to an equity valuation range of **PHP691.24 million** to **PHP1,033.51 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Equity Value (at 100% ownership)	2,764.95	4,134.03
Equity Value (at 25% stake)	**691.24**	**1,033.51**

[1] Please refer to Appendix 7 for the description of the comparable companies.
[2] Please refer to Appendix 11 for the breakdown of net debt and non-operating assets and liabilities (NOAL) of MGI.

Valuation Analysis – PHINMA Energy Corporation
Section G | Non-Operating Entities and Other Assets

PHINMA Energy's non-operating entities were valued using the net asset value (NAV) method by subtracting the fair value of assets and the fair value of liabilities. For the value of SLTEC land, we relied on the appraisal report prepared by Asian Appraisal dated 24 August 2019. For the value of Power Barge 103, we used its net book value as of the Valuation Date.

Business Background

- PHINMA Energy's non-operating entities include One Subic Oil Distribution Corporation (One Subic Oil) and ACTA Power Corporation (ACTA Power). One Subic Oil is primarily engaged in the petroleum distribution business, while ACTA power is engaged in maintaining power generation facilities, and the generation and sale of electricity. PHEN owns 100% of One Subic Oil, while ACTA Power is a 50-50 joint venture with AC Energy.
- PHINMA Energy has two key non-operating assets: SLTEC Land and Power Barge 103. SLTEC Land consists of land at three sites with total area of 34 hectares located in Calaca, Batangas. Power Barge 103 consists of fixed assets located in Estancia, Iloilo.

Valuation of Non-Operating Entities and Assets

- Non-operating entities were valued using the Net Asset Value (NAV) method under the Cost Approach. The NAV method subtracts the fair value of liabilities from the fair value of assets.
- For SLTEC Land, we relied on the appraisal report prepared by an independent real estate appraiser engaged by AC Energy. The appraisal report was dated 24 August 2019. We believe that the value indicated in the appraisal report approximates fair value as of Valuation Date.
- For Power Barge 103, we used its net book value as of Valuation Date, in the absence of any available appraisal report.

Net Asset Value – One Subic Oil

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	1.52	1.52
Investments held for trading	5.07	5.07
Other current assets	1.09	1.09
Asset held for sale [1]	3.55	3.55
PPE [2]	4.34	4.34
Total Assets	**15.58**	**15.58**
LIABILITIES		
Deferred tax liability	0.01	0.01
Total Liabilities	**0.01**	**0.01**
Net Assets	**15.57**	**15.57**

(1) These are cash equivalents and liquid assets. As such, book value approximates fair value.

(2) This includes construction in progress, and machinery and equipment. Net book value as of 30 June 2019 was considered.

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Valuation Analysis – PHINMA Energy Corporation
Section G | Non-Operating Entities and Other Assets

Net Asset Value – ACTA Power

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	2.36	2.36
Other current assets	0.14	0.14
Accrued interest receivable	4.22	4.22
Loans receivable [1]	66.80	66.80
Total Assets	**73.52**	**73.52**
LIABILITIES		
Accounts and other payables	0.06	0.06
Deferred tax liability	0.31	0.31
Total Liabilities	**0.37**	**0.37**
Net Assets (at 100% ownership)	**73.14**	**73.14**
Net Assets (at 50% stake)	**36.57**	**36.57**

(1) This pertains to loans provided to Agritrans Ventures Corporation. Loans are current and are usually extended for two years.

Valuation Summary

- Valuation analysis using the NAV method typically results in a point estimate of value. Therefore, the low and high estimates are the same.
- Based on the foregoing, the total equity value for PHINMA Energy's non-operating entities and key non-operating assets is **PHP1,036.17 million** as of the Valuation Date, broken down as follows:

Amounts in PHP Millions	Low Estimate	High Estimate
One Subic Oil	15.57	15.57
ACTA Power	36.57	36.57
SLTEC land	812.20	812.20
Power Barge 103	171.83	171.83
Total Equity Value of Other Assets	**1,036.17**	**1,036.17**

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Valuation Analysis – PHINMA Energy Corporation
Section H | PHEN's Net Debt, Corporate Overhead, and Other NOAL

PHEN's net debt, corporate overhead, and other non-operating assets and liabilities were added/subtracted from the total operating value to arrive at the equity value. This resulted to PHEN's equity value to be within the range of **PHP16,953.62 million** to **PHP20,891.97 million** as of the Valuation Date.

Net Debt

- PHINMA Energy's net debt calculation as of 30 June 2019 is as follows:

Amounts in PHP Millions	30 June 2019
Loans payable	3,542.27
Advances for OSPGC's capex	202.80
Cash and cash equivalents	(1,907.57)
Investments held for trading	(704.21)
PHEN's Net Debt	**1,133.29**

Other Non-operating Assets and Liabilities

- Breakdown of PHEN's other non-operating assets and liabilities as of 30 June 2019 is as follows:

Amounts in PHP Millions	30 June 2019
Deferred income tax assets, net	205.32
Other non-current assets [1]	1,772.10
Investment in other associates [2]	0.63
Pension and other employee benefits	(25.54)
Other non-current liabilities [3]	(727.24)
PHEN's Other Non-operating Asset and Liabilities	**1,225.27**

(1) This includes CWT, trade receivable, and receivables from third parties.

(2) This pertains to PHEN's 28.18% investment in Asia Coal Corp. and 31.25% investment in Union Aggregates Corp.

(3) This includes trade payable and deposit payable.

Corporate Overhead

- Management expects PHINMA Energy to incur overhead costs at the parent level in order to support the operations of its business segments and subsidiaries. Key corporate overhead costs include recurring G&A expenses, management fees, and additional office rental expenses once PHINMA Energy employees transfer to AC Energy.
- We used management's estimates for these cost items except for the recurring G&A expenses, which we adjusted to account for expected cost synergies between PHINMA Energy and AC Energy. These costs were adjusted annually for inflation over the forecast period.
- Using the WACC of 9.44%, the present value of the corporate overhead was determined at **PHP950.63 million** as of the Valuation Date.

Valuation Summary

- The equity valuation range of PHINMA Energy is reasonably estimated within the range of **PHP16,953.62 million** to **PHP20,891.97 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
PHEN's Total Operating Value [4]	17,812.27	21,750.62
PHEN's Net Debt	(1,133.29)	(1,133.29)
PHEN's Corporate Overhead	(950.63)	(950.63)
PHEN's Other Non-operating Assets & Liabilities	1,225.27	1,225.27
PHEN's Total Equity Value	**16,953.62**	**20,891.97**

(4) Computed using SOTP-method by summing up the range of values computed for each business segment of PHEN as discussed in Sections A to G of this report

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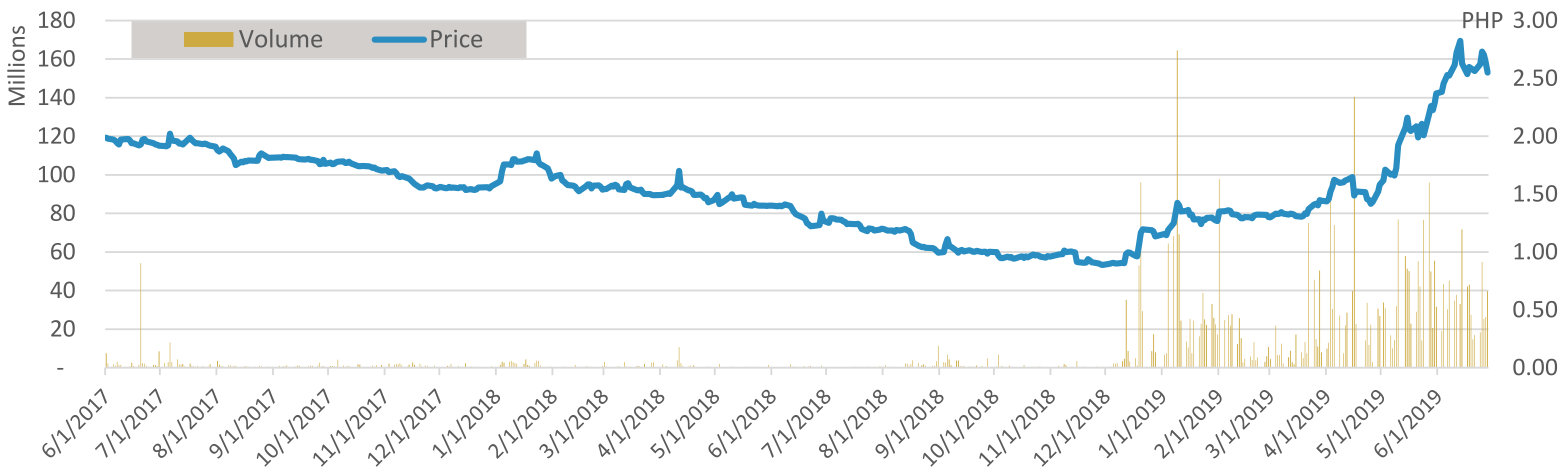
Valuation Analysis – PHINMA Energy Corporation
Volume Weighted Average Price (VWAP) Analysis

To cross-check our SOTP-based valuation range of PHP2.25 to PHP2.78, we conducted a VWAP analysis on PHINMA Energy. In this approach, we examined the value of the Company's shares based on its historical trading volume and price.

PHINMA Energy 2-Year Historical Share Price Performance



PHINMA Energy VWAPs

Period	VWAP (PHP)
30 Jun '19	2.55
1-month	2.56
3-months	2.05
6-months	1.78
12-months	1.71
24-months	1.71

Major Events

- 8 Nov 2018 – PHEN sells stake in PHINMA Solar Energy Corp.
- 9 Jan 2019 – AC Energy (ACE) announces its 51.48% stake purchase in PHEN and subscription to 2.63 billion shares at par value
- 15 April 2019 – Philippine Competition Commission approves ACE stake purchase in PHEN
- 1 May 2019 – ACE confirms that it targets to conduct mandatory tender offer for PHEN shares by 2Q19
- 20 May 2019 – PHEN issues tender offer report to acquire shares of minority owners at P1.4577/share.
- 24 June 2019 – ACE completes acquisition of controlling stake in PHEN

VWAP Analysis

- We used VWAP analysis to cross-check our main valuation method given that PHEN's stock is traded in the local bourse. We believe that the stock prices factor in both past and forward-looking information of the company, and that any changes in the price are reflection of that information.
- We believe that a closer VWAP to the Valuation Date (i.e. 1-month VWAP) is a more relevant basis of comparison as this reflects current view of the market regarding significant events of the company. We note that the 1-month VWAP of PHP2.56 is within our SOTP-based valuation range.
- Market approach was not considered as a cross-check given that PHEN reported negative financial performance figures (i.e. EBITDA, EBIT, earnings) as of the Valuation Date.

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Valuation Analysis
AC Energy, Inc. (“ACEI”) Assets

Valuation Analysis
AC Energy, Inc. (ACEI) Assets

Based upon discussions with management, research conducted, and valuation analyses performed, the consolidated equity value of the ACEI Assets is reasonably estimated to be within the range of **PHP13.9 billion** to **PHP17.0 billion** as of 30 June 2019.

Business Segment / Type of Shares*	Valuation Method	Equity Value (100%)		% Ownership	Equity Value (at ACEI's stake)		Reference
Amounts in PHP millions		Low	High	[ACEI]	Low	High	
AC Energy Development, Inc.							
Common A	Sum-of-the-Parts	1,207.53	1,797.36	*100.0%*	1,207.53	1,797.36	Section A
Founders	Sum-of-the-Parts	0.24	0.36	*100.0%*	0.24	0.36	Section A
Preferred	Sum-of-the-Parts	2,058.09	2,058.09	*100.0%*	2,058.09	2,058.09	Section A
Philippine Wind Holdings Corp							
Common	Income Approach [DDM]	534.15	2,105.77	*42.9%*	229.07	903.07	Section B
Preferred A-1	Income Approach [DDM]	1,593.77	1,646.52	*41.8%*	665.80	687.84	Section B
Preferred A-2	Income Approach [DDM]	4,542.99	4,693.36	*36.8%*	1,673.57	1,728.96	Section B
Moorland Philippines, Inc.							
Common Stock	Sum-of-the-Parts	712.51	1,483.52	*100.0%*	712.51	1,483.52	Section C
Redeemable Preferred Stock	Sum-of-the-Parts	1,085.15	1,085.15	*100.0%*	1,085.15	1,085.15	Section C
Viage Corporation	Sum-of-the-Parts	264.23	325.89	*100.0%*	264.23	325.89	Section C
NorthWind Power Development Corp							
Redeemable Preferred	Income Approach [FCFF]	147.51	147.51	*67.8%*	100.00	100.00	Section C
Monte Solar Energy, Inc.							
Common A	Income Approach [FCFF]	-	309.43	*100.0%*	-	309.43	Section D
Preferred A	Income Approach [FCFF]	1,104.55	1,113.28	*100.0%*	1,104.55	1,113.28	Section D
Manapla Sun Development Corp.	Income Approach [FCFE]	697.53	725.37	*36.4%*	253.69	263.82	Section E
South Luzon Thermal Energy Corp.							
Common	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65	Section F
Preferred	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65	Section F
ACTA Power Corp.	Adjusted Book Value	73.14	73.14	*50.0%*	36.57	36.57	Section G
Ingrid Power Holdings, Inc.	Adjusted Book Value	4.51	4.51	*100.0%*	4.51	4.51	Section G
TOTAL		**26,760.3**	**32,144.4**		**13,852.6**	**16,999.2**	

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

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Valuation Analysis
Section A | AC Energy Development, Inc.

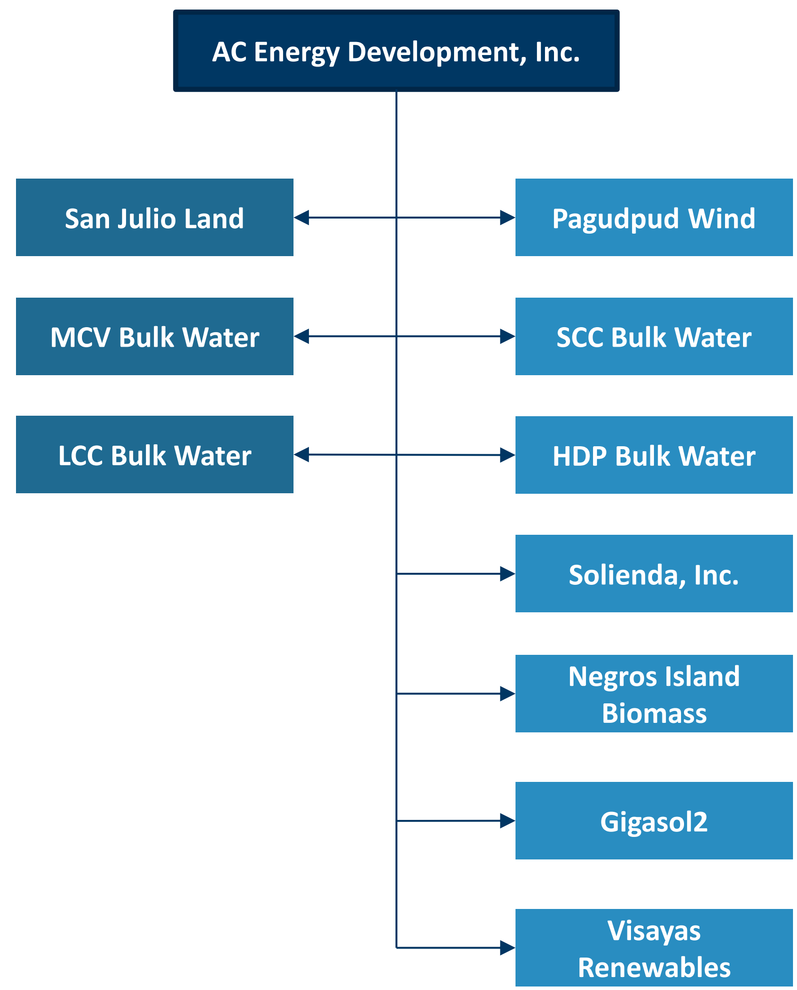
Corporate Structure

- Presented to the right is the corporate structure of AC Energy Development, Inc. (ACE Development, Inc.) It has 10 subsidiaries in which the 3 companies on the left side are already part of the company. While the remaining 7 companies on the right side will be acquired from the affiliates for restructuring purposes prior to the execution of the proposed property for a share swap. On this basis, FTI Consulting included their market values as of 30 June 2019 to determine the market value of AC Energy Development, Inc. since this will ultimately be part of the assets being swapped.

Business Background

- AC Energy Development Inc. is engaged in developing renewable power projects which includes solar, wind and biomass power projects. It also has bulk water projects and land lease holding entities that support the operations of the renewable power projects.

AC Energy Development Inc. Corporate Structure



Source: ACEI Management

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Valuation Analysis
Section A | AC Energy Development, Inc.

Valuation Analysis

- Based upon discussions with management, research conducted, and valuation analyses performed, the consolidated equity value of AC Energy Development Inc. using the Sum-of-the-Parts method is reasonably estimated to be within the range of **PHP3,962.40 million** to **PHP4,892.58 million** as of the Valuation Date.

Valuation Summary of AC Energy Development Inc. as of 30 June 2019

Amounts in PHP Millions	% of ACEI Ownership	Low	High	Reference
Core Business - Project Development		1,054.67	1,243.41	Section A1
San Julio Land Development Co.	100%	324.87	347.13	Section A2
Solienda Inc. [1]	100%	619.29	722.64	Section A3
HDP Bulk Water Supply, Inc. [1]	100%	139.23	139.23	Section A4
SCC Bulk Water Supply, Inc. [1]	100%	218.87	218.87	Section A4
LCC Bulk Water	100%	265.26	265.26	Section A4
MCV Bulk Water	100%	280.82	280.82	Section A4
Negros Island Biomass Holdings Inc. [1]	70%	49.10	596.26	Section A5
Pagudpud Wind Power Corp [1]	100%	125.21	125.21	Section A6
Gigasol2 Inc. [1]	100%	490.21	490.21	Section A7
Visayas Renewables Corp. [1]	100%	330.33	399.00	Section A8
Cash and cash equivalents		64.53	64.53	
Net Assets		**3,962.40**	**4,892.58**	

Breakdown of Shares

Type	Shares [2]	Low	High
Common A[3]	2,000,000	1,207.53	1,797.36
Common B[3]	1,696,547	696.54	1,036.77
Founder's Share[3]	3,979,868	0.24	0.36
Redeemable Prefs	20,580,905	2,058.09	2,058.09
TOTAL		**3,962.40**	**4,892.58**

Source: ACEI Management; FTI Consulting Analysis

[1] These companies are not yet under ACE Development, Inc. as of the Valuation Date. Based on discussions with Management, there is a special assumption that ACE Development, Inc. will acquire these companies from affiliates, hence will effectively be part of the property for shares.

[2] No. of shares as of Valuation Date are different from what was used in this valuation exercise. Based on discussions with Management, there is a special assumption that ACEI will increase the capitalization of these companies for restructuring purposes.

[3] Based on discussions with Management, there is a special assumption the dividend rights for Common A, Common B and Founder's Shares are 63.41%, 36.58%, and 0.01%, respectively.

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Valuation Analysis – AC Energy Development, Inc.
Section A1 | Core Business – Project Development

AC Energy Development, Inc.'s core business is valued using the Discounted FCFE method within the range of **PHP1,054.67 million** to **PHP1,243.41 million**. We applied a 12.66% cost of equity as our discount rate.

Business Background

- AC Energy Development, Inc.'s core business is to develop renewable energy projects. It develops solar and wind projects.
- Currently, it has around 2,000 MW in its development pipeline including 600MW near "Notice to Proceed" (NTP) milestones. It will receive a free equity carry for projects that it develops.
- Its main revenues will come from dividends from these projects.

Valuation of Core Business – Project Development

- For purposes of valuing the core business of AC Energy Development, Inc., we used the Discounted Free Cash Flows to Equity (FCFE) under the Income Approach.
- Performing a Discounted FCFE analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to the business, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFEs is the cost of equity. Presented below is the summary of the cost of equity computation used in the analysis.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U)	0.65	Industry benchmark as per Damodaran
D:E ratio	0.47	Industry benchmark as per Damodaran
Tax rate	0.0%	Since company's revenues are subject to final tax
Levered Beta (β_L)	0.96	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Specific risk premium(α)	2.00%	Development risk premium
Cost of Equity	**12.66%**	CAPM equation [RFR + β_L x (Market RP)+α]

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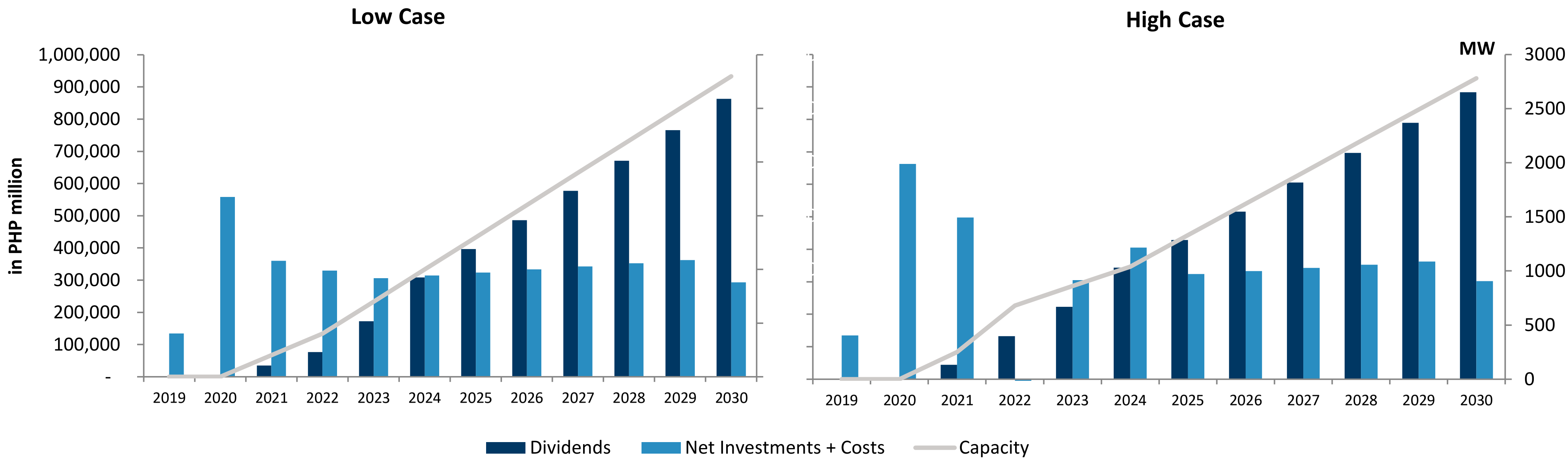
Valuation Analysis – AC Energy Development, Inc.
Section A1 | Core Business – Project Development



Key Forecast Assumptions

- ACE Development, Inc. will receive around 5% free equity carry from the projects that it develops. Revenues are derived from the dividends from these projects starting 2021.
- Revenues of the projects are based on the forecasted WESM rates. The dividends will be based on the free unlevered project cash flows (WESM revenues less a 45% cost margin).

Valuation Summary

- We arrive at the low case using a more conservative initial development rollout for the first three years but total development over the 10-year period is the same.
- Based on the foregoing analysis, we arrive at an estimated value of the core business from **PHP1,054.67 million** to **PHP1,243.41 million**

Amounts in PHP Millions	Low Estimate	High Estimate
Equity Value	1,054.67	1,243.41

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Valuation Analysis – AC Energy Development, Inc.
Section A2 | San Julio Land Development Corp.

San Julio Land Development Corporation's development agreement was valued within the range of **PHP98.43 million** to **PHP112.44 million** using the Discounted FCFE method. We applied a 12.28% cost of equity as our discount rate. We then used the Adjusted Book Value method for the overall value of San Julio Land Development Corporation in which it ranges from **PHP324.87 million** to **PHP347.13 million**.

Business Background

- San Julio Land Development Corporation (San Julio Land) was registered with the Philippine Securities and Exchange Commission on 20 June 2014.
- San Julio Land was organized to deal and engage in land and real estate business, as well as, to enter joint ventures and other similar arrangements related to it. It also owns a minority share in Manapla Sun Development Corporation.

Valuation of San Julio Land

- We used the Adjusted Book Value Method to arrive at the low and high equity values of San Julio Land Development Corporation. Under this method, we subtracted the fair value of assets and the fair value of liabilities of San Julio Land as of 30 June 2019.
- We also identified publicly listed companies that are reasonably comparable to San Julio Land Development Corporation. These were used to estimate the appropriate discount rate to present value the forecasted cash flows of the development agreement of San Julio Land.

Adjusted Book Value Method Summary

Amounts in PHP Millions	Book Value	Low Estimate	High Estimate	Remarks
ASSETS				
Cash and cash equivalents	9.98	9.98	9.98	Approximate FV
Trade receivables	4.07	4.07	4.07	Approximate FV
Accrued rent	4.74	4.74	4.74	Approximate FV
Advances to employees	0.01	0.01	0.01	Approximate FV
Other Assets	2.84	2.84	2.84	Approximate FV
Investment in Shares of Stocks*	0.40	206.68	214.92	Refer to Section E
Development Agreement		98.43	112.44	Refer to next slide
Total Assets	**22.05**	**326.75**	**349.01**	
LIABILITIES				
Trade and other payables	1.88	1.88	1.88	Approximate FV
Advances from affiliates	(0.00)	(0.00)	(0.00)	Approximate FV
Total Liabilities	**1.88**	**1.88**	**1.88**	
Net Assets	**20.17**	**324.87**	**347.13**	

**owns 29.6% of Manapla Sun Development Corp.*

Valuation Summary

- The resulting range of equity values of San Julio Land as shown in the table above is from **PHP324.87 million** to **PHP347.13 million.**

Amounts in PHP Millions	Low Estimate	High Estimate
Equity Value	324.87	347.13

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Valuation Analysis – AC Energy Development, Inc.
Section A2 | San Julio Land Development Corp.

Development Agreement of San Julio Land

- The Development Agreement of San Julio Land Development Corporation is based on the contracts provided by the management.
- San Julio Land Development Corporation shares on the cash flow from lease agreements with Negros Island Solar Power Inc. and South Negros Biopower Inc., solar and biomass projects, respectively located in La Carlota City, Negros Occidental.

Valuation of Development Agreement

- For purposes of valuing the development agreement, we used the Discounted Free Cash Flows to the Equity (FCFE) method under the Income Approach.
- Performing a Discounted FCFE analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject asset.

Key Forecast Assumptions

- It has an initial lease of 25 years for the low estimate value while an extension of another 25 years for the high estimate value.
- The cost margin is 2.46% and uses optional standard deduction of 40% to calculate income tax payable resulting to an income tax rate of 18% on its gross margin.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFEs is the cost of equity. Shown below is the cost of equity computation used in the analysis.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.75	Average beta of comparables
Debt-to-Equity Ratio [1]	0.79	Average D:E of comparables
Tax rate	18.00%	Applicable income tax rate
Levered Beta (β_L)	1.24	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**12.28%**	CAPM equation [RFR + β_L x (Market RP)]

[1] Please refer to Appendix 12 for the comparable companies considered in the analysis and Appendix 16 for the unlevered beta computation.

Valuation Summary

- Based on the foregoing analysis, the estimated range of values of San Julio Land's development agreement is from **PHP98.43 million** to **PHP112.44 million**.

Amounts in PHP Millions	Low Estimate	High Estimate
Development Agreement	98.43	112.44

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Valuation Analysis – AC Energy Development, Inc.
Section A3 | Solienda Inc.

Solienda Inc. was valued within the range of **PHP619.29 million** to **PHP722.64 million** using the Discounted FCFE method. We applied a 12.28% cost of equity as our discount rate.

Business Background

- Solienda Inc. was registered with the Philippine Securities and Exchange Commission on 29 November 2016.
- Solienda Inc. was organized to deal and engage in land or real estate business; to purchase, acquire, hold, manage, sell lands; and to build, lease, operate buildings without engaging in financial leasing nor acting as manager of real estate investment funds.

Valuation of Solienda

- We valued Solienda Inc. using the Discounted Free Cash Flows to Equity (FCFE) method under the Income Approach.
- We also identified publicly listed companies that are reasonably comparable to Solienda Inc. These were used to estimate the appropriate discount rate to bring the forecasted cash flows to their present values.

Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFEs is the cost of equity. Shown below is the cost of equity computation used in the analysis.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.75	Average beta of comparables
Debt-to-Equity Ratio [1]	0.79	Average D:E of comparables
Tax rate	18.00%	Applicable income tax rate
Levered Beta (β_L)	1.24	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**12.28%**	CAPM equation [RFR + β_L x (Market RP)]

[1] Please refer to Appendix 12 for the comparable companies considered in the analysis and Appendix 16 for the unlevered beta computation.

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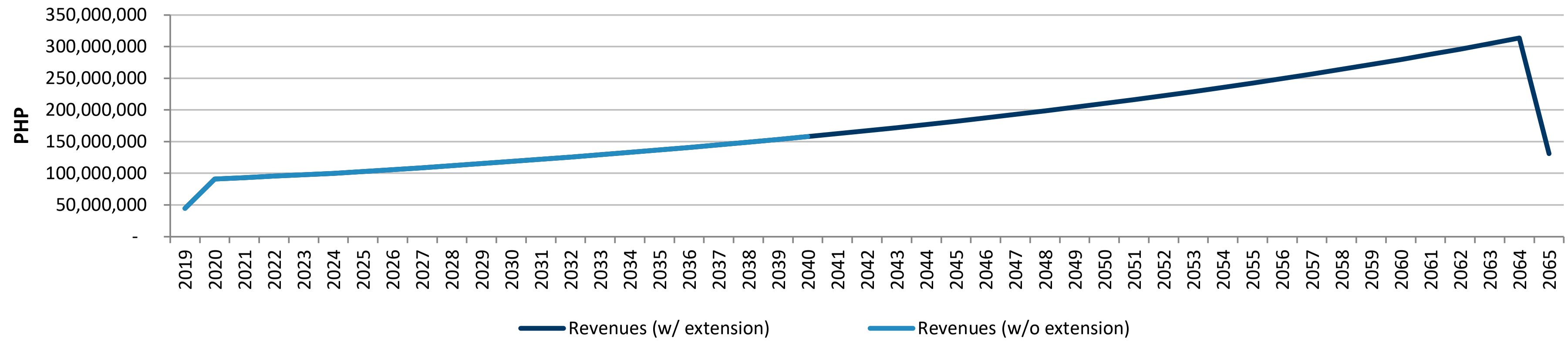
Valuation Analysis – AC Energy Development, Inc.
Section A3 | Solienda Inc.



Key Forecast Assumptions

- Solienda Inc. has partial share in the economic rights of four lease contracts [SACASOL A&B (50%), SACASOL C&D (50%), SACASUN (45%), and SCBP(50%)].
- Lease rates start at PHP9.00 per sqm and increase annually according to the consumer price index (CPI). It has an initial lease of 25 years for the low estimate value while an extension of another 25 years for the high estimate value.
- The cost margin is 12.07% and uses optional standard deduction of 40% to calculate income tax payable resulting to an income tax rate of 18% on its gross margin.

Valuation Summary

- Presented below is the summary of computation for Solienda Inc. as of 30 June 2019. The resulting low equity value of the company is estimated at **PHP619.29 million wh**ile the high equity value of the company is **at PHP722.64 million.**

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	607.14	710.49
[+] Cash and Cash Equivalents	81.88	81.88
[+] Non-operating Assets	7.80	7.80
[-] Non-operating Liabilities	77.53	77.53
Equity Value	**619.29**	**722.64**

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Valuation Analysis – AC Energy Development, Inc.
Section A4 | Bulk Water Portfolio

There are four companies under ACEI's bulk water portfolio, which were valued using the Discounted FCFF method. We applied an 8.40% WACC as our discount rate. These four bulk water companies are contracted to exclusively support ACEI's biomass projects.

Business Background

- The companies under ACEI's Bulk water portfolio ("Bulk Waters Companies") includes the following: (1) HDP Bulk Water Supply, Inc.; (2) SCC Bulk Water Supply, Inc.; (3) LCC Bulk Water Supply, Inc.; and, (4) MCV Bulk Water Supply, Inc.
- The Bulk Water Companies are primarily engaged in the business of extracting, generation, supply, and distribution of water. All four companies are contracted to operate for 25 years and exclusively support a specific biomass project.

Valuation of Bulk Water Companies

- The approach used to estimate the equity value of ACEI's bulk water companies was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to the Bulk Water Companies, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for bulk water businesses.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.80	Average beta of comparable companies
D:E ratio [1]	0.52	D:E ratio of comparable companies
Tax rate	18.00%	Applicable income tax rate
Levered Beta (β_L)	0.80	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**9.75%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	18.00%	Applicable income tax rate
Cost of debt, post-tax	**5.80%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	65.82%	Computed based on D:E ratio above
Weight of debt [2]	34.18%	Computed based on D:E ratio above
WACC	**8.40%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendices 13 and 17 for the unlevered beta computation and the comparable companies considered in the analysis.

[2] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

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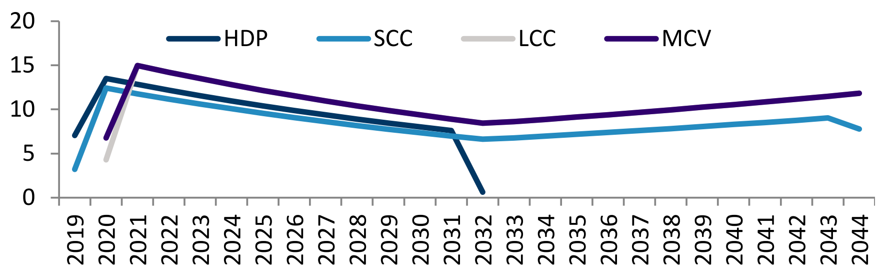
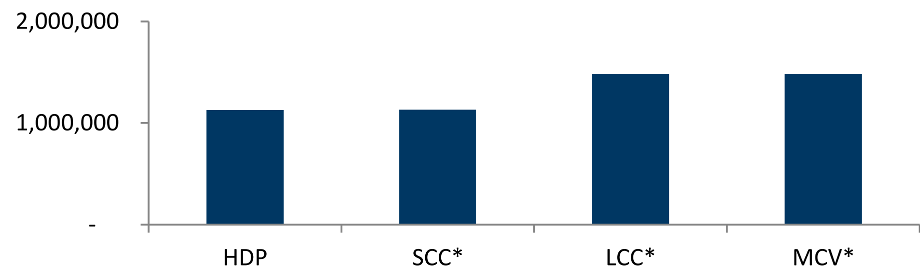
Valuation Analysis – AC Energy Development, Inc.
Section A4 | Bulk Water Portfolio

Bulk Water Revenues (In PHP millions)



Bulk Water Annual Cubic Meter



**indicates estimated capacity*

Key Forecast Assumptions

- HDP started its operations in February 2007. In addition, its contract will expire on 31 January 2032.
- Based on our discussion with management, we assumed that SCC will starts its operations in 4Q 2019 while both LCC and MCV will start its operations in 1Q 2020.
- The companies uses Optional Standard Deduction of 40% to calculate income tax payable resulting to an income tax rate of 18% on its gross margin.
- The Bulk Water Companies support exclusively a corresponding biomass projects, which are as follows:

Entity	Biomass Partner
HDP Bulk Water Supply, Inc.	San Carlos BioEnergy
SCC Bulk Water Supply, Inc. [1]	San Carlos BioPower
LCC Bulk Water Supply, Inc. [1]	South Negros Biopower
MCV Bulk Water Supply, Inc. [1]	North Negros Biopower

[1] These three companies support the three biomass companies owned by Negros Island Biomass Holdings

Valuation Summary

The equity values for each bulk water entities as of the Valuation Date are as follows:

Amounts in PHP Millions	Equity Value
HDP Bulk Water Supply, Inc.	139.23
SCC Bulk Water Supply, Inc.	218.87
LCC Bulk Water Supply, Inc.	265.26
MCV Bulk Water Supply, Inc.	280.82

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Valuation Analysis – AC Energy Development, Inc.
Section A5 | Negros Island Biomass Holdings

Operating assets under ACEI's biomass portfolio were valued using the Discounted FCFF method. Negros Island, which holds the operating assets, was valued within the range of **PHP70.14 million** to **PHP851.81 million** using the Net Asset Value method. We applied a 9.14% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized the forecasted cash flow forecasts based on assumptions on FIT and WESM prices.

Business Background

- Negros Island Biomass Holdings owns an estimated 10% of the economic interest of (1) North Negros Biopower – a 25MW biomass facility in Manapla, Negros Occidental, Inc., (2) San Carlos Biopower – a 20MW biomass facility in San Carlos City, Negros Occidental, Inc., and (3) South Negros Biopower, Inc. – a 25MW biomass facility in La Carlota, Negros Occidental.
- The three biomass projects in Negros Occidental, are expected to open by Q1 2020. The biomass portfolio have the same term with its corresponding bulk water partner under ACEI.

Valuation of Biomass Companies

- The approach used to estimate the equity value of Negros Island Biomass Holdings was the Net Asset Value (NAV) method under the Cost Approach.
- The three biomass projects, on the other hand, were valued using the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

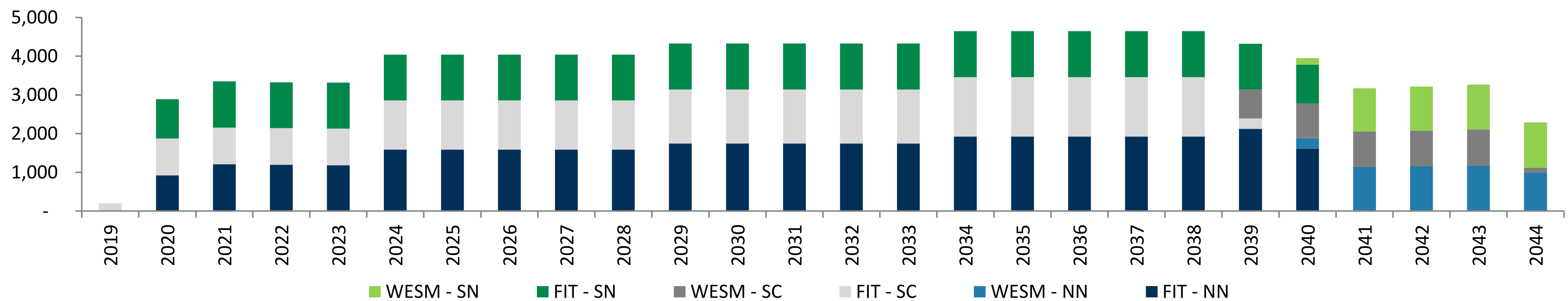
The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for the three biomass projects.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U)	0.65	Industry benchmark as per Damodaran
D:E ratio	0.47	Industry benchmark as per Damodaran
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	1.92	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**10.45%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	10.00%	Applicable income tax rate
Cost of debt, post-tax	**6.36%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	67.85%	Computed based on D:E ratio above
Weight of debt [1]	32.15%	Computed based on D:E ratio above
WACC	**9.14%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

Valuation Analysis – AC Energy Development, Inc.
Section A5 | Negros Island Biomass Holdings

Biomass Revenues, Low Case (In PHP millions)



Key Forecast Assumptions

- As stated on contracts with its corresponding partners, we assumed that San Carlos will starts its operations in 4Q 2019 while both North Negros and South Negros will start its operations in 1Q 2020.
- The revenues for each biomass entities are mainly derived from FIT and WESM with the following terms: (1) San Carlos with FIT term until 2039 and revenues from WESM from 2039F to 2044F; and, (2) North Negros with FIT term until 2040 and revenues from WESM from 2040F to 2044F; and, (3) South Negros with FIT term until 2039 and revenues from WESM from 2040F to 2045F
- We assumed flat FIT rate of PHP6.60/kWh and low estimates of WESM over the forecast period as the low case. For the high case, we applied an escalation to FIT rate every after five years and high estimates of WESM on its corresponding forecasted period.
- Corporate income tax rate is 10% per R.A. No. 9513.

Valuation Summary

Given that the biomass projects are highly sensitive to FIT rates and WESM prices, we sensitized the forecasted FIT and WESM prices to arrive at the low and high estimates of value. This resulted to an equity valuation range for Negros Island Biomass Holdings at 70% stake of ACE Development, Inc. from **PHP49.10 million** to **PHP596.26 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
North Negros Biopower Inc.	1,114.86	3,856.97
San Carlos Biopower Inc.	(838.14)	1,311.43
South Negros Biopower Inc.	(81.87)	2,843.12
Negros Island Biomass Holdings	70.14	851.81
ACE Development, Inc.'s 70% stake in Negros Island Biomass Holdings	**49.10**	**596.26**

Valuation Analysis – AC Energy Development, Inc.
Section A6 | Pagudpud Wind Power Corp.

ACEI's non-operating wind entity, Pagudpud Wind Power Corp., was valued at **PHP125.21 million** using the net asset value (NAV) method.

Business Background

- Pagudpud Wind Power Corp. (Pagudpud Wind) owns 60% of Bayog Wind. Both companies are still non-operating as of the Valuation Date.

Valuation of Pagudpud Wind Power Corp.

- The approach used to estimate the equity value of Pagudpud Wind was the Net Asset Value (NAV) method under the Cost Approach.
- This approach is an asset-based methodology of valuing a company. The difference between the market value of the company's total assets and total liabilities determines the market value of the company. In applying this approach, identified assets and liabilities are adjusted to reflect current market value, if available.

Valuation Summary

- Based on the above information, the equity value of Pagudpud Wind is estimated at **PHP125.21 million** as of the Valuation Date.

Net Asset Value – Pagudpud Wind Power Corp.

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	1.57	1.57
Receivables	1.12	1.12
Other current assets	0.62	0.62
Investment in subsidiaries [1]	-	124.09
Total Assets	**3.31**	**127.41**
LIABILITIES		
Accounts and other payables	0.15	0.15
Due to related parties	2.06	2.06
Total Liabilities	**2.20**	**2.20**
Net Assets (at 100% stake)	**1.12**	**125.21**

[1] 60% of net asset value of Bayog Wind as of 30 June 2019

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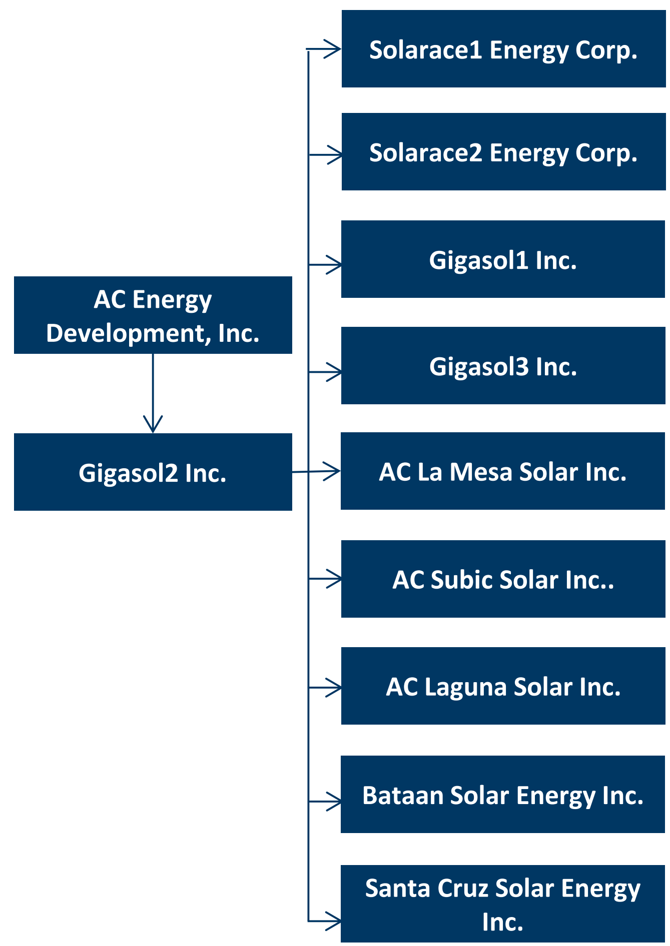
Valuation Analysis – AC Energy Development, Inc.
Section A7 | Gigasol2, Inc.

Gigasol2 Inc. was valued using the net asset value (NAV) method by subtracting the fair value of assets and the fair value of liabilities. The highest adjustment was from the appraised property value of Gigasol3 with PHP286.17 million value appreciation.

Business Background

- Gigasol2 Inc. (Gigasol2) is a private holding company engaged in the development and acquisition of renewable power projects in the Philippines. Gigasol2 was incorporated on 13 March 2017 and will be 100% owned by ACE Development Inc. after the transfer from Presage Corporation.
- An overview of Gigasol2 's subsidiaries which are in pre-development stages are shown below:
  - Solarace1 Energy Corp. (Solarace1) was incorporated on March 20, 2017. Solarace1 is a solar power project with 120 MW net capacity located in Alaminos, Laguna.
  - Solarace2 Energy Corp. (Solarace2) was incorporated on March 20, 2017.
  - Gigasol1, Inc. (Gigasol1) was incorporated on March 13, 2017.
  - Gigasol3, Inc. (Gigasol3) was incorporated on March 13, 2017. Gigasol3 is a solar power project with 60 MW net capacity situated in Zambales.
  - AC La Mesa Solar, Inc. (AC La Mesa) was incorporated on September 20, 2016.
  - AC Subic Solar, Inc. (AC Subic) was incorporated on September 20, 2016.
  - AC Laguna Solar, Inc. (AC Laguna) was incorporated on September 20, 2016.
  - Bataan Solar Energy Inc. (Bataan Solar) was incorporated on July 27, 2016. Bataan Solar will be 100% owned by Gigasol2 after the transfer from Visayas Renewable Corp.
  - Santa Cruz Solar Energy Inc. (Santa Cruz Solar) was incorporated on July 13, 2016. Santa Cruz Solar is a solar power project to be acquired by Gigasol2 from Visayas Renewable Corp.

Corporate Structure of Gigasol2



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Valuation Analysis – AC Energy Development, Inc.
Section A7 | Gigasol2, Inc.

Valuation of Gigasol2

- For Gigasol2, we used the net asset value method to estimate its equity value as of Valuation Date. The NAV method involves identifying the fair values of the net assets of the subject company, which include Gigasol2's investment in subsidiaries.
- As presented in the table, the adjustments made to Gigasol2 are on its investments in subsidiaries, cash, and other payables. The other accounts were assumed to be realizable at their book values. Investment in subsidiaries were adjusted from their appraised land value and development cost. Cash and other payables were adjusted for the acquisition of Bataan Solar and Santa Cruz Solar from Visayas Renewable Corp.

Valuation Summary

- Based on the foregoing, Gigasol2's adjusted assets amounted to PHP491.83 million, while its adjusted liabilities amounted to PHP1.61 million. This resulted to an equity value of **PHP490.21 million** for Gigasol2.

Amounts in PHP Millions	Equity Value
Gigasol2, Inc.	490.21

Net Asset Value Summary

Gigasol2 Inc. Net Asset Value Approach - 30 June 2019					
Amounts in PHP million	Unadjusted Book Value	Elimination	Structure Adjustment	Fair Value Adjustment	Adjusted Book Value
ASSETS					
Cash	3.77		(3.77)		
Receivables	0.12				0.12
Investments in subsidiaries**	212.00	(212.00)			
Solarace1		60.00		(0.87)	59.13
Solarace2		4.00		(0.41)	3.59
Gigasol1		4.00		(0.31)	3.69
Gigasol3		132.00		281.66	413.66
AC La Mesa Solar		4.00		(3.36)	0.64
AC Subic Solar		4.00		(0.41)	3.59
AC Laguna Solar		4.00		(0.42)	3.58
Bataan Solar*			5.09	(1.47)	3.63
Santa Cruz Solar*			0.28	(0.29)	(0.01)
Prepayments to Suppliers	0.11				0.11
Input Vat	0.04				0.04
Development Cost	0.06				0.06
TOTAL ASSETS	**216.10**	**-**	**1.60**	**274.12**	**491.83**
LIABILITIES					
Trade and other payable	0.01		1.60		1.61
TOTAL LIABILITIES	**0.01**		**1.60**		**1.61**
TOTAL MARKET VALUE OF GIGASOL2 INC.	**216.09**				**490.21**

** These companies are not yet under Gigasol2, Inc. as of the Valuation Date. Based on discussions with Management, there is a special assumption that Gigasol2 Inc. will acquire these companies from VRC for restructuring purposes.*

*** Please refer to Appendix 20 for the balance sheets of each Gigasol2 entity.*

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Valuation Analysis – AC Energy Development, Inc.
Section A8 | Visayas Renewable Corporation

Visayas Renewable Corporation was valued within the range of **PHP330.33 million** to **PHP399.00 million** using the net asset value (NAV) method by subtracting the fair value of assets and the fair value of liabilities as of the Valuation Date.

Business Background

- Visayas Renewable Corporation (VRC), formerly known as Bronzeoak Clean Energy Inc., is a holding company engaged in solar power generation.
- VRC is 100% owned by Presage corporation, affiliate of Ayala Corporation, as of the Valuation Date but expected to be transferred to AC Energy Development Inc. prior to the execution of the property-for-share swap.

Valuation of VRC

- We used the net asset value method to estimate VRC's equity value as of the Valuation Date. The NAV method involves identifying the fair values of the net assets of the subject company, which include VRC's investment in subsidiaries.
- As presented in the table, the adjustments made to VRC are on its Available-For-Sale (AFS) Financial Assets and Investment in Subsidiaries. The other accounts were assumed to be carried at their respective market values, since these are expected to be realizable at their book values. AFS Financial Assets were adjusted based on the computed fair value of each asset. Cash, receivables, and Investment in Subsidiaries were adjusted for the transfer of Bataan Solar and Santa Cruz Solar to Gigasol2 Inc.

Valuation Summary

Visayas Renewable Corporation Net Asset Value Approach - 30 June 2019 Amounts in PHP millions	Book Value	Adjustment	Low	High
ASSETS				
Cash	51.90	3.77	55.67	55.67
Receivables	0.00	1.60	1.61	1.61
Other Current Assets	0.06		0.06	0.06
Available-for-sale Financial Assets	590.27		-	-
Monte Solar Energy			0.17	13.07
San Carlos Solar Energy Inc. [1]			234.74	288.65
Negros Island Solar Power, Inc. [2]			38.14	39.99
Investment in Subsidiaries [3]	5.37	(5.37)	-	-
TOTAL ASSETS	**647.61**		**330.39**	**399.05**
LIABILITIES				
Trade and other payable	0.05		0.05	0.05
Advances from affiliates	0.00		0.00	0.00
Deferred Tax Liability	0.00		0.00	0.00
TOTAL LIABILITIES	**0.05**		**0.05**	**0.05**
TOTAL NET ASSETS	**647.56**		**330.33**	**399.00**

- Using the NAV method, we arrived at a range of market values for VRC between **PHP330.33 million and PHP399.00 million.**

[1] VRC has a 4.0% economic interest in San Carlos Solar Energy according to Management

[2] VRC has a 2.0% economic interest in Negros Island Solar Power according to Management

[3] These companies are not yet under Gigasol2, Inc. as of the Valuation Date. Based on discussions with Management, there is a special assumption that Gigasol2 Inc. will acquire these companies from VRC for restructuring purposes.

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Business Background

- San Carlos Solar Energy Inc. (SaCaSol) was incorporated on April 17, 2013. SaCaSol is a joint venture between Visayas Renewable Corp. (economic interest of 4.0%) and Philippine Investment Alliance for Infrastructure (PINAI) with total capacity of 45MW located in San Carlos City, Negros Occidental. SaCaSol is entitled to a FIT rate of PHP 9.68/kWh for plant A&B and PHP8.69/kWh for plant C&D with validity of 20 years.
- Negros Island Solar Power, Inc. (IslaSol) is a joint venture between VRC (economic interest of 2.0%) and PINAI with a total capacity of 80MW located in La Carlota City and Manapla, Negros Occidental. IslaSol was incorporated on November 5, 2014. The Plant has been completed in 2016 and started commercial operations in March 2016.

Valuation of SaCaSol and IslaSol

- The approach used to estimate the equity value of SaCaSol and IslaSol was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to SaCaSol and Islasol, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

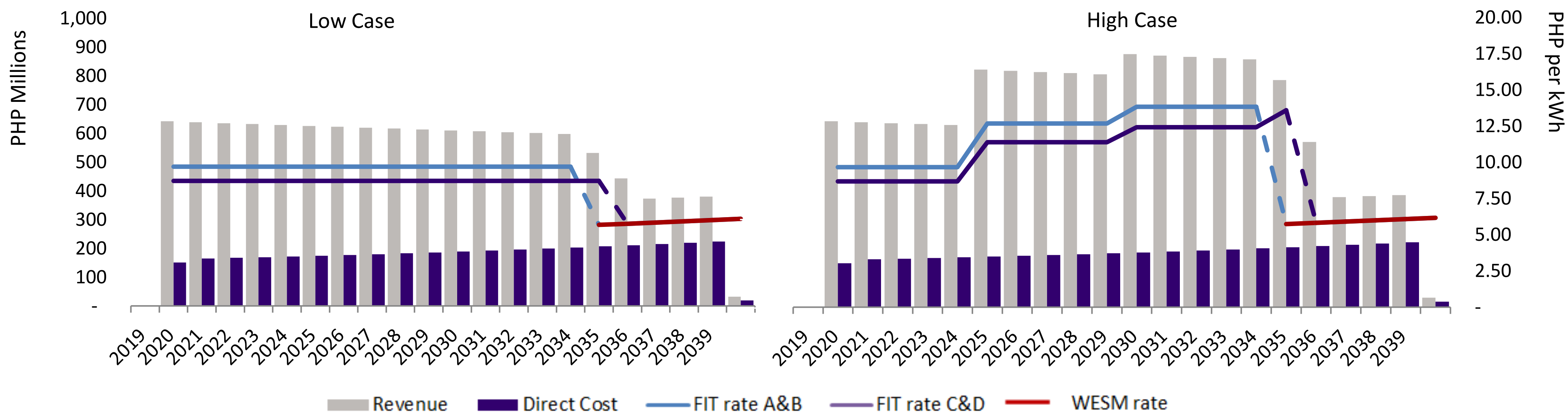
- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for SaCaSol and IslaSol.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.45	Average beta of comparables as of 30 Jun '19
Debt-to-Equity Ratio [1]	1.01	Average D:E of comparables as of 30 Jun '19
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	0.55	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**10.26%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	10.00%	Applicable income tax rate
Cost of debt, post-tax	**6.36%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	100.00%	Company's financial position
Weight of debt	-	Company's financial position
WACC	**10.02%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendix 15 for the comparable companies considered in the analysis and Appendix 19 for the unlevered beta computation.

Valuation Analysis – AC Energy Development, Inc.
Section A8 | San Carlos Energy Inc.

San Carlos Energy Inc. was valued within the range of **PHP234.74 million** to **PHP288.65 million** at 4% stake of VRC using the Discounted FCFF method. We applied a 10.02% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized Feed-In-Tariff (FIT) rate escalation and forecasted WESM prices from 2037F to 2041F.



Key Forecast Assumptions

- Revenues are derived from management's forecasted power output and sensitized Feed-In-Tariff (FIT) rate escalation and WESM forecast.
- Fixed FIT rate at PHP9.68/kWh for plant A&B, PHP8.69/kWh for plant C&D and conservative WESM rate forecast is used for low case. A FIT rate escalation every 5 years and aggressive WESM rate forecast are used for the high case.
- Power generation cost and general & administrative expenses are expected to increase at the forecasted inflation rate.

Valuation Summary

- Given that SaCaSol has FIT allocation for both power plant for 20 years each and project life of 25 years, we sensitized the FIT escalation and forecasted WESM prices to arrive at the low and high estimates of value. This resulted to an equity valuation range of **PHP234.74 million** to **PHP288.65 million** attributable to VRC as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	5,705.18	7,053.10
[+] Cash and Cash Equivalents *	163.24	163.24
Equity Value (100.00%)	5,868.42	7,216.34
Equity Value attributable to VRC (4%)	**234.74**	**288.65**

** As of June 30, 2019 balance sheet*

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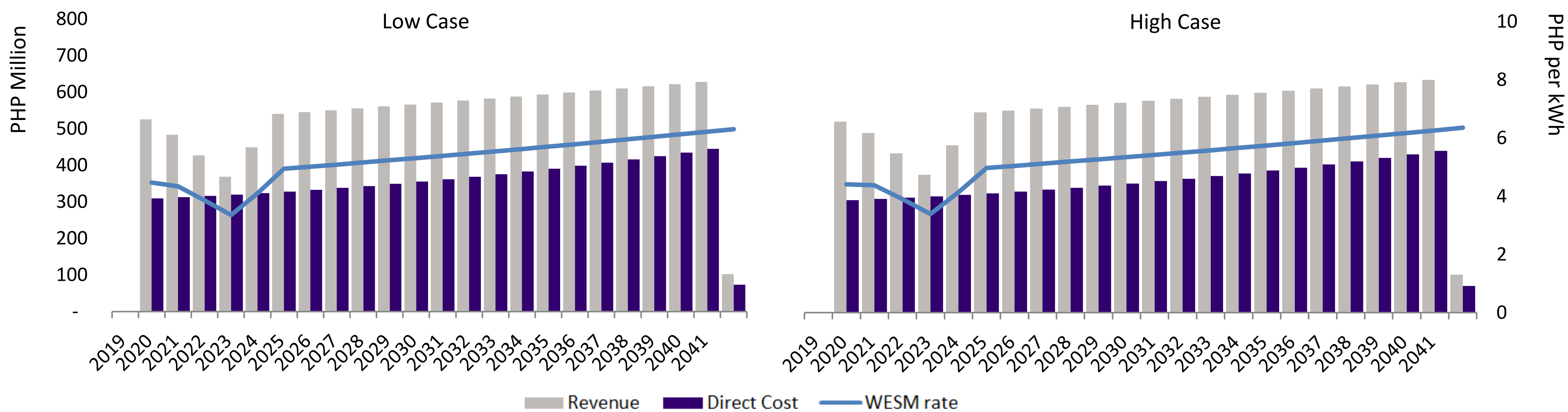
Valuation Analysis – AC Energy Development, Inc.
Section A8 | Negros Island Solar Power Inc.

Negros Island Solar Power Inc. was valued within the range of **PHP38.14 million** to **PHP39.99 million** at 2% stake of VRC using the Discounted FCFF method. We applied a 10.02% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized forecasted WESM prices from 2037F to 2041F.



Key Forecast Assumptions

- Revenues are based on management's forecasted power output and forecasted WESM prices.
- Power generation cost and general & administrative expenses is expected to increase at the inflation rate.

Valuation Summary

- Since IslaSol is not entitled to FIT, all of it's output is sold to wholesale market. We sensitized the WESM rate to arrive at our valuation range of **PHP38.14 million** to **PHP39.99 million** attributable to VRC as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	1,576.61	1,669.37
[+] Cash and Cash Equivalents *	330.29	330.29
Equity Value (100.00%)	1,906.90	1,999.66
Equity Value attributable to VRC (2%)	**38.14**	**39.99**

** As of June 30, 2019 balance sheet*

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Valuation Analysis – Philippine Wind Holdings Corp
Section B | North Luzon Renewable Energy

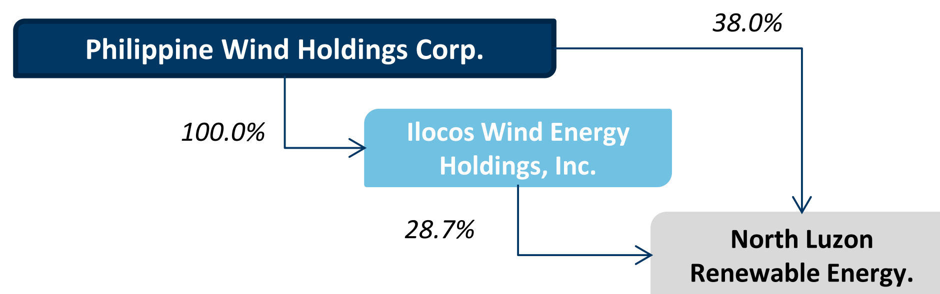
ACEI's cash flows for each share type under PhilWind, Ilocos Wind, and NLR were valued using the Dividend Discount Model. We applied an 11.18% cost of equity as our discount rate. To arrive at our low and high estimates of value, we sensitized the forecasted FIT prices of NLR from 2019F to 2033F.

Business Background

- North Luzon Renewable Energy (NLR) is 38.00% owned and controlled by Philippine Wind Holdings Corp (PhilWind), parent company, and 28.70% owned by Ilocos Wind Energy Holdings Inc (Ilocos Wind). In addition, PhilWind has full ownership in Ilocos Wind.
- NLR owns and operates the 81 MW Caparispisan Wind Energy Project located in Pagudpud, Ilocos Norte. The Wind Farm is comprised of 27 wind turbines with individual capacity of 3MW each.
- On April 13, 2015, the ERC issued a Certificate of Compliance, which entitles the Company to the FIT rate of PHP8.53 per kWh, as approved by the ERC from November 11, 2014 to November 10, 2034.

Valuation of PhilWind, Ilocos Wind, and NLR

- The approach used to estimate the equity value of PhilWind, Ilocos Wind, and NLR for each share type was the Dividend Discounted Method (DDM) method under the Income Approach.
- Performing a DDM analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to NLR, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.



Discount Rate Estimation

- The appropriate discount rate applied to discount the dividends is the cost of equity. Presented below is the summary of the cost of equity calculation for PhilWind, Ilocos Wind, and NLR.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.66	Average beta of comparable companies
D:E ratio [1]	0.66	D:E of comparable companies
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	1.05	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**11.18%**	CAPM equation [RFR + β_L x (Market RP)]

[1] Please refer to Appendices 14 and 18 for the unlevered beta computation and the comparable companies considered in the analysis.

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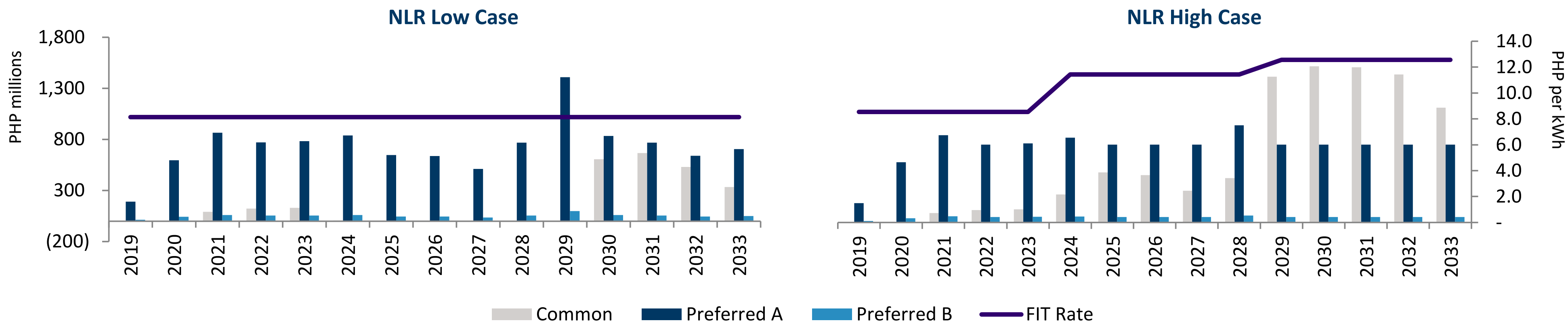
Valuation Analysis – Philippine Wind Holdings Corp
Section B | North Luzon Renewable Energy



Key Forecast Assumptions

- Revenues are derived mainly from FIT with FIT term until 2034. We assumed flat FIT rate of PHP8.53/kWh over the forecast period as the low case. For the high case, we applied an escalation to FIT rate after every five years.
- For PhilWind's common shares valuation, it was derived from the cash dividend valuation method of Ilocos Wind and NLR common shares. Thus, the low and high range amounting to PHP534.15 million and PHP2,105.77 billion are the sum of PhilWind's 24% ownership in NLR's common shares and 100% ownership in Ilocos Wind's common shares.
- For PhilWind's Preferred A-1 and Preferred A-2 valuation, we assumed the dividends from NLR's Preferred A will exclusively be allocated to PhilWind and will be divided into 26% Preferred A-1 and 74% Preferred A-2 based on GIS 2019.

Net Present Value of Dividends from NLR

Share Type/ Shareholder	% Ownership	Low Estimate	High Estimate
Common		**890.38**	**3,510.14**
PhilWind	24.00%	213.66	842.31
Ilocos Wind	35.99%	320.49	1,263.46
Others	40.01%	356.23	1,404.38
Preferred A		**6,136.76**	**6,339.88**
PhilWind	100.00%	6,136.76	6,339.88
Preferred B		**435.24**	**449.92**
UPC Philippines	100.00%	435.24	449.92
TOTAL		**7,462.38**	**10,299.95**

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Valuation Analysis – Philippine Wind Holdings Corp
Section B | North Luzon Renewable Energy

Net Present Value of Dividends to PhilWind

Share Type/ Shareholder	% Ownership	Low Estimate	High Estimate
Common		**534.15**	**2,105.77**
Ilocos Wind	24.00%	320.49	1,263.46
NLR	35.99%	213.66	842.31
Preferred A-1		**1,593.77**	**1,646.52**
NLR	25.97%	1,593.77	1,646.52
Preferred A-2		**4,542.99**	**4,693.36**
NLR	74.03%	4,542.99	4,693.36

Valuation Summary

- Given that the operations of NLR is highly sensitive to FIT rates, we sensitized the forecasted FIT prices to arrive at the low and high estimates of value. This resulted to an equity valuation range for NLR of **PHP7,462.38 million** to **PHP10,299.95 million** as of the Valuation Date.

Amounts in PHP Millions	Low Estimate	High Estimate
Philippine Wind Holdings Corp.		
Common	534.15	2,105.77
Preferred A-1	1,593.77	1,646.52
Preferred A-2	4,542.99	4,693.36

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Valuation Analysis – Moorland and Viage
Section C | NorthWind Power Development Corp

NorthWind common equity was valued within the range of **PHP1,966.05 billion** to **PHP2,691.51 billion** using the Discounted FCFF method. We applied a 9.27% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized the feed-in-tariff (FIT) rate.

Business Background

- 59.29% of NorthWind Power Development Corp. (NorthWind) common equity are owned by Moorland Philippines, Inc. (Moorland) while Viage Corporation (Viage) owns 8.50% of the common equity and AC Energy, Inc. owns 67.79% of the preferred equity.
- NorthWind revenues are mainly derived from two projects:

1. Phase I & II (20 wind turbines with 33 MW) with FIT term until 2024 and revenues from WESM from 2025F to 2030F; and,
2. Phase III (six (6) turbines with 18.9 MW) with FIT term until 2034 and revenues from WESM from 2034F to 2039F.

Valuation of Moorland, Viage, and NorthWind

- The approach used to estimate the equity value of NorthWind was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to NorthWind, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

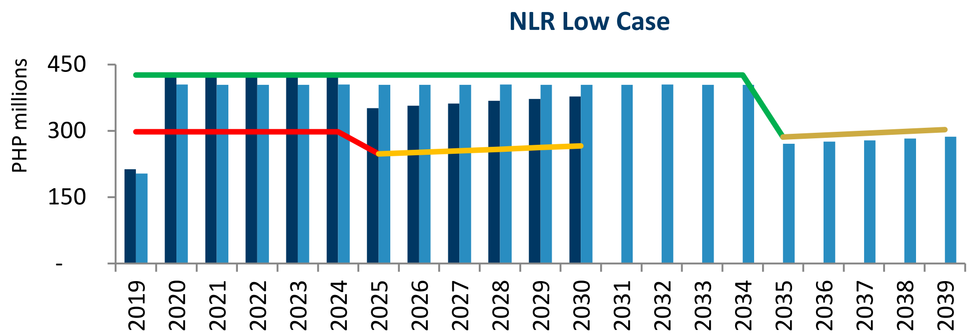
- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for NorthWind.

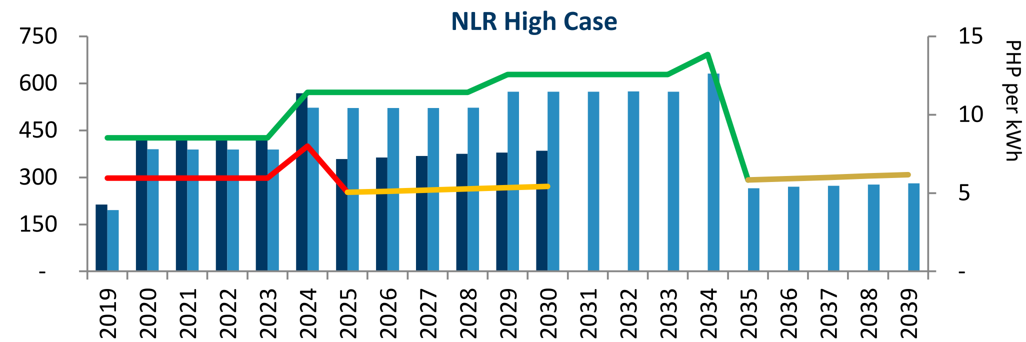
Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.66	Average beta of comparable companies
D:E ratio [1]	0.66	D:E ratio of comparable companies
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	1.05	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**11.18%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	10.00%	Applicable income tax rate
Cost of debt, post-tax	**6.36%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	60.29%	Computed based on D:E ratio above
Weight of debt [2]	39.71%	Computed based on D:E ratio above
WACC	**9.27%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendices 14 and 18 for the unlevered beta computation and the comparable companies considered in the analysis

[2] Computed using the formula: $\frac{D/E}{(1+\frac{D}{E})}$

Valuation Analysis – Moorland and Viage
Section C | NorthWind Power Development Corp





Key Forecast Assumptions

- For Phase I & II low case, we assumed a flat FIT rate of PHP8.53/kWh and low estimates of WESM. For Phase III low case, we assumed a flat FIT rate of PHP5.96/kWh and low estimates of WESM. For the high case of both NorthWind Phases, we applied an escalation to FIT rate every after five years and high estimates of WESM to its corresponding forecasted period.
- Corporate income tax rate is 10% per R.A. No. 9513.

Valuation Summary

- Given that NorthWind is highly sensitive to FIT rates and WESM prices, we sensitized the forecasted FIT and WESM prices to arrive at the low and high estimates of value. This resulted to an equity valuation range for NorthWind of **PHP1,966.05 million** to **PHP2,691.51 million** as of the Valuation Date.

Share Type/ Shareholder	% Ownership	Low Estimate	High Estimate
Common		1,818.54	2,544.01
Moorland	59.38%	1,079.85	1,510.63
Viage	8.50%	154.58	216.24
Others	32.12%	584.12	817.14
Preferred		**147.51**	**147.51**
ACEI	100.00%	147.51	147.51
TOTAL		**1,966.05**	**2,691.51**

Valuation Analysis – Moorland and Viage
Section C | NorthWind Power Development Corp

Key Forecast Assumptions

- As part of its restructuring, we assumed that Moorland will increase its equity by PHP39.32 million and will infuse a PHP461.84 million preferred capital. Additionally, we assumed that Moorland will effectively own 59.29% of NorthWind by buying Presage Corp. 34.59% ownership in NorthWind. Management indicated that this purchase will occur prior to the proposed property for share swap.
- Also, we assumed that Moorland will acquire 69.26 million of ACE Development, Inc.'s Common B shares, which comprises of PHP69.26 million of common shares and PHP623.32 million of preferred shares.

Moorland Philippine Holdings, Inc.	Fair Value	
Sum-of-the-Parts Valuation	Low Estimate	High Estimate
Investment in stocks - Cost		
ACE Dev't Inc. - Common B	696.54	1,036.77
NorthWind	1,079.85	1,510.63
Other Assets and Liabilities, net	21.27	21.27
Total Equity Value	**1,797.66**	**2,568.67**
Common	712.51	1,483.13
Preferred	1,085.15	1,085.15

Refer to Valuation Analysis - ACEI Assets - Section A for the valuation of AC Energy Dev't, Inc. Common B shares valuation

Viage Corporation	Fair Value	
Sum-of-the-Parts Valuation	Low Estimate	High Estimate
Investment in stocks - Cost		
NorthWind	154.58	216.24
Other Assets and Liabilities, net	109.65	109.65
Total Equity Value	**264.23**	**325.89**

Valuation Summary

- Given that Moorland and Viage owns 59.38% and 8.50%, respectively, of NorthWind the equity valuation range for as of the Valuation Date as follows:

Amounts in PHP Millions	Low Estimate	High Estimate
Moorland Philippines, Inc.		
Common	712.51	1,483.52
Preferred	1,085.15	1,085.15
Viage Corporation		
Common	264.23	325.89
NorthWind Power Development Corp.		
Common	1,818.54	2,544.01
Preferred	147.51	147.51

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Valuation Analysis
Section D | Monte Solar Energy Inc.

Monte Solar Energy Inc. was valued within the range of **PHP1,104.72 million** to **PHP1,435.77 million** using the Discounted FCFF method. We applied a 10.02% WACC as our discount rate. To arrive at our low and high estimates of value, we sensitized Feed-In-Tariff rate escalation and forecasted WESM prices from 2037F to 2041F.

Business Background

- Monte Solar Energy Inc. (MonteSol), incorporated on March 11, 2016, is an 18 MW solar power farm located in Bais City, Negros Oriental. MonteSol is entitled to a FIT rate of PHP 8.69/ kWh valid for 20 years from March 2016.

Valuation of MonteSol

- The approach used to estimate the equity value of MonteSol was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to MonteSol, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

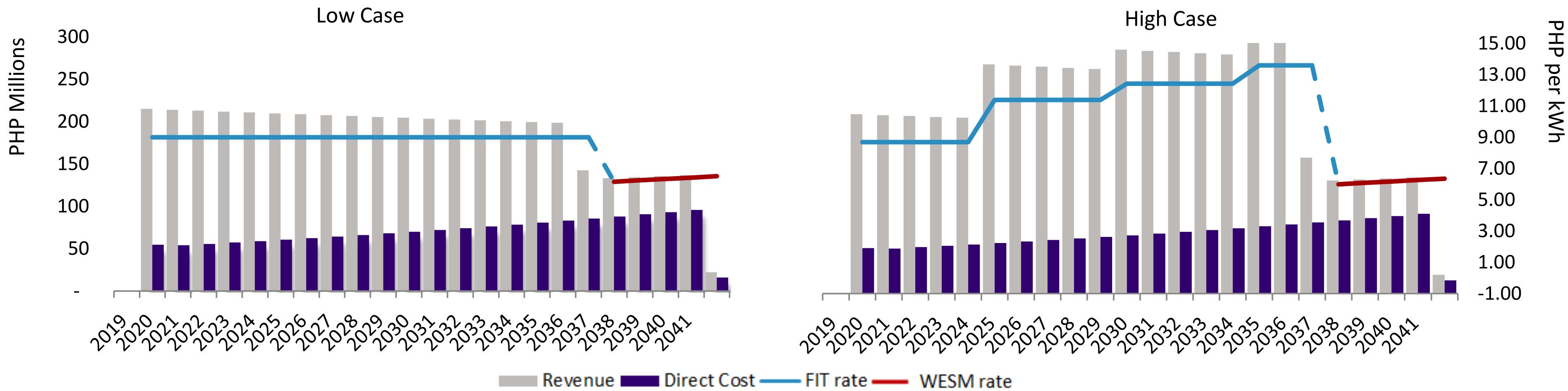
Discount Rate Estimation

- The appropriate discount rate applied to discount the FCFFs is the Weighted Average Cost of Capital (WACC). Presented below is the summary of the WACC calculation for MonteSol.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.45	Average beta of comparables as of 30 Jun '19
Debt-to-Equity Ratio [1]	1.01	Average D:E of comparables as of 30 Jun '19
Tax rate	10.00%	Applicable income tax rate
Levered Beta (β_L)	0.55	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**10.26%**	CAPM equation [RFR + β_L x (Market RP)]
Cost of debt, pre-tax	7.07%	Market rate [RFR plus 2% spread]
Tax rate	10.00%	Applicable income tax
Cost of debt, post-tax	**6.36%**	Pre-tax cost of debt x (1-tax rate)
Weight of equity	100.00%	MonteSol's financial position
Weight of debt	-	MonteSol's financial position
WACC	**10.02%**	WACC equation: $W_e R_e + W_d R_d (1-t)$

[1] Please refer to Appendix 15 for the comparable companies considered in the analysis and Appendix 19 for the unlevered beta computation.

Valuation Analysis
Section D | Monte Solar Energy Inc.



Key Forecast Assumptions

- Revenues are derived from management's forecasted power output and sensitized Feed-In-Tariff (FIT) rate.
- Fixed FIT rate at PHP8.69/kWh and conservative WESM rate forecast were used for low case while FIT rate escalation every 5 years and aggressive WESM rate forecast were used for high case.
- Power generation cost is expected to reduced by 25% in 2020 due to reduction on offshore component. Thereafter, generation cost and general & administrative expenses are expected to move along with inflation rate.
- High margins are expected during the 20 years FIT allocation term. After which, profitability margins are projected to decline due to the company participating in the wholesale market.

Valuation Summary

- Given that MonteSol has FIT allocation for 20 years and project life of 25 years, we sensitized the FIT escalation and forecasted WESM prices to arrive at the low and high estimates of value. This resulted to an equity valuation range of **PHP1,104.72 million** to **PHP1,435.77 million** as of the Valuation Date. Common A and Preferred A shares are attributed to ACEI while Common B and Preferred B shares to VRC.

Amounts in PHP Millions	Low	High
Enterprise Value	1,049.27	1,380.32
[+] Cash and Cash Equivalents *	55.46	55.46
Equity Value	**1,104.72**	**1,435.77**
Common A	-	309.43
Common B	-	12.89
Preferred A	1,104.55	1,113.28
Preferred B	0.17	0.17

** As of June 30, 2019 balance sheet*

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Valuation Analysis
Section E | Manapla Sun Power Development Corp.

Manapla Sun Development Corporation was valued within the range of **PHP697.53 million** to **PHP725.37 million** using the Discounted FCFE method. For the value of Manapla Sun Power Development Corporation's land, we relied on the appraisal report prepared by Asian Appraisal dated 9 August 2019.

Business Background

- Manapla Sun Power Development Corp. (Manapla Sun) was registered with the Philippine Securities and Exchange Commission on December 16, 2014.
- Manapla Sun is primarily engaged to own, lease, operate, manage or develop public or private lands; to cultivate, harness, buy and sell non-fossilized biological resources; and to apply and acquire water rights, generate solar power, and sell renewable energy power.

Valuation of Manapla Sun

- For purposes of valuing Manapla Sun, we used the Discounted Free Cash Flows to Equity (FCFE) method under the Income Approach.
- Performing a Discounted FCFE analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity. It also requires the identification of public companies that are reasonably comparable to Manapla Sun, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Discount Rate Estimation

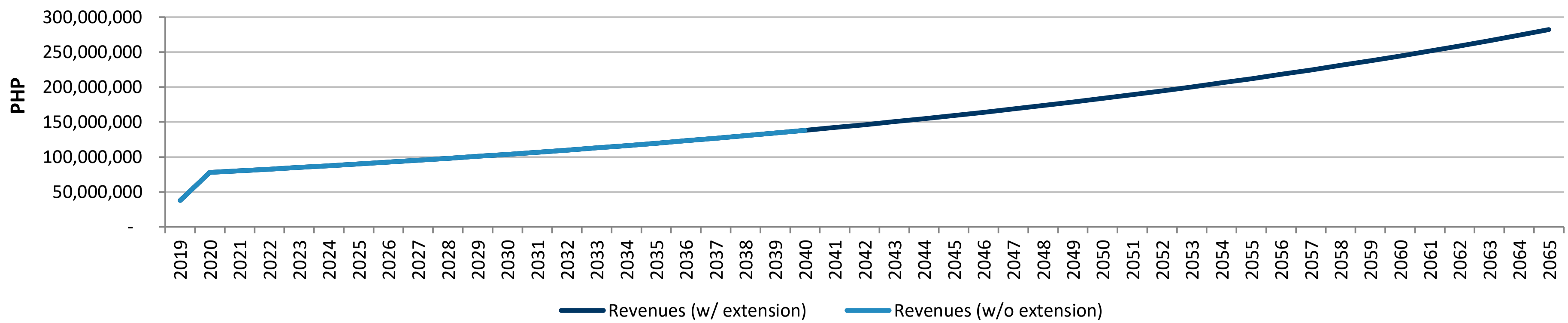
- The appropriate discount rate applied to discount the FCFEs is the cost of equity. Shown below is the cost of equity computation used in the analysis.

Input	Value	Basis
Risk-free rate (RFR)	5.07%	10-year BVAL rate as of 30 Jun '19
Market rate of return	10.90%	Thomson Reuter's Eikon as of 30 Jun '19
Market risk premium (RP)	5.83%	Market rate of return less risk-free rate
Unlevered beta (β_U) [1]	0.75	Average beta of comparables
Debt-to-Equity Ratio [1]	0.79	Average D:E of comparables
Tax rate	18.00%	Applicable income tax rate
Levered Beta (β_L)	1.24	Hamada equation [β_L=β_U x (1+(1-t) x D/E)]
Cost of Equity	**12.28%**	CAPM equation [RFR + β_L x (Market RP)]

[1] Please refer to Appendix 12 for the comparable companies considered in the analysis and Appendix 16 for the unlevered beta computation.

Source: FTI Consulting Analysis

Valuation Analysis
Section E | Manapla Sun Power Development Corp.



Key Forecast Assumptions

- The total area of Manapla Sun is 638,193sqm.
- Lease rates start at PHP9.00 per sqm and increase annually according to the consumer price index (CPI). It has an initial lease of 25 years for the low estimate value while an extension of another 25 years for the high estimate value.
- The estimated land value of the property is included in the cash flows after the contract period.
- The cost margin is 1.95% and uses optional standard deduction of 40% to calculate income tax payable resulting to an income tax rate of 18% on its gross margin.

Valuation Summary

- Presented below is the summary of equity value computation for Manapla Sun Power Development Corp. in which the company's enterprise value was added to its cash and cash equivalents resulting to equity valuation range of **PHP697.53 million** to **PHP725.37 million** as of the Valuation Date**.**

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	670.04	697.88
[+] Cash and Cash Equivalents	27.49	27.49
Equity Value	**697.53**	**725.37**

Source: ACEI Management; FTI Consulting Analysis

Valuation Analysis
Section F | South Luzon Thermal Energy Corporation

SLTEC was valued within the range of **PHP4,457.05 million** to **PHP5,101.31 million** at 35% stake of ACEI using the Discounted FCFF method. We applied a 7.51% WACC as our discount rate. To arrive at our low and high estimates of value, we assumed the plant's availability factor at 82.5% and 86.0% over the life of the asset, respectively.

Business Background

- South Luzon Thermal Energy Corporation (SLTEC) operates a 2x135MW coal-fired power plant in Calaca, Batangas. The first unit of SLTEC's Circulating Fluidized Bed Coal-fired Power Plant started its commercial operations in 2015, while the second unit commenced operations in 2016. Both units are under a Power Purchase Agreement (PPA) with PHINMA Energy for 25 years. PHINMA Energy and AC Energy owns 45% and 35% of SLTEC, respectively. The plant is expected to have a 40-year economic life.

Valuation of SLTEC

- The approach used to estimate the equity value of SLTEC was the Discounted Free Cash Flows to the Firm (FCFF) method under the Income Approach.
- Performing a Discounted FCFF analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity or business. It also requires the identification of public companies that are reasonably comparable to SLTEC, and other relevant market data in order to estimate the appropriate discount rate to bring the forecasted cash flows to its present value.

Valuation Summary

Amounts in PHP Millions	Low Estimate	High Estimate
Enterprise Value	21,801.26	23,641.99
[-] Debt Value	(10,814.45)	(10,814.45)
[+] Cash and Cash Equivalents	1,967.46	1,967.46
[+] Non-operating Assets & Liabilities	(219.83)	(219.83)
Equity Value (at 100% ownership)	**12,734.44**	**14,575.16**
Equity Value (at 35% ACEI's stake)	**4,457.05**	**5,101.31**

Amounts in PHP Millions	Low Estimate	High Estimate
Common	2,228.53	2,550.65
Preferred	2,228.53	2,550.65

Common shares and Preferred shares are given equal allocation because historical dividend rates are the same between the two share types and there is no indication that the preferred shares will be used to remove excess liquidity in the company.

Refer to Valuation Analysis – PHINMA Energy Corp. – Section D

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Valuation Analysis
Section G | Ingrid Power and ACTA Power

Ingrid Power and ACTA Power were valued using the net asset value (NAV) method by subtracting the fair value of assets and the fair value of liabilities. As of the Valuation Date, the equity values at 100% ownership of Ingrid Power and ACTA Power are estimated at **PHP4.51 million** and **PHP73.14 million**, respectively.

Business Background

- Ingrid Power Holdings Inc. (Ingrid Power) is 50-50 joint venture with Marubeni but is currently 100%-owned by ACEI. It will provide ancillary services through a 150MW diesel facility in Pililia, Rizal.
- ACTA Power Corporation (ACTA Power) is engaged in maintaining power generation facilities, and generation and sale of electricity. ACTA Power is a 50-50 joint venture with PHINMA Energy Corporation.

Valuation of Ingrid Power and ACTA Power

- For purposes of valuing Ingrid Power and ACTA Power, we used the net asset value method. The net asset value was done by subtracting the fair value of assets and the fair value of liabilities as of 30 June 2019.

Valuation Summary

- Ingrid Power's net assets include cash, receivables, other assets, trade and other payables, and advances from affiliate, all of which are assumed to be carried at their respective fair values. The resulting equity value of Ingrid Power as of Valuation Date is **PHP4.51 million.**
- ACTA Power's net assets are assumed to be carried at fair value. The resulting equity value of ACTA Power as of the Valuation Date is **PHP73.14 million** translating to a **PHP36.57 million** equity stake at the 50% effective ownership of ACEI.

Net Asset Value – Ingrid Power

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	7.44	7.44
Receivables	0.02	0.02
Other Assets	0.59	0.59
Total Assets	**8.04**	**8.04**
LIABILITIES		
Trade and other payables	0.27	0.27
Advances from affiliate	3.26	3.26
Total Liabilities	**3.53**	**3.53**
Net Assets	**4.51**	**4.51**

Net Asset Value – ACTA Power

Amounts in PHP Millions	Book Value	Fair Value
ASSETS		
Cash and cash equivalents	2.36	2.36
Other current assets	0.14	0.14
Accrued interest receivable	4.22	4.22
Loans receivable	66.80	66.80
Total Assets	**73.52**	**73.52**
LIABILITIES		
Accounts and other payables	0.06	0.06
Deferred tax liability	0.31	0.31
Total Liabilities	**0.37**	**0.37**
Net Assets (at 100% ownership)	**73.14**	**73.14**
Net Assets (at 50% stake)	**36.57**	**36.57**

Valuation Analysis
ACEI Assets

The following are the results of our valuation of the ACEI Assets using the indicated valuation methodology:

Business Segment / Type of Shares*	Valuation Method	Equity Value (100%)		% Ownership	Equity Value (at ACEI's stake)	
Amounts in PHP millions		**Low**	**High**	**[ACEI]**	**Low**	**High**
AC Energy Development, Inc.						
Common A	Sum-of-the-Parts	1,207.53	1,797.36	*100.0%*	1,207.53	1,797.36
Founders	Sum-of-the-Parts	0.24	0.36	*100.0%*	0.24	0.36
Preferred	Sum-of-the-Parts	2,058.09	2,058.09	*100.0%*	2,058.09	2,058.09
ACTA Power Corp.	Adjusted Book Value	73.14	73.14	*50.0%*	36.57	36.57
Ingrid Power Holdings, Inc.	Adjusted Book Value	4.51	4.51	*100.0%*	4.51	4.51
Philippine Wind Holdings Corp						
Common	Income Approach [DDM]	534.15	2,105.77	*42.9%*	229.07	903.07
Preferred A-1	Income Approach [DDM]	1,593.77	1,646.52	*41.8%*	665.80	687.84
Preferred A-2	Income Approach [DDM]	4,542.99	4,693.36	*36.8%*	1,673.57	1,728.96
Moorland Philippines, Inc.						
Common Stock	Sum-of-the-Parts	712.51	1,483.52	*100.0%*	712.51	1,483.52
Redeemable Preferred Stock	Sum-of-the-Parts	1,085.15	1,085.15	*100.0%*	1,085.15	1,085.15
Viage Corporation	Sum-of-the-Parts	264.23	325.89	*100.0%*	264.23	325.89
NorthWind Power Development Corp						
Redeemable Preferred	Income Approach [FCFF]	147.51	147.51	*67.8%*	100.00	100.00
Monte Solar Energy, Inc.						
Common A	Income Approach [FCFF]	-	309.43	*100.0%*	-	309.43
Preferred A	Income Approach [FCFF]	1,104.55	1,113.28	*100.0%*	1,104.55	1,113.28
South Luzon Thermal Energy Corp.						
Common	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Preferred	Income Approach [FCFF]	6,367.22	7,287.58	*35.0%*	2,228.53	2,550.65
Manapla Sun Development Corp.	Income Approach [FCFE]	697.53	725.37	*36.4%*	253.69	263.82
TOTAL		**26,760.3**	**32,144.4**		**13,852.6**	**16,999.2**

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

Conclusion

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Conclusion
Exchange Ratio Calculation

The following shows calculation of the range of the fair exchange ratios between PHEN Shares and ACEI Assets:

Business Segment / Type of Shares*	Equity Value (at ACEI's stake)		No. of Shares	Price Per Share		Fair Exchange Ratio Calculated**	
Amounts in PHP unless indicated	**Low**	**High**	**[ACEI]**	**Low**	**High**	**Low**	**High**
AC Energy Development, Inc.							
Common A	1,207,532,518	1,797,362,802	2,000,000	603.77	898.68	217.18	399.41
Founders	240,291	357,663	3,979,868	0.06	0.09	0.02	0.04
Preferred	2,058,090,500	2,058,090,500	20,580,905	100.00	100.00	35.97	44.44
ACTA Power Corp.	36,572,146	36,572,146	364,000	109.17	109.17	36.14	44.65
Ingrid Power Holdings, Inc.	4,511,128	4,511,128	100,000	45.11	45.11	16.23	20.05
Philippine Wind Holdings Corp							
Common	229,072,723	903,073,225	230,256	994.86	3,922.04	357.86	1,743.13
Preferred A-1	665,802,299	687,840,138	15,088	44,127.94	45,588.56	15,873.36	20,261.58
Preferred A-2	1,673,565,327	1,728,959,793	2,631	636,094.77	657,149.29	228,811.07	292,066.35
Moorland Philippines, Inc.							
Common Stock	712,508,883	1,483,517,900	12,057,240	59.09	123.04	21.26	54.68
Redeemable Preferred Stock	1,085,151,600	1,085,151,600	108,515,160	10.00	10.00	3.60	4.44
Viage Corporation	264,227,232	325,891,538	1,250	211,381.79	260,713.23	76,036.61	115,872.55
NorthWind Power Development Corp							
Redeemable Preferred	100,000,000	100,000,000	1,000,000	100.00	100.00	35.97	44.44
Monte Solar Energy, Inc.							
Common A	-	309,426,600	12,000,000	-	25.79	-	11.46
Preferred A	1,104,550,997	1,113,277,238	445,310,895	2.48	2.50	0.89	1.11
South Luzon Thermal Energy Corp.							
Common	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Preferred	2,228,526,293	2,550,653,637	12,540,588	177.71	203.39	63.92	90.40
Manapla Sun Development Corp.	253,693,073	263,816,194	490,999	516.69	537.30	185.86	238.80
	13,852,571,303	**16,999,155,738**					

Source: FTI Consulting Analysis

**Refers to common shares if not indicated*

***Calculated using the fair value range of PHEN shares of Php2.25 to Php2.78 per share as indicated in Exhibit 2*

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Conclusion
Fairness Opinion

The following is the comparison of the fair range of exchange ratios calculated by FTI Consulting and the proposed exchange ratio by the Parties:

Business Segment / Type of Shares*	Exchange Ratio Calculated		Transaction Exchange Ratio
Amounts in PHP millions	Low	High	
AC Energy Development, Inc.			
Common A	217.18	399.41	252.2717235
Founders	0.02	0.04	0.03
Preferred	35.97	44.44	39.94
ACTA Power Corp.	36.14	44.65	42.3995879
Ingrid Power Holdings, Inc.	16.23	20.05	19.04
Philippine Wind Holdings Corp			
Common	357.86	1,743.13	1,056.50
Preferred A-1	15,873.36	20,261.58	19,403.32
Preferred A-2	228,811.07	292,066.35	278,815.35
Moorland Philippines, Inc.			
Common Stock	21.26	54.68	22.00
Redeemable Preferred Stock	3.60	4.44	3.70
Viage Corporation	76,036.61	115,872.55	80,000.00
NorthWind Power Development Corp			
Redeemable Preferred	35.97	44.44	36.00
Monte Solar Energy, Inc.			
Common A	-	11.46	3.52
Preferred A	0.89	1.11	1.05
South Luzon Thermal Energy Corp.			
Common	63.92	90.40	85.8000137
Preferred	63.92	90.40	85.80
Manapla Sun Development Corp.	185.86	238.80	218.02044403

Based upon Management's representations and our analyses, FTI Consulting is of the opinion that:

1. **the exchange ratios provided by Management are <u>considered fair from a financial point-of-view</u> since these ratios are within the fair range of exchange ratios as indicated in Exhibits 4 and 5; and**
2. **given that the total issue price of PHEN Shares amounting to PHP14.66 billion (i.e., 6,185,182,288 PHEN shares issued at PHP2.37 per share) falls within our fair range of market values for ACEI assets of PHP13.85 billion to PHP17.0 billion, the proposed property-for-share swap is <u>also fair from a financial point of view</u>.**

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Appendices

Appendix 1
Glossary of Terms

Term	Definition
ASPA	Ancillary Services Procurement Agreement
BBL	Barrel; Volume unit of crude oil and petroleum products
Book value	Amount at which an asset is recognized in the financial statements of an entity after deducting any accumulated depreciation and any accumulated impairment losses
CAGR	Compounded annual growth rate
Capital structure	Composition of the invested capital of a business enterprise; the mix of debt and equity financing
CAPM	Capital Asset Pricing Model; a model that calculates the expected return of an asset based on its beta and expected market return
Comparable companies	Publicly traded companies that are of similar characteristics (such as size, business of operations, or risks) and industry to the enterprise being valued
Comparable Public Companies Method	Involves identifying and selecting publicly traded enterprises with financial and operating characteristics similar to the enterprise being valued
Cost Approach	A valuation approach based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction
Cost of debt	The effective interest rate used by a company to pay its debts
Cost of equity	The return that stockholders require for a company; also called as required rate of return on equity
D:E	Debt-to-equity
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value
Discounted Cash Flows Analysis	Involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate
Dividend Discount Model (DDM)	Calculates the fair value of a stock based on the sum of all of the company's future dividend payments
DOE	Department of Energy
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBIT	Earnings Before Interest and Taxes
Enterprise Value (EV)	Economic measure reflecting the market value of a whole business; includes the company's market capitalization, total debt and cash to value the company
EV-to-EBITDA	Enterprise Value divided by it EBITDA
Equity value	Value of the company to its shareholders

Appendix 1
Glossary of Terms (cont'd.)

Term	Definition
ERC	Energy Regulatory Commission
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
Fairness Opinion	An opinion on whether the financial terms of a proposed corporate transaction are fair to the equity holders of an entity involved
FCFF	Free Cash Flows to the Firm; the cash flow distribution after depreciation expenses, taxes, working capital, and investments have been considered
FIT	Feed-in Tariff; a mechanism to boost renewable energy investments
GDP	Gross Domestic Product
GICS	Global Industry Classification Standard
Income Approach	Based on the premise that the value of a security or asset is the present value of the future earning capacity that is available for distribution to investors in the security or asset
Investment property	Property that is land or a building, or part of a building, or both, held by the owner to earn rentals or for capital appreciation, or both
IVSC	International Valuation Standards Council
Levered beta	Beta of a company reflecting capital structure that includes debt
LWAP	Load Weighted Average Price; The average price of a security that is based on volume and price
Market Approach	A valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available
Market capitalization	Estimation of the value of an enterprise that is obtained by multiplying the number of shares outstanding by the current price of a share
Market risk premium	The difference between the risk-free rate of return and expected return of the market
Multivariate Regression	A regression model using more than one outcome variable
MW	Megawatts
Net Asset Value (NAV)	Estimation of the value of an enterprise by subtracting fair value of assets and fair value of liabilities
Net present value	The value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate
NOAL	Non-operating assets and liabilities

Appendix 1
Glossary of Terms (cont'd.)

Term	Definition
Non-operating assets	Classes of assets that are not essential to the operations of a business, but may still generate income or provide return on investment
PHP	Philippine Peso
P-value	Value of probability that the coefficient is actually zero
Price multiple	Ratios that use share price of a company in conjunction with some specific per-share financial metric in order to evaluate an enterprise's financial situation
P/E	The price of a share of stock divided by its earnings per share
Raw beta	Historical beta that represents the relationship of a security's return and return of an index
Risk free rate	The rate of return with zero risk; represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time
Risk premium	Excess return above the risk-free rate of risky assets
R-squared	Goodness of Fit; tests if the model best explains the sample data
SOTP	Sum-of-the-Parts; a valuation method that provides an indication of the value of an entire asset by the addition of the separate values of its component parts
Unlevered beta	Beta of a company without debt; removes the financial effect of leverage
USD	US Dollar
Valuation	The process of establishing the value of an asset or liability
Valuation approach	One of three principal ways of estimating value; each valuation approach includes different methods that may be used to apply the principles of the approach to specific asset types or situations
Valuation Date	The date on which the opinion of value applies
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital; a calculation of a firm's cost of capital in which each source of capital is proportionately weighted
WESM	Wholesale Electricity Spot Market

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Appendix 2
PHINMA Energy | WESM Forecasting

- WESM prices were forecasted using a multivariate regression analysis. For this exercise, we identified key variables that have historically driven WESM prices which we expect will also affect future prices:

Variable	Description	Historical Data	Forecast Data
WESM LWAP prices (PHP/kWh)	WESM prices are mainly driven by the supply and demand for electricity in the spot market. We used WESM Luzon LWAP prices as our dependent variable.	WESM Website, ERC Public Disclosures	FTI Analysis
Luzon Real Growth Rate (%)	Demand for electricity has historically exhibited a positive relationship with GDP growth, based on the DOE's Power Development Plan (PDP)[1]. We used the Luzon Regional Real GDP growth rate as an independent variable based on its goodness-of-fit to the regression analysis and its low p-value (<2%).	Philippine Statistics Authority	Fitch, Government Estimates, FTI Analysis
Brent Crude Oil Prices (USD/bbl)	Brent Crude Oil prices serve as a benchmark price for oil purchases worldwide. Electricity prices tend to be lower when oil prices decline, and vice versa. We used Brent Crude Oil prices as an independent variable.	World Bank	US Energy Information Administration (EIA)
Energy Surplus (MW)	For purposes of our analysis, Energy Surplus is equal to Luzon dependable capacity less Luzon peak system demand. Historically, electricity prices increase when energy surplus is low, signifying an inverse relationship. We used energy surplus as an independent variable. However, this was only considered in the short-run as forecasts for power supply is limited and may be less reliable in the long-run.	Department of Energy	Department of Energy, FTI Analysis

[1] https://www.doe.gov.ph/sites/default/files/pdf/electric_power/development_plans/pdp_2016-2040.pdf

Appendix 2
PHINMA Energy | WESM Forecasting (cont'd.)

- The dependent variables listed in the previous page were regressed against WESM Luzon LWAP prices from 2011-2019. In our analysis, we used two regression equations to consider short-run and long-run factors affecting WESM prices, while also taking into account the availability of forecasted data for our independent variables. The regression equations we computed are shown below:

Regression Equation 1 (2019-2023): 2.126 + 48.173 (GDP Luzon Growth Rate) + 0.033 (Brent Oil Price) - 0.001 (Energy Surplus)

Regression Equation 2 (2024 onwards): -1.856 + 45.859 (GDP Luzon Growth Rate) + 0.042 (Brent Oil Price)

- Equation 1 was used in our short-run analysis. It includes Energy Surplus as an independent variable. This was added to account for planned plant capacity additions in 2019-2023 based on the Department of Energy's list of upcoming power plants with committed capacity[1]. Major power projects expected to increase electricity supply in the short-run include:

Power Project	Additional Capacity (MW)	Estimated Full Year of Operations
San Buenaventura Power Project	500	2020
Masinloc Expansion Project	300	2020
Concepcion 1 Solar Power Project	115	2020
GNPower Dinginin 2 Unit 1	668	2021
RPEI Coal-Fired Power Plant	600	2021
GNPower Dinginin 2 Unit 2	668	2022
Pagbilao Combined Cycle Gas-Fired Power Plant	650	2022

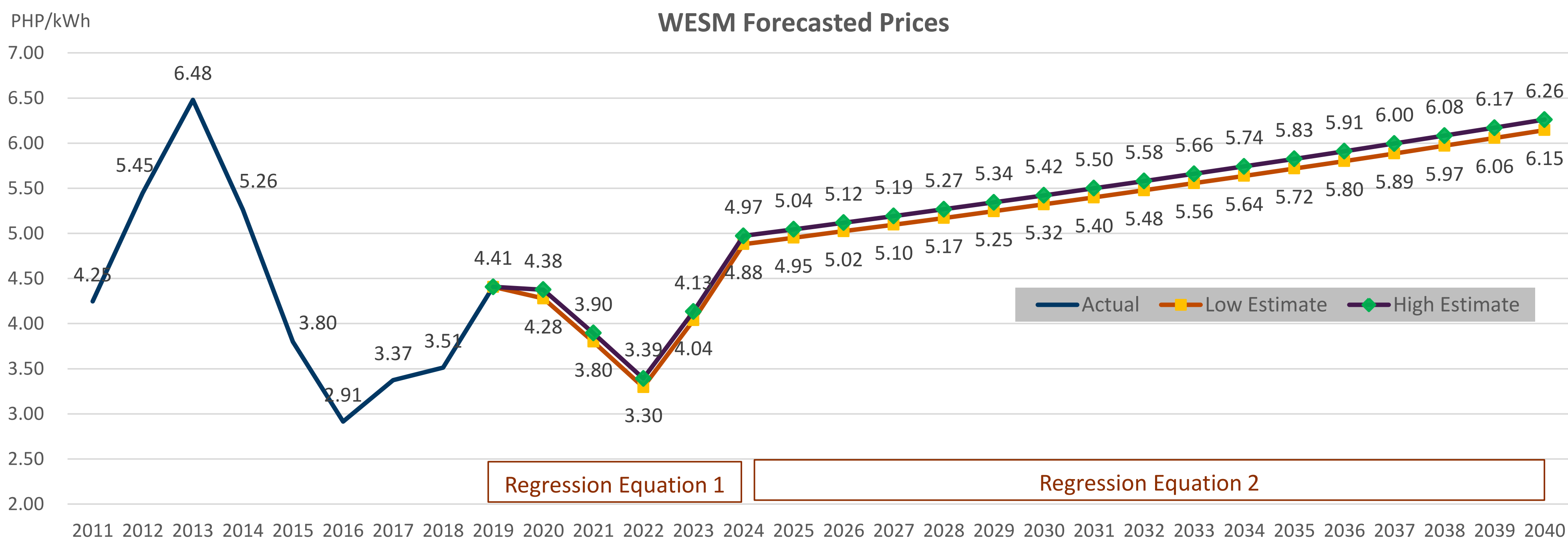
Source: DoE

- Equation 2 was used in our long-run analysis that takes into consideration the expiration of Malampaya's service contracts in 2024. This will reduce dependable power supply by as much as 3,300MW. The closing of the supply-demand gap may cause electricity prices to recover after a short period of oversupply.
- The two equations were tested for their goodness-of-fit by checking their R-squared values. Equation 1 and 2 have an R-squared of 0.9714 and 0.9117, respectively, which means that statistically the equations are able to explain 97% and 91% of the variability of WESM prices using the different variables indicated. We also note that all variables have p-values of 0.05 and below, which indicates that they have statistical significance.

[1] The DOE's has an updated list of indicative and committed power projects. "Indicative" projects are at the feasibility study, permitting, or pre-construction stage in their project development. "Committed" projects have a higher degree of certainty that they will come online, have typically entered the construction phase of project development, and have a relatively fixed commercial operations date.

Appendix 2
PHINMA Energy | WESM Forecasting (cont'd.)

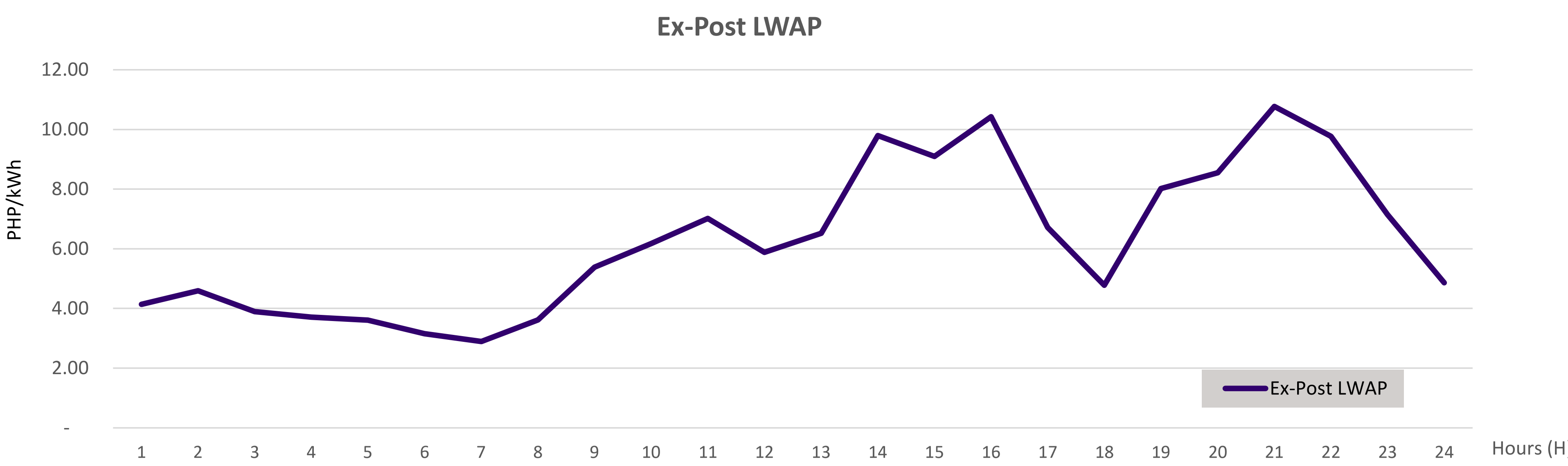
- In forecasting future WESM prices, we used forecasts for GDP growth, Brent Crude Oil Prices, and Energy Surplus and applied these to our regression equations. For GDP growth, we assumed 6.3% for our low estimate representing Fitch's outlook for 2020, and 6.5% for our high estimate, which is the average annual GDP growth target of the Philippine government. Forecasts for Brent Crude prices were based on a study by the US EIA, which expects oil prices to increase modestly at a CAGR of 4.1% until 2040. As for Energy Surplus, we used DOE's peak demand growth forecast of 4.9% based on their PDP, as well as DOE's list of upcoming power projects to estimate dependable capacity.
- Equation 1 was used to forecast WESM prices for 2019-2023, while Equation 2 was used to forecast the WESM price for 2024, which we consider as our long-run base price. Afterwards, we assume that WESM prices will grow at half of inflation.
- Based on the foregoing, we arrived at our low and high estimates for WESM prices below.



Sources: FTI Analysis, WESM, ERC Public Disclosures

Appendix 3
PHINMA Energy | WESM Peak and Off-Peak Prices

- For our valuation analysis, WESM prices were assumed to have a 30% premium over the average forecasted WESM LWAP for peak hours and a 25% discount for non-peak hours. To cross-check, we did a 3-month analysis of the historical hourly WESM prices during peak and non-peak hours.



Sources: FTI Analysis, WESM

- Based on the chart above, we observe that prices typically increase in the morning and early evening. Prices decline temporarily by late afternoon but is still higher than the prices between midnight until early morning. From this, we considered two possible peak hour windows: (1) between 1000H to 1600H and 1900H to 2200H, and (2) between 1000H to 1900H.
- We calculated the premium and discount during peak and non-peak hours by dividing the average prices during peak and non-peak hour windows by the average prices for the whole day, using both peak hour window scenarios. Using the average results of the two scenarios, we arrived at a premium and discount for peak and non-peak hours of 29% and 26%, respectively. Our analysis shows that the assumptions used in our valuation are consistent with the historical trend.

Appendix 4
PHINMA Energy | Diesel Portfolio Comparable Companies

- Presented below are the selected comparable companies for the valuation of PHINMA Energy's diesel assets.

Comparable Companies	Country	Business Description	Diesel Portfolio
PHINMA Energy Corporation	Philippines	PHINMA Energy Corporation, formerly Trans-Asia Oil and Energy Development Corporation, is an integrated power company engaged in power generation, wholesale and retail electricity supply, wind energy development and energy resource development. The Company conducts its power generation and supply activities directly or through joint venture companies and its subsidiaries. The Company is involved in buying the electricity requirements of its customers from the spot market and sells the excess output of the Company's generation supply portfolio. It sells electricity through bilateral contracts and through the wholesale electricity spot market (WESM).	• PHINMA Power Generation Corporation (47MW bunker C-fuel power plant in Bulacan) • One Subic Power (110MW diesel power plant in Subic) • CIPP (21MW bunker C-fired power plant in La Union) • Power Barges (48MW diesel engines)
Alsons Consolidated Resources Inc.	Philippines	Alsons Consolidated Resources, Inc. is a Philippines-based investment holding company. The Company's business, conducted through its subsidiaries and associates, is grouped into various categories, such as Energy and Power, Property Development and Other Investments. Its investment in Energy and Power business is through four subsidiaries: Conal Holdings Corporation, Alsing Power Holdings, Inc., Alsons Renewable Energy Corporation and Alsons Thermal Energy Corporation.	• 100MW diesel-fired facility in Zamboanga • 55MW diesel-fired facility in Sarangani • 103MW Iligan Diesel Power Plants
SPC Power Corp.	Philippines	SPC Power Corporation is a venture company owned by members of the Salcon Consortium, which has entered into rehabilitation, operation, maintenance and management agreement with the National Power Corporation (NPC). The Company's segments include Generation, Distribution and Others. Its subsidiaries include SPC Malaya Power Corporation, which is engaged in power generation, and SPC Light Company, Inc. (SLCI), which is a holding company.	• 146.5MW Panay Diesel Power Plant • 22MW Bohol Diesel Power Plant • Olango Diesel Power Plant • Cebu Diesel Power Plant

Sources: Thomson Reuter's Eikon, company websites

Appendix 5
PHINMA Energy | PHINMA Renewable Comparable Companies

- Presented below are the selected comparable companies for the valuation of PHINMA Renewable.

Comparable Companies	Country	Business Description	Wind Portfolio
Energy Absolute PCL	Thailand	Energy Absolute Public Company Limited is a Thailand-based company engaged in the renewable energy businesses. The Company generates electricity from solar and wind power, and provides consultation in the project regarding alternative electric energy.	• 126MW wind power in Hadkanghan, Thailand • 260MW wind power in Hanuman, Thailand
Electricity Generating	Thailand	The Electricity Generating PCL (EGCO) is a Thailand-based investment holding company which manages EGCO Group. The Group is principally engaged in the generation of electricity. EGCO's subsidiaries include Theppana Wind Farm Co Ltd, an electricity generation plant operator.	• 113MW wind farm in New South Wales, Australia • 86.9MW wind farm in Chaiyaphum, Thailand
Banpu Power PCL	Thailand	Banpu Power Public Company Limited is a Thailand-based holding company engaged in power generation and sales of electricity. The Company expands its investment portfolio to both conventional and renewable power generation assets in Thailand, Laos, China and Japan.	• 200MW wind farm in Vietnam
Ratch Group PCL	Thailand	Ratch Group PCL is a Thailand based company with core businesses in electricity generation; renewable energy, which focuses on solar power, wind power and biomass; and other related businesses.	• 214MW wind farm in Western Australia
Super Energy Corp.	Thailand	Super Energy Corporation PCL is a Thailand-based company. Two principal businesses are production and distribution of electricity from alternative energy, and information technology. The Company invest in renewable energy sources, including solar, wind and waste-to-energy technologies.	• 2 wind projects in Vietnam with total combined capacity of 250MW
First Gen Corporation	Philippines	First Gen Corporation is a Philippines-based investment holding company. The Company is engaged in the business of power generation. Its subsidiary, Energy Development Corporation (EDC), owns approximately 150 MW Burgos Wind Power Plant (Burgos Wind).	• 150MW Burgos Wind Power Plant

Sources: Thomson Reuter's Eikon, company websites

Appendix 6
PHINMA Energy | SLTEC Comparable Companies

- Presented below are the selected comparable companies for the valuation of SLTEC.

Comparable Companies	Country	Business Description	Coal Portfolio
Alsons Consolidated Resources, Inc. (ACR)	Philippines	ACR is an investment holding company. The Company is engaged in the business of exploration of oil, petroleum and other mineral products. The Company's business is grouped into various categories, such as Energy and Power and Property Development. Its investment in Energy and Power business is through four subsidiaries: Alsons Thermal Energy Corporation, Conal Holdings Corporation, Alsing Power Holdings, Inc., and Alsons Renewable Energy Corporation.	• 210-MW Sarangani Energy Corp. Coal-Fired Power Plant in Maasim, Sarangani Province
Aboitiz Power Corp.	Philippines	Aboitiz Power Corporation is a holding company. The Company holds investments in power generation and distribution companies in Philippines. Its segments are Power Generation, Power Distribution, Parent Company and Others. It is engaged in power generation through Aboitiz Renewables, Inc., Luzon Hydro Corporation, Hedcor, Inc., SN Aboitiz Power-Magat, Inc., AP Renewables, Inc., Therma Power, Inc. and Therma Marine, Inc.	• 700-MW Pagbilao coal-fired power plant in Quezon Province • 300-MW Circulating Fluidized Bed (CFB) coal-fired plant in Davao • 340-MW CFB coal-fired plant in Cebu • 2x316 MW (net) pulverized coal-fired power plant in Bataan • 1,366 MW GNPower-Dinginin power plant in Bataan
Banpu Power PCL	Thailand	Banpu Power Public Company Limited is a Thailand-based holding company engaged in power generation and sales of electricity. The Company's owns several power plants in China, Tri Energy power plant in Thailand and others. The Company also expands its investment portfolio to both conventional and renewable power generation assets in Thailand, Laos, China and Japan.	• 1,434 MW BLCP Power Plant in Thailand • 1,878 MW Hongsa Power Plant in Lao PDR

Sources: Thomson Reuter's Eikon, company websites

Appendix 6
PHINMA Energy | SLTEC Comparable Companies (cont'd.)

- Presented below are the selected comparable companies for the valuation of SLTEC.

Comparable Companies	Country	Business Description	Coal Portfolio
Electricity Generating PCL	Thailand	EGCO is a Thailand-based investment holding company which manages EGCO Group. The Group, is principally engaged in the generation of electricity for sale to the government sector and industrial users. The Group operates in Thailand, the Philippines and Australia.	• 460 MW Thermal Power Plant in Quezon • 455 MW San Buenaventura Power Plant in Queszon, Philippines
Glow Energy PCL	Thailand	Glow Energy Public Company Limited is a Thailand-based company engaged in the generation and distribution of electricity, steam and water for industrial uses. Its core business is the generation and supply of electricity to the Electricity Generating Authority of Thailand (EGAT). The Company and its subsidiaries operate their own production facilities, which are located in Thailand and Laos.	• 95 MW Glow Energy CFB 3 Plant in Thailand • 660 MW GHECO One coal-fired power plant in Thailand • 513 MW Glow SPP 2 & 3 power plant in Thailand
Global Power Synergy PCL	Thailand	Global Power Synergy Public Company Limited is a Thailand-based energy company. The Company produces and distributes electricity, steam and water for industrial purposes. The Company and its subsidiaries operate thermal power plants, including Central Utility Plant 1-3 in Rayong province and Sriracha Power Plant in Chonburi Province.	• 700 MW Sriracha Power Plant in Thailand • 226 MW CUP-1 Power Plant in Thailand • 113 MW CUP-2 Power Plant in Thailand
Malakoff Corporation Bhd	Malaysia	Malakoff Corporation Berhad is an independent power and water producer based in Asia. In Malaysia, it owns a generation capacity of approximately 5,346 megawatts consisting of over six power stations. The Company, through its subsidiaries, is engaged in the design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant.	• 1,000 MW Tanjung Bin Energy Plant in Johor, Malaysia • 2,100 MW Tanjung Bin Power Plant in Johor, Malaysia

Sources: Thomson Reuter's Eikon, company websites

Appendix 6
PHINMA Energy | SLTEC Comparable Companies (cont'd.)

- Presented below are the selected comparable companies for the valuation of SLTEC.

Comparable Companies	Country	Business Description	Coal Portfolio
Petrovietnam Power Corp	Vietnam	PetroVietnam Power Corporation is a Vietnam-based company primarily engaged in the electricity sector. The Company's leading business activities include the generation of electricity from gas, coal and hydro power plants; the provision of power plant repair and maintenance service, and the supply of replacement parts for power generation turbines.	• 2x600 MW Vung Ang 1 Thermal Power Plant in Vietnam
Ratch Group PCL	Thailand	Ratch Group Public Company Limited is a Thailand-based holding company whose operating segments consist of electricity generating, O&M and other businesses. It focuses on three core businesses: electricity generating business in diversity of resources, such as natural gas, coals and hydro power; renewable energy, which focuses on solar power, wind power and biomass, and related businesses.	• 3,645 MW Ratchaburi Power Plant
SPC Power Corp.	Philippines	SPC Power Corporation is a venture company owned by members of the Salcon Consortium. The Company's segments include Generation, Distribution and Others. Its subsidiaries include SPC Malaya Power Corporation, which is engaged in power generation, and SPC Light Company, Inc. (SLCI), which is a holding company. The Generation segment includes generation and supply of power and ancillary services to NPC/Power Sector Assets and Liabilities Management Corporation (PSALM), National Grid Corporation of the Philippines (NGCP) distribution utilities, Wholesale Electricity Sale Market (WESM) and others. The Distribution segment is engaged in the distribution and sale of electricity to the end users.	• 2x100 MW CFB Boiler Coal-Fired Power Plant in Naga, Cebu

Sources: Thomson Reuter's Eikon, company websites

Appendix 7
PHINMA Energy | MGI Comparable Companies

- Presented below are the selected comparable companies for the valuation of Maibarara Geothermal, Inc.

Comparable Companies	Country	Business Description	Geothermal Portfolio
First Gen Corp.	Philippines	First Gen Corporation is a Philippines-based investment holding company. The Company is engaged in the business of power generation. Its subsidiary Energy Development Corporation (EDC) holds service contracts with the Department of Energy (DOE) corresponding to approximately 10 geothermal contract areas each granting EDC rights to explore, develop and utilize the corresponding resources in the relevant contract area.	• 140MW plant in Albay • 588.4MW plant in Leyte • 112.5MW plant in Tongonan • 49.4MW plant in Nasulo • 172.5MW plant in Palinpinon • 106MW plant in Mindanao
Aboitiz Power Corp.	Philippines	Aboitiz Power Corporation is a holding company. The Company holds investments in power generation and distribution companies in Philippines. Its segments are Power Generation, which is engaged in the generation and supply of power; Power Distribution, which is engaged in the distribution and sale of electricity, and other businesses, which includes retail electricity sales and electricity related services.	• 448.8MW geothermal plant in Sto. Tomas, Batangas • 234MW geothermal plant in Tiwi, Albay
Electricity Generating PCL	Thailand	The Electricity Generating PCL (EGCO) is a Thailand-based investment holding company which manages EGCO Group. The Group, comprising the Company and its subsidiaries, is principally engaged in the generation of electricity for sale to the government sector and industrial users.	• 3 geothermal plants in Indonesia with total capacity of 874MW
BCPG PCL	Thailand	BCPG Public Company Limited is a Thailand-based company engaged in production and sale of electricity generated from renewable energy. It is an independent power producer. It also invests in other companies already operating and selling electrical power from renewable sources.	• 158MW geothermal plant in Thailand • 24MW under development

Sources: Thomson Reuter’s Eikon, company websites

Appendix 8
PHINMA Energy | Diesel Portfolio Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of PHINMA Energy's diesel assets.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
PHINMA Energy Corporation	0.55	0.18	30.0%	0.48
Alsons Consolidated Resources Inc.	0.55	2.61	30.0%	0.20
SPC Power Corp.	0.28	0.00	9.5%	0.28
Average				**0.32**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

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Appendix 9
PHINMA Energy | PHINMA Renewable Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of PHINMA Renewable.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Energy Absolute PCL	1.40	0.14	0.8%	1.22
Electricity Generating	0.40	0.55	30.0%	0.29
Banpu Power PCL	1.20	0.11	8.3%	1.09
Ratch Group PCL	0.47	0.34	15.1%	0.37
Super Energy Corp.	1.56	1.58	0.8%	0.61
First Gen Corporation	0.76	1.23	17.5%	0.38
Average		**0.66**		**0.66**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

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Appendix 10
PHINMA Energy | SLTEC Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]
- Please see table below for the computed unlevered beta for the valuation of SLTEC.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Alsons Consolidated Resources, Inc.	0.56	2.61	24.9%	0.19
Aboitiz Power Corp.	0.60	0.84	10.2%	0.34
Banpu Power PCL	1.20	0.11	8.3%	1.09
Electricity Generating PCL	0.40	0.55	0.0%	0.26
Glow Energy PCL	0.57	0.29	14.1%	0.46
Global Power Synergy PCL	1.16	0.47	3.8%	0.80
Malakoff Corporation Bhd	0.91	3.76	43.6%	0.29
Petrovietnam Power Corp	0.89	-	0.0%	0.89
Ratch Group PCL	0.47	0.34	15.1%	0.37
SPC Power Corp.	0.28	-	9.5%	0.28
Average				**0.50**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

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Appendix 11
PHINMA Energy | Non-operating Assets and Liabilities

PHINMA Power Generation Corporation

Amounts in PHP Millions	30 June 2019
AFS Investments	0.28
Investment Property	8.61
Deferred Tax Asset	7.60
Pension and Other Post-Employment Benefits	(2.18)
Total Non-operating Assets and Liabilities	**14.31**

One Subic Power Generation Corporation

Amounts in PHP Millions	30 June 2019
Deferred Tax Asset	5.34
Other Non-current Assets	13.47
Income and Withholding Tax Payable	(0.28)
Pension and Other Post-Employment Benefits	(10.95)
Total Non-operating Assets and Liabilities	**7.58**

CIPII Power Corporation

Amounts in PHP Millions	30 June 2019
Deferred Tax Asset	1.37
Other Non-current Assets	12.04
Income and Withholding Tax Payable	(0.19)
Pension and Other Post-Employment Benefits	(2.97)
Total Non-operating Assets and Liabilities	**10.25**

PHINMA Renewable Energy Corporation

Amounts in PHP Millions	30 June 2019
Input Tax – Non-current	335.76
Other Non-current Assets	48.87
Income and Withholding Tax Payable	(2.71)
Deferred Tax Liability	(0.35)
Finance Lease	(66.39)
Total Non-operating Assets and Liabilities	**315.18**

South Luzon Thermal Energy Corporation

Amounts in PHP Millions	30 June 2019
Other Non-current Assets	396.43
Dividends Payable	(599.80)
Pension Liability	(4.07)
Deferred Tax Liability	(12.39)
Total Non-operating Assets and Liabilities	**(219.83)**

Maibarara Geothermal, Inc.

Amounts in PHP Millions	30 June 2019
Cash and Cash Equivalents	764.01
Restricted Cash	292.97
Loans Payable	(3,004.90)
Net Debt	**(1,947.91)**
Other Non-current Assets	239.04
Asset Retirement Obligation	(16.73)
Asset Retirement Liability	(8.87)
Total Non-operating Assets and Liabilities	**213.44**

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Appendix 12
AC Energy | Land Portfolio Comparable Companies

- Presented below are the selected comparable companies for the valuation of AC Energy's land assets.

Comparable Companies	Country	Business Description
Thong Nhat JSC	Vietnam	Thong Nhat Joint Stock Company is primarily engaged in real estate development and operations sector. Its business activities include the development of industrial zones infrastructure, the leasing of vacant land lots and manufacturing facilities in Bau Xeo industrial park.
Bekasi Fajar Industrial Estate Tbk PT	Indonesia	PT Bekasi Fajar Industrial Estate Tbk is an Indonesia-based company primarily engaged in industrial estate development and management. Its project is MM2100, an industrial estate located in Cikarang Barat, Indonesia. It is also engaged in developing and managing the facilities and supporting infrastructures at the industrial estate.
JCK International PCL	Thailand	JCK International Public Company Limited, formerly known as Thai Factory Development Public Company Limited, is engaged in the property development business. The Company operates four business segments: land and buildings for sale segment, land and buildings for rent segment, office buildings for rent segment, and residential condominium units for sale segment.
Kawasan Industri Jababeka Tbk PT	Indonesia	PT Kawasan Industri Jababeka Tbk is an Indonesia-based company primarily engaged in managing and developing real estates. Its flagship project, Kota Jababeka, an integrated township with industrial, residential and commercial estates, public transportation network, shopping, leisure and entertainment establishments, dry port, and power plants.
Sime Darby Property Bhd	Malaysia	Sime Darby Property Berhad which is mainly engaged in three business segments: Property development, Property investment, and Leisure and Hospitality. Its Property development segment is involved in the development of land to strata properties, covering residential, offices, retail and industrial developments. Its Property investment segment undertakes property leasing and provides property management services for shopping malls and galleries. Its Leisure and Hospitality segment covers the management and operation of various hospitality and leisure assets.

Sources: Thomson Reuter's Eikon, company websites

Appendix 13
AC Energy | Bulk Water Comparable Companies

- Presented below are the selected comparable companies for the valuation of the Bulk Water Companies.

Comparable Companies	Country	Business Description
Eastern Water Resources Development and Management PCL	Thailand	Eastern Water Resources Development and Management PCL principal activities are development and management of the water distribution pipeline systems in the eastern seaboard of Thailand, as well as the procurement of raw water from government agency sources for commercial distribution to end users.
Sai Gon Water Infrastructure Corp	Vietnam	Sai Gon Water Infrastructure Corporation (Saigon Water) is a Vietnam-based company engaged in environmental infrastructure industry. The Company's business activities are categorized into three groups including construction investment, engineering services and operation and maintenance (O&M) services.
Salcon Bhd	Malaysia	Salcon Bhd has water division that offers a range of solutions, including raw water management, design, procurement, installation, testing, commissioning, transmission and distribution of treated water. Its wastewater solution includes wastewater treatment technologies.
Wha Utilities and Power PCL	Thailand	Wha Utilities and Power PCL is a Thailand based company, which is involved in distributing raw water, producing and distributing industrial water and providing wastewater treatment services to operators in industrial estates and industrial lands, as well as other consumers.

Sources: Thomson Reuter's Eikon, company websites

Appendix 14
AC Energy | Wind Comparable Companies

- Presented below are the selected comparable companies for the valuation of wind companies under AC Energy.

Comparable Companies	Country	Business Description	Wind Portfolio
Energy Absolute PCL	Thailand	Energy Absolute Public Company Limited is a Thailand-based company engaged in the renewable energy businesses. The Company generates electricity from solar and wind power, and provides consultation in the project regarding alternative electric energy.	• 126MW wind power in Hadkanghan, Thailand • 260MW wind power in Hanuman, Thailand
Electricity Generating	Thailand	The Electricity Generating PCL (EGCO) is a Thailand-based investment holding company which manages EGCO Group. The Group is principally engaged in the generation of electricity. EGCO's subsidiaries include Theppana Wind Farm Co Ltd, an electricity generation plant operator.	• 113MW wind farm in New South Wales, Australia • 86.9MW wind farm in Chaiyaphum, Thailand
Banpu Power PCL	Thailand	Banpu Power Public Company Limited is a Thailand-based holding company engaged in power generation and sales of electricity. The Company expands its investment portfolio to both conventional and renewable power generation assets in Thailand, Laos, China and Japan.	• 200MW wind farm in Vietnam
Ratch Group PCL	Thailand	Ratch Group PCL is a Thailand based company with core businesses in electricity generation; renewable energy, which focuses on solar power, wind power and biomass; and other related businesses.	• 214MW wind farm in Western Australia
Super Energy Corp.	Thailand	Super Energy Corporation PCL is a Thailand-based company. Two principal businesses are production and distribution of electricity from alternative energy, and information technology. The Company invest in renewable energy sources, including solar, wind and waste-to-energy technologies.	• 2 wind projects in Vietnam with total combined capacity of 250MW
First Gen Corporation	Philippines	First Gen Corporation is a Philippines-based investment holding company. The Company is engaged in the business of power generation. Its subsidiary, Energy Development Corporation (EDC), owns approximately 150 MW Burgos Wind Power Plant (Burgos Wind).	• 150MW Burgos Wind Power Plant

Sources: Thomson Reuter's Eikon, company websites

Appendix 15
AC Energy | Solar Comparable Companies

- Presented below are the selected comparable companies for the valuation of AC Energy's solar assets.

Comparable Companies	Country	Business Description	Solar Portfolio
Aboitiz Power Corp.	Philippines	Aboitiz Power Corporation is a holding company. The Company holds investments in power generation and distribution companies in Philippines. Its segments are Power Generation, which is engaged in the generation and supply of power; Power Distribution, which is engaged in the distribution and sale of electricity, and other businesses, which includes retail electricity sales and electricity related services.	• 59 MW in San Carlos, Negros Occidental
First Gen Corp.	Philippines	First Gen Corporation is a Philippines-based investment holding company. The Company is engaged in the business of power generation. Its subsidiary Energy Development Corporation (EDC) holds service contracts with the Department of Energy (DOE) corresponding to approximately 10 geothermal contract areas each granting EDC rights to explore, develop and utilize the corresponding resources in the relevant contract area.	• 7 MW in Burgos, Ilocos Norte • 1 MW in Iloilo City
Sermsang Power Corporation PCL	Thailand	Sermsang Power Corporation Public Company Limited is a Thailand-based producer and distributor of solar power. The Company's product is sold to Electricity Generating Authority of Thailand.	• 57 MW in Thailand • 21 MW in Japan • 148 MW under development within Asia

Sources: Thomson Reuter's Eikon, company websites

Appendix 15
AC Energy | Solar Comparable Companies (cont'd.)

- Presented below are the selected comparable companies for the valuation of AC Energy's solar assets.

Comparable Companies	Country	Business Description	Solar Portfolio
SPCG PCL	Thailand	SPCG Public Company Limited is a Thailand-based holding company. The Company and its subsidiaries operate three business segments: manufacture, trading and installation services of roof sheets segment; production and distribution of electricity from solar energy segment and other segment including trading and installation service of solar roof.	• 260 MW in Thailand and in ASEAN
Thai Solar Energy PCL	Thailand	Thai Solar Energy Public Company Limited is a Thailand-based company engaged in operation of solar power plants. The Company operates direct stream generation solar thermal power plants and solar photovoltaic power plants, which consist of solar farms, commercial rooftop units, and residential rooftop units. It has agreements to supply all electricity to Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA).	• 93 MW in Thailand • 177 MW in Japan

Sources: Thomson Reuter's Eikon, company websites

Appendix 16
AC Energy | Land Portfolio Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of AC Energy's land assets.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Thong Nhat JSC	0.05	0.00	15.1%	0.05
Bekasi Fajar Industrial Estate Tbk PT	1.79	0.61	5.9%	1.14
JCK International PCL	0.91	2.26		0.28
Kawasan Industri Jababeka Tbk PT	1.04	0.67		0.62
Sime Darby Property Bhd	2.33	0.39		1.67
Average				**0.75**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

Appendix 17
AC Energy | Bulk Water Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of the Bulk Water Companies.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Eastern Water Resources Development and Management PCL	0.38	0.33	18.3%	0.30
Sai Gon Water Infrastructure Corp	0.31	1.12	0.0%	0.15
Salcon Bhd	1.06	0.22	0.0%	0.87
Wha Utilities and Power PCL	1.31	0.41	2.8%	0.94
Average		**0.52**		**0.56**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

Appendix 18
AC Energy | Wind Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of wind companies under AC Energy.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Energy Absolute PCL	1.40	0.14	0.8%	1.22
Electricity Generating	0.40	0.55	30.0%	0.29
Banpu Power PCL	1.20	0.11	8.3%	1.09
Ratch Group PCL	0.47	0.34	15.1%	0.37
Super Energy Corp.	1.56	1.58	0.8%	0.61
First Gen Corporation	0.76	1.23	17.5%	0.38
Average		**0.66**		**0.66**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

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Appendix 19
AC Energy | Solar Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

  Unlevered Beta of Each Comparable: Raw Beta / [1 + (1 – Effective Tax Rate) x (Debt/Equity of Comparable Company)]

- Please see table below for the computed unlevered beta for the valuation of AC Energy's solar companies.

Comparable Companies	Raw Beta [1]	Debt-to-Equity [2]	Effective Tax Rate	Unlevered Beta
Aboitiz Power Corp.	0.61	0.84	10.20%	0.35
First Gen Corp.	0.76	1.23	17.50%	0.38
SPCG PCL	0.82	0.50	1.60%	0.55
Sermsang Power Corporation PCL	0.83	0.86	0.40%	0.45
Thai Solar Energy PCL	1.33	1.60		0.51
Average				**0.45**

[1] 5-year weekly beta of the comparable companies from the Valuation Date

[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Sources: Thomson Reuter's Eikon, FTI Analysis

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Appendix 20
AC Energy | Gigasol2 Inc. Subsidiaries

Net Asset Value – Solarace1 Energy Corp.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	54,151,285		54,151,285
Receivables	28,322		28,322
Other Current Assets	848,823		848,823
Development Cost	4,109,316		4,109,316
TOTAL ASSETS	**59,137,746**		**59,137,746**
LIABILITIES			
Trade & other payables	12,070		12,070
Deposits for future subscription	56,000,000	(56,000,000)	-
Total Liabilities	**56,012,070**		**12,070**
Net Assets	**3,125,676**		**59,125,676**

Net Asset Value – Gigasol1 Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	3,675,122		3,675,122
Other Current Assets	24,510		24,510
Development Cost	4,464		4,464
TOTAL ASSETS	**3,704,097**		**3,704,097**
LIABILITIES			
Trade & other payables	14,180		14,180
Total Liabilities	**14,180**		**14,180**
Net Assets	**3,689,917**		**3,689,917**

Net Asset Value – Solarace2 Energy Corp.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	3,535,228		3,535,228
Receivables	268		268
Other Current Assets	29,893		29,893
Development Cost	35,567		35,567
TOTAL ASSETS	**3,600,957**		**3,600,957**
LIABILITIES			
Trade & other payables	12,550		12,550
Total Liabilities	**12,550**		**12,550**
Net Assets	**3,588,407**		**3,588,407**

Net Asset Value – Gigasol3 Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	18,152,718		18,152,718
Receivables	37,174		37,174
Other Current Assets	14,679,858		14,679,858
Development Cost	560,249		560,249
Property & equipment	92,880,321	286,172,679	379,053,000
Biological Assets	1,202,000		1,202,000
TOTAL ASSETS	**127,512,320**		**413,684,999**
LIABILITIES AND EQUITY			
Trade & other payables	22,203		22,203
Total Liabilities	**22,203**		**22,203**
Net Assets	**127,490,117**		**413,662,796**

Sources: ACEI management; FTI Analysis

Appendix 20
AC Energy | Gigasol2 Inc. Subsidiaries (cont'd.)

Net Asset Value – AC La Mesa Solar Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	304,585		304,585
Other Current Assets	242,771		242,771
Development Cost	115,036		115,036
TOTAL ASSETS	**662,392**		**662,392**
LIABILITIES			
Trade & other payables	18,842		18,842
Total Liabilities	**18,842**		**18,842**
Net Assets	**643,550**		**643,550**

Net Asset Value – AC Subic Solar Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	3,556,919		3,556,919
Other Current Assets	33,046		33,046
Development Cost	15,812		15,812
TOTAL ASSETS	**3,605,778**		**3,605,778**
LIABILITIES			
Trade & other payables	18,408		18,408
Total Liabilities	**18,408**		**18,408**
Net Assets	**3,587,370**		**3,587,370**

Net Asset Value – AC Laguna Solar Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	3,553,150		3,553,150
Other Current Assets	33,384		33,384
Development Cost	14,233		14,233
TOTAL ASSETS	**3,600,767**		**3,600,767**
LIABILITIES			
Trade & other payables	18,408		18,408
Total Liabilities	**18,408**		**18,408**
Net Assets	**3,582,359**		**3,582,359**

Net Asset Value – Santa Cruz Solar Energy Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	110,989		110,989
Other Current Assets	28,143		28,143
Total Assets	**139,132**		**139,132**
LIABILITIES			
Trade & other payables	150,269		150,269
Total Liabilities	**150,269**		**150,269**
Net Assets	**(11,136)**		**(11,136)**

Sources: ACEI management; FTI Analysis

Appendix 20
AC Energy | Gigasol2 Inc. Subsidiaries (cont'd.)

Net Asset Value – Bataan Solar Energy Inc.

Amounts in PHP	Book Value	Adjustment	Fair Value
ASSETS			
Cash	3,110,188		3,110,188
Receivables	24,740		24,740
Other Current Assets	271,682		271,682
Development Cost	1,911,060		1,911,060
TOTAL ASSETS	**5,317,670**		**5,317,670**
LIABILITIES			
Trade & other payables	1,217,329		1,217,329
Advances from affiliate	474,522		474,522
Deposits for future subscription	4,812,500	(4,812,500)	-
Total Liabilities	**6,504,351**		**1,691,851**
Net Assets	**(1,186,681)**		**3,625,819**

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Sources: ACEI management; FTI Analysis

About FTI Consulting

About FTI Consulting Philippines At a Glance

ABOUT FTI CONSULTING PHILIPPINES, INC. (FTI CPI)

FTI CPI is a financial/business advisory firm assisting clients with major events that can significantly influence the reputation and valuation of their organization. We help companies build, grow, defend or repair their businesses.

FTI CPI is 100% a Filipino-owned company with an exclusive franchise agreement with FTI Consulting, Inc., a US-based global consulting firm listed in the New York Stock Exchange (NYSE:FCN). It was incorporated in 2006.

DEFINITIVE EXPERTISE

FTI CPI employs highly qualified professionals particularly, MBAs, CPAs and CFA charterholders with extensive, practical experience in applying that expertise to generate a decisive impact.

ACCREDITED BY SEC AND PSE

FTI CPI is accredited by the Securities and Exchange Commission (SEC) for the valuation of shares of stock and intangible assets, and is also accredited by the Philippine Stock Exchange, Inc. (PSE) to issue fairness opinions and valuation reports of listed companies of the Exchange.

WIDE CLIENT REACH

Our clients encompass a diverse spectrum of global and domestic: publicly-listed companies, financial institutions, family-owned corporations, funds/investors, and government owned and controlled corporations.

FINANCIAL ADVISORY SERVICES

- Lead M&A Advisory
- Infrastructure Advisory
- Share and Intangible Asset Valuation
- Financial Model Preparation and Review
- Purchase Price Allocation
- Due Diligence
- Restructuring
- Funds Advisory
- Distressed Debt Advisory

SENIOR MANAGING DIRECTORS OF FTI CPI

Anthony (Tony) Quach

Dominador (Butch) Gregorio III

John Balce

INDUSTRY COVERAGE

FTI CPI has been engaged by clients in the various industries listed below:

- **Real Estate & Hospitality**
- **Energy & Resources**
- **Tech, Media & Telecom**
- **Infrastructure & Transportation**
- **Financial Services**
- **Retail & Textiles**

FTI CONSULTING

About FTI Consulting Philippines
FTI Consulting Philippines Services

LEAD M&A AND INFRASTRUCTURE ADVISORY

We are able to help clients in every step of their mergers and acquisition activities, from strategy and planning to deal execution and post-closing. Our acquisition experts provide comprehensive and insightful advice to proactively address investor concerns. We also provide critical support to our clients in their infrastructure projects, as proven by our successful track record in infrastructure bid process engagements.

VALUATION / PURCHASE PRICE ALLOCATION

We capitalize on our technical proficiency and extensive knowledge in various industries in valuing shares of stock and intangible assets. We utilize three general approaches to valuation: income, market, and cost approach. We also provide post-acquisition support to clients through an independent purchase price allocation of their acquired assets and assumed liabilities, as part of their financial reporting requirements.

FINANCIAL MODEL PREPARATION AND REVIEW

We assist clients in their financial modeling needs through either financial model construction or review. Financial model construction involves preparing a model based on the needs of the client, using the project documents and/or technical studies commissioned by a client to evaluate a project. Our expertise in building financial models allows us to conduct an effective review of the models of other parties. We provide critical feedback to clients by assessing the integrity and structure of the model, checking for calculation errors and documenting findings for immediate and future reference

RESTRUCTURING

As one of the most well known names in the industry, we bring credibility and a proven track record of results to rebuild or extract value from underperforming companies. FTI Consulting has expertise in providing the following services: performance improvement, CRO (Chief Restructuring Officer)/Interim Management, Restructuring Advisory, and Liquidity Management. An objective third party specializing in rebuilding value is often the catalyst necessary to revitalize a company.

OTHER SERVICES

FTI's expertise extends to other services including: distressed debt advisory, financial due diligence, funds advisory and other transaction related services.

About FTI Consulting, Inc.
FTI Consulting: Experts with **Impact**

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes. Due to our unique mix of **EXPERTISE, CULTURE, BREADTH OF SERVICES and INDUSTRY EXPERIENCE**, we have a tangible impact on our clients' most complex opportunities and challenges.

Definitive Expertise

- **Most experts on Who's Who Legal: Arbitration - Expert Witnesses**, *Law Business Research Ltd.* **(2011 - 2018)**
- **#1 Global Risk & Investigations services provider**, *The National Law Journal* **(2017)**
- **#1 Restructuring Advisor**, *The Deal* **(2007-2017)**
- **#1 Crisis Management Services Firm**, *National Law Journal* **(2017)**

4,600+ Employees Worldwide	**450+** SMDs	**$4.03B** Market Cap.[1]
78 Cities		**28** Countries
Advisor to **96** of the world's top **100** law firms	**56** of Fortune Global **100** corporations are clients	Advisor to **8** of the world's top **10** bank holding companies

A Culture That Delivers

- **Practical** in our communication and approach to outcomes
- **Judicious** in complex, multi-party situations
- **Collaborative** with clients and colleagues
- **Professional** in our commitment to work with the highest caliber

Comprehensive Services

- Financial
- Legal
- Operational
- Transactional
- Political & Regulatory
- Reputational

Industry Experience

- Construction
- Energy Power & Products
- Financial Institutions
- Healthcare & Life Sciences
- Insurance
- Mining & Mining Services
- Real Estate & Infrastructure
- Retail & Consumer Products
- Telecom, Media & Technology

[1]Number of total shares outstanding times the closing share price as of October 10, 2019.

FTI CONSULTING™

FTI Consulting advises global clients **on all continents**

FCN
Publicly traded

8/10
Advisor to world's top 10 bank holding companies

$4.03BLN
Equity market capitalization*

56/100
56 of Global 100 corporations are clients

450+
Senior Managing Directors

#1
European & UK M&A transaction communications advisor by deal volume

80
Offices in 77 cities around the globe

#2
Globally by M&A volume

FTI Consulting is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment

4,600+ Professionals Deployed in 28 Countries

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.

[1]Number of total shares outstanding times the closing share price as of October 10, 2019.

About FTI Consulting, Inc.
The Five Segments of FTI Consulting

CORPORATE FINANCE & RESTRUCTURING

As a trusted partner to companies, boards of directors, investors, lenders and creditors around the world, the Corporate Finance & Restructuring segment is focused on delivering restructuring, business transformation and transaction solutions. Committed to our clients' success, our award-winning professionals address the full spectrum of financial, operational and transactional risks and opportunities across diverse industries. Included among our core strengths is providing expertise in guiding companies through the value-creation life cycle.

ECONOMIC CONSULTING

We provide law firms, corporations and government agencies with sophisticated analyses of complex economic issues to assist clients in understanding the challenges and opportunities they face. Our Economic Consulting practice is involved in a wide range of engagements that provide critical insight and expert testimony in legal and regulatory proceedings, strategic decision making and public policy debates. We also have deep expertise in securities litigation, M&A and antitrust, risk management, valuation and international arbitration.

FORENSIC & LITIGATION CONSULTING

We provide the industry's most complete range of forensic, investigative, data analytic and litigation services. As an independent consulting firm, we have unmatched qualifications in all types of risk, dispute, investigations and litigation scenarios. We have extensive experience serving leading corporations, governments and law firms around the globe.

STRATEGIC COMMUNICATION

As a leading global communications consultancy with more than 30 years of experience advising management teams and boards of directors, we help clients communicate effectively to protect and enhance their business interests with key stakeholders. We have a comprehensive view of strategic communications with an integrated suite of services in financial communications, corporate reputation and public affairs in all the major markets around the world

TECHNOLOGY

FTI Technology solves data-related business challenges, with expertise in legal and regulatory matters. As data grow in size and complexity, we help organizations better govern, secure, find, analyze and rapidly make sense of information. Innovative technology, expert services and tenacious problem solving provide our global clients with defensible and repeatable solutions. Organizations rely on us to root out fraud, maintain regulatory compliance, reduce legal and IT costs, protect sensitive materials, quickly find facts and harness organizational data to create business value.

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Our Team

Our Team
Dominador (Butch) Gregorio III

Senior Managing Director

FTI Consulting Philippines

Manila

+63.2.864.0991 main

butch.gregorio@fticonsulting-ph.com

Education

MBA – Wharton Business School, University of Pennsylvania

MA in International Studies – Lauder Institute of Management and International Studies, University of Pennsylvania

BS Business Administration and Accountancy – University of the Philippines

Certifications

Certified Public Accountant

Licensed Real Estate Broker

Institute of Corporate Directors - Graduate Member

Professional Associations

Finance Executives of the Philippines

Philippine Institute of Certified Public Accountants

About

Dominador (Butch) T. Gregorio III is a Senior Managing Director in the Corporate Finance/Restructuring practice of FTI Consulting Philippines, Inc. (FTI CPI), formerly FTI Consulting Administrative Services Inc. (FTI CAS), and is based in Manila. Mr. Gregorio's professional experience encompasses a diverse spectrum of global and domestic financial institutions, family owned corporations, and acquisitive corporate enterprises in the public and private arena.

Mr. Gregorio has advised clients in healthy and distressed situations in connection with mergers and acquisitions, leveraged buyouts, recapitalizations, merger integration, corporate reorganizations, debt restructuring and strategic business issues.

Mr. Gregorio's experience covers all aspects of financial and operating transaction support, including business enterprise valuation, identifying value drivers and risk issues critical to the investment decision, structuring considerations, due diligence of the quality of earnings, cash flows and balance sheet, financial opinions, supporting negotiating financing covenants, advice on sale and purchase agreements, post acquisition integration matters, interim management roles and corporate directorships.

Prior to joining FTI Consulting, Mr. Gregorio provided similar services as a partner and head of the Financial Advisory Services group for Deloitte in Almaty, Kazakhstan. From 2003 to 2007, he was Chief Operating Officer and Managing Director of Ernst & Young Transaction Advisory Services, Inc. in the Philippines. Butch was a partner in SGV & Co.'s Corporate Finance Division. He also spent seven years with Citicorp Real Estate, Inc. (Citibank N.A.) in New York, Minneapolis, Dallas, U.S.A.

Mr. Gregorio's clients include NTT Data, Standard Chartered Bank, Lim Advisors, Equis Funds Group, Ayala Group, Metro Pacific Group, GT Capital, Macro Asia, Xurpas, Agri-Nurture, MBTC, PNB, BPI, Philippine Insurance Commission, Royal Chemie International Ltd. and the Singapore Flyer. He has worked on engagements involving different industries, such as, infrastructure, financial services, energy & utilities, property, manufacturing and services..

Mr. Gregorio holds an MBA from Wharton School and an MA in International Studies from the Lauder Institute of Management and International Studies, University of Pennsylvania. He graduated from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy, Cum Laude in 1983. He is a Philippines Certified Public Accountant and Licensed Real Estate Broker. He is also a Graduate Member of the Institute of Corporate Directors.

Our Team
John Balce

Education

Executive Masters in Business Administration, Asian Institute of Management

BS Business Administration and Accountancy, University of the Philippines

Certifications

Chartered Financial Analyst

Certified Public Accountant

Professional Associations

CFA Institute

CFA Society of the Philippines

Philippine Institute of Certified Public Accountants

Senior Managing Director

FTI Consulting Philippines

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john.balce@fticonsulting-ph.com

About

John B. Balce is a Senior Managing Director in the Corporate Finance practice of FTI Consulting Philippines, Inc. (FTI CPI), formerly FTI Consulting Administrative Services (FTI CAS), and is based in Manila.

Over the past thirteen years, Mr. Balce had extensive experience in transaction advisory, corporate and debt restructuring, valuations, mergers and acquisitions, financial due diligence, financial modelling and financial model review. He has assisted in several cross-border engagements in the Philippines, China, Hong Kong, Indonesia and Singapore. He has been involved in projects across a range of industries, including energy, infrastructure, real estate, banking, outsourcing, electronics, mining, and manufacturing.

Among his various assignments, Mr. Balce has been involved the successful sale of a copper and zinc mine owned by an ASX-listed company undergoing provisional liquidation proceedings. He also spearheaded the team which assisted a Singapore-based hedge fund in the reorganization and sale of its stake in the Philippines' second largest biodiesel producer. He was also involved in the evaluation of strategic alternatives of an agriculture-focused company, with retail and manufacturing capabilities. He also assisted in the disposal of several NPL portfolios owned by local and foreign banks to investors, both on sell-side and buy-side capacities.

His engagements also include the preparation of financial models for PPP projects in the infrastructure, transportation and payment systems space on behalf of consortiums formed by major Philippine conglomerates. He has also prepared financial models for renewable energy companies, biofuel companies, toll roads, water districts, schools and shipping companies. Mr. Balce and his team also provides deal advisory, financial modelling and research support to FTI Consulting's Corporate Finance, and the Technology, Media and Telecommunications Teams of the London and Frankfurt offices

Prior to joining FTI Consulting, Mr. Balce was an Associate Director at Ferrier Hodgson. His career started in the Corporate Finance group of SGV / Ernst & Young Transaction Advisory Services, Inc. in Manila.

Mr. Balce received his Executive Masters in Business Administration degree from the Asian Institute of Management, with honors. He finished the bachelor's degree in business administration and accountancy from the University of the Philippines – Diliman, magna cum laude. He is a Certified Public Accountant and a CFA charterholder. He is a member of the CFA Society of the Philippines, the CFA Institute, and the Philippine Institute of Certified Public Accountants.

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PSE Independence Confirmation

PSE

October 8, 2019

FTI Consulting Philippines, Inc.
28/F Ayala Life-FGU Tower
6811 Ayala Avenue
Makati City

Attention : **Dominador T. Gregorio III**
Chairman and President

Re : Request for Confirmation of Independence

Gentlemen:

We refer to your letter dated August 16, 2019, which the Exchange received on August 19, 2019, regarding the request of FTI Consulting Philippines, Inc. ("FTI") for a confirmation of its independence with respect to its engagement to issue a fairness opinion and valuation report for the planned share-for-share swap of Phinma Energy Corporation ("PHEN") with the Philippine assets held by AC Energy, Inc. ("ACEI").

As stated in the Firm's documents, FTI has been requested by PHEN, together with ACEI to (i) determine the fair value of the shares of PHEN; (ii) determine the fair value of the ACEI shares to be transferred to PHEN; and (iii) issue fairness opinions if the consideration to be given up by PHEN in exchange for the Philippine assets held by ACEI is fair.

Please be informed that, based on the representations and documents provided by FTI, and in accordance with the PSE Guidelines for Fairness Opinions and Valuation Reports, FTI has demonstrated its independence from PHEN, and ACEI. Thus, the request of FTI for confirmation that it is independent from PHEN, and ACEI is hereby confirmed for the purpose of its engagement with the parties' proposed swap transaction.

In the event that FTI's representations are found to be false, inaccurate, misleading or incomplete, then this confirmation shall be deemed null and void. Please be further informed that this should not be construed as an approval in principle of the swap transaction to be filed by PHEN.

Very truly yours,

Roel A. Refran
Chief Operating Officer

FTI CONSULTING™

Certificate of Reliance

CERTIFICATE OF RELIANCE

October 4, 2019

FTI Consulting Philippines Inc.
27/F BPI Philam Life Makati
6811 Ayala Avenue,
Makati City, 1226

Attention: Dominador T. Gregorio III
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This is to certify that the unaudited Financial Statements listed in Exhibit I submitted to FTI Consulting Philippines, Inc. are to the best of my knowledge true and accurate, and free from material misstatements.

This is also to certify that to the best of my knowledge, the Projected Statement of Financial Position, Projected Statement of Comprehensive Income, and Projected Statement of Cash Flow (collectively, "the Projected Financial Statements") listed in Exhibit II submitted to FTI Consulting, for the purpose of valuing AC Energy, Inc.'s assets to be transferred to PHINMA Energy Corporation, represent the best estimates as to the future operating performance, financial results and cash flows of the said assets and are free from material misstatements due to fraud or error.

We further certify that information we disclosed about the current and projected operations/ forecasts, capital expenditures, structure and organization, regulatory/legal disclosures and other similar information of the companies listed in Exhibit II are accurate to the best of our knowledge and belief at the time of the disclosure. Further, AC Energy, Inc. shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on the Projected Financial Statements in performing the said valuation and issuance of a fairness opinion in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

MARIA CORAZON G. DIZON
Chief Finance Officer
AC Energy, Inc.

Exhibit I – List of Unaudited Financial Statements

	Company Name	File Name	Date of FS
1	Visayas Renewables Corp	Visayas Renewables Corp_June 2019 Balances	30-Jun-19
2	Gigasol2 Inc.	Gigasol2 Inc_June 2019 Balances	30-Jun-19
3	Monte Solar Energy	Monte Solar Energy Inc_June 2019 Balances	30-Jun-19
4	Negros Island Solar Power, Inc.	Negros Island Solar Power Inc_June 2019 Balances	30-Jun-19
5	San Carlos Solar Energy, Inc.	San Carlos Solar Energy Inc_June 2019 Balances	30-Jun-19
6	Solarace1 Energy Corp	Solarace1 Energy Corp_June 2019 Balances	30-Jun-19
7	Solarace2 Energy Corp	Solarace2 Energy Corp_June 2019 Balances	30-Jun-19
8	Gigasol1 Inc.	Gigasol1 Inc_June 2019 Balances	30-Jun-19
9	Gigasol3 Inc.	Gigasol3 Inc_June 2019 Balances	30-Jun-19
10	AC La Mesa Solar Inc.	AC La Mesa Solar, Inc_June 2019 Balances	30-Jun-19
11	AC Laguna Solar Inc.	AC Laguna Solar, Inc_June 2019 Balances	30-Jun-19
12	AC Subic Solar Inc.	AC Subic Solar, Inc_June 2019 Balances	30-Jun-19
13	Bataan Solar Energy Inc.	Bataan Solar Energy Inc_June 2019 Balances	30-Jun-19
14	Santa Cruz Solar Energy Inc	Sta Cruz Solar Energy Inc_June 2019 Balances	30-Jun-19
15	Ilocos Wind Energy Holding Co	Ilocos Wind Energy Holding Co_June 2019 Balances	30-Jun-19
16	Moorland Philippine Holdings Inc	Moorland Philippine Holdings Inc_June 2019 Balances	30-Jun-19
17	Pagudpud Wind Power Corp	Pagudpud Wind Power Corp_June 2019 Balances	30-Jun-19
18	Philippine Wind Holdings Corp.	Philippine Wind Holdings Corp._June 2019 Balances	30-Jun-19
19	Viage Corporation	Viage Corporation_June 2019 Balances	30-Jun-19
20	Bayog Wind Power Corp	Bayog Wind Power Corp_June 2019 Balances	30-Jun-19
21	North Luzon Renewable Energy Corp	North Luzon Renewable Energy Corp_June 2019 Balances	30-Jun-19
22	NorthWind Power Development Corp	Northwind Power Development Corp_June 2019 Balances	30-Jun-19
23	HDP Bulk Water Supply	HDP Bulk Water Supply Inc_June 2019 Balances	30-Jun-19
24	LCC Bulk Water Supply	LCC Bulk Water Supply Inc_June 2019 Balances	30-Jun-19
25	MCV Bulk Water Supply	MCV Bulk Water Supply Inc_June 2019 Balances	30-Jun-19
26	SCC Bulk Water Supply	SCC Bulk Water Supply Inc_June 2019 Balances	30-Jun-19
27	South Negros Biopower Inc	South Negros Biopower Inc_June 2019 Balances	30-Jun-19

28	San Carlos Biopower Inc	San Carlos Biopower Inc_June 2019 Balances	30-Jun-19
29	North Negros Biopower Inc	North Negros Biopower Inc_June 2019 Balances	30-Jun-19
30	Negros Island Biomass Holdings Inc	Negros Island Biomass Holdings Inc_June 2019 Balances	30-Jun-19
31	Solienda Inc.	Solienda Incorporated_June 2019 Balances	30-Jun-19
32	San Julio Land Development Corporation	San Julio Land Development Corp_June 2019 Balances	30-Jun-19
33	Manapla Sun Power Development Corp	Manapla Sun Power Development Corp_June 2019 Balances	30-Jun-19
34	Ingrid Power Holdings Inc.	Ingrid Power Holdings Inc_June 2019 Balances	30-Jun-19
35	ACTA Power Corp	ACTA Power Corporation_June 2019 Balances	30-Jun-19
36	AC Energy Development Inc	AC Energy Development Inc_June 2019 Balances	30-Jun-19
37	South Luzon Thermal Energy Corporation	South Luzon Thermal Energy Corporation_June 2019 Balances	30-Jun-19

Exhibit II – List of Projected Financial Statements

	Company Name	File Name
1	Monte Solar Energy	MONTESOL 18 MWpk Financial Model 2019
2	Negros Island Solar Power, inc.	ISLASOL Financial Model
3	San Carlos Solar Energy, Inc.	SACASOL Model
4	North Luzon Renewable Energy Corp	NLR 2018 Financial Forecast 2018 06 25 - Valuation 2019.04.22 (RTT)
5	NorthWind Power Development Corp	Northwind_INT_Financial Model_vF_2016 06 07_LPB_VLA_v6 (RTT revisions with WESM)
6	HDP Bulk Water Supply	Bulk Water Valuations
7	LCC Bulk Water Supply	Bulk Water Valuations
8	MCV Bulk Water Supply	Bulk Water Valuations
9	SCC Bulk Water Supply	Bulk Water Valuations
10	San Carlos Biopower Inc	151028 19 99 MW SCBP Financial Model ikg (2017.07.17) - OK
11	South Negros Biopower Inc	151129 25 MW SNBP Financial Model ikg (2017.07.17) - Php204m
12	North Negros Biopower Inc	151129 25 MW NNBP Financial Model ikg
13	AC Energy Development Inc	Financial Model ACE DevCo
14	Solienda Inc.	Lease Valuations
15	San Julio Land Development Corporation	Lease Valuations
16	Manapla Sun Power Development Corp	Lease Valuations
17	South Luzon Thermal Energy Corporation	SLTEC (Financial Model -Loan Refinance) For Lenders

CERTIFICATE OF RELIANCE

October 4, 2019

FTI Consulting Philippines Inc.
27/F BPI Philam Life Makati
6811 Ayala Avenue,
Makati City, 1226

Attention: Dominador T. Gregorio III
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This is to certify that the unaudited Financial Statements listed in Exhibit I submitted to FTI Consulting Philippines, Inc. are to the best of my knowledge true and accurate, and free from material misstatements.

This is also to certify that to the best of my knowledge, the Projected Statement of Financial Position, Projected Statement of Comprehensive Income, and Projected Statement of Cash Flow (collectively, "the Projected Financial Statements") listed in Exhibit II submitted to FTI Consulting, for the purpose of valuing PHINMA Energy Corporation, represent the best estimates as to the future operating performance, financial results and cash flows of the said assets and are free from material misstatements due to fraud or error.

We further certify that information we disclosed about the current and projected operations/ forecasts, capital expenditures, structure and organization, regulatory/legal disclosures and other similar information of the companies listed in Exhibit II are accurate to the best of our knowledge and belief at the time of the disclosure. Further, PHINMA Energy Corporation shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on the Projected Financial Statements in performing the said valuation and issuance of a fairness opinion in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

Mariejo P. Bautista
SVP-Finance and Controller
PHINMA Energy Corporation

Exhibit I – List of Unaudited Financial Statements

	Company Name	File Name	Date of FS
1	PHINMA Energy – Parent	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
2	PHINMA Petroleum and Geothermal, Inc.	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
3	One Subic Generation Corporation	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
4	CIP II Power Corporation	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
5	PHINMA Renewable Energy Corporation	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
6	One Subic Oil Distribution Corporation	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
7	PHINMA Petroleum and Geothermal, Inc.	PHINMA Energy & Subs_June 2019 Balances	30 June 2019
8	South Luzon Thermal Energy Corporation	South Luzon Thermal Energy Corporation_June 2019 Balances	30 June 2019
9	ACTA Power Corporation	ACTA Power Corporation_June 2019 Balances	30 June 2019
10	Maibarara Geothermal, Inc.	MGI JUNE 2019 EBITDA	30 June 2019

Exhibit II – List of Projected Financial Statements

	Company Name	File Name
1	PHINMA Energy – Parent	Project Perseus - Financial Model v2 2018115 - (Deal Model)
2	PHINMA Petroleum and Geothermal, Inc.	Project Perseus - Financial Model v2 2018115 - (Deal Model)
3	One Subic Generation Corporation	Project Perseus - Financial Model v2 2018115 - (Deal Model)
4	CIP II Power Corporation	Project Perseus - Financial Model v2 2018115 - (Deal Model)
5	PHINMA Renewable Energy Corporation	Project Perseus - Financial Model v2 2018115 - (Deal Model)
6	South Luzon Thermal Energy Corporation	SLTEC (Financial Model -Loan Refinance) For Lenders

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Scope of Work

Scope of Work

<u>Valuation</u>

- Perform a valuation of the following assets using generally accepted valuation methodologies under the International Valuation Standards ("IVS"):
  - Shares of the following AC Energy, Inc.'s assets to be transferred to PHEN ("ACEI Assets") via a share swap transaction
    - South Luzon Thermal Energy Corp.
    - Philippine Wind Holdings Corp.
    - Viage Corporation
    - Moorland Philippines, Inc.
    - Monte Solar Energy
    - Visayas Renewable Corp.
    - AC Energy Development, Inc.
    - Ingrid Power Holdings Inc
    - Manapla Sun Development Corp.
    - ACTA Power Corporation
  - Shares of PHINMA Energy Corporation ("PHEN Shares" or the "Listed Company Shares"). The Listed Company has the following subsidiaries/investments:
    - PHINMA Power Generation Corporation
    - CIP II Power Corporation
    - Maibarara Geothermal, Inc.
    - PHINMA Renewable Energy Corp
    - PHINMA Petroleum and Geothermal, Inc.
    - PHINMA Solar Energy Corporation
    - One Subic Oil Distribution Corporation
    - ACTA Power Corporation
    - South Luzon Thermal Energy Corporation
- The following are the activities to be performed in the valuation:
  - Discuss with the management of the Clients to understand the business and its industry
  - Conduct research on historical trading prices of PHEN shares and calculate VWAPs
  - Conduct research on historical WESM prices and review management's forecasts
  - Review financial models of projects including understanding of the basis of assumptions used in the financial models
  - Review historical financial statements of the companies / projects; compare against budget
  - Review commercial terms of relevant contracts such as power purchase agreements, EPC contracts, O&M contracts, Ancillary services contracts, etc.
  - Review ERC rulings affecting the projects especially provisional or final rulings on PPAs including those who are eligible for FIT
  - Review appraisal reports on land, and property and equipment
  - Review key contracts: lease agreements, bulk water sales agreements, etc.
  - Review key financial agreements related to the Transaction (e.g. share swap agreements, subscription contracts, shareholders agreements and investment agreements), if any
  - Conduct meetings and interviews with management and other company advisors (legal, regulatory, tax, accounting, technical etc.)

Scope of Work

Valuation Approach

- Analyze and estimate a range of market values of the ACEI Assets' and the Listed Company's equity shares as a going concern as of June 30, 2019 (the "Valuation Date"), through the following valuation methodologies, as appropriate with Philippine Peso ("PHP") as the Valuation Currency:
  - Sum-of-the-Parts Approach. The Sum-of-the-Parts Approach arrives at a range of values for a company by individually calculating a market value for each of its subsidiaries, and summing the values to determine the total value.
  - Market Approach. The Market Approach references either (1) publicly traded enterprises similar to the enterprise being valued or (2) actual transactions of similar enterprises that are traded in the public markets. When available, third-party arm's length transactions in the equity of an enterprise generally represent the best estimate of market value.
  - Adjusted Book Value Approach. The Adjusted Book Value Approach measures a company's value by subtracting the market value of its liabilities, including off-balance sheet items like operating leases, from the fair market value of its assets.
- Market value, as defined by the IVS, is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- In addition to the above valuation requirements, we will also assist in the calculation of the Adjusted Book Value using the Bureau of Internal Revenue's ("BIR") methodology; we would require an updated appraisal of real estate assets, its zonal values and market values indicated in the latest tax declarations. A separate report would not be issued for the BIR Adjusted Book Value calculation.
- On the basis of the range of market values calculated in the valuation of the ACEI Assets and the Listed Company Shares, determine the range of exchange ratio deemed fair to the minority shareholders of the Listed Company for each of the ACEI Assets.

Reporting

- Submit to the Clients the draft valuation and fairness opinion report for comments;
- Finalize the valuation study and fairness opinion report; and
- Present the final results to management and shareholders, if necessary.
- The Final Valuation and Fairness Opinion Report that will be used in the regulatory filings of the Clients to the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE").

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- https://www.doe.gov.ph/pep/coal-roadmap-2017-2040
- https://www.doe.gov.ph/presidential-decree-no-972
- https://www.doe.gov.ph/oil-and-gas-overview
- https://www.doe.gov.ph/sites/default/files/pdf/transparency/esar_2018_06282019.pdf
- https://www.bworldonline.com/decision-on-exploration-bids-seen-in-30-days/
- https://businessmirror.com.ph/2019/05/31/eo-allows-3rd-parties-in-oil-exploration-deals/
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- https://www.napocor.gov.ph/images/doe/PEP_2017-2040_Energy_Demand_&_Supply_Outlook.pdf
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- https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/02_2018_power_statistics_as_of_29_march_2019_capacity_per_plant_type.pdf
- http://www.phinmaenergy.com/ta/
- http://www.phinmaenergy.com/ta/disclosures_download.php?id=1487
- https://www.doe.gov.ph/sites/default/files/pdf/electric_power/luzon_committed_july_2019_revised_08202019.pdf
- https://www.doe.gov.ph/sites/default/files/pdf/electric_power/luzon_indicative_july_2019_revised_08202019.pdf
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ANNEX A
List of Subsidiaries

1. South Luzon Thermal Energy Corporation
2. Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation)
3. Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation)
4. One Subic Power Generation Corporation
5. CIP II Power Corporation
6. ACE Enexor, Inc. (formerly, PHINMA Petroleum and Geothermal, Inc.)
7. Palawan55 Exploration & Production Corporation
8. ACTA Power Corporation
9. Monte Solar Energy, Inc.
10. Visayas Renewables Corp.
11. Manapla Sun Power Development Corp.
12. Viage Corporation
13. Philippine Wind Holdings Corp.
14. Ilocos Wind Energy Holding Co., Inc.
15. North Luzon Renewable Energy Corporation
16. ACE Renewables Philippines, Inc. (formerly Moorland Philippine Holdings, Inc.)
17. Northwind Power Development Corporation
18. San Julio Land Development Corp.
19. LCC Bulk Water Supply, Inc.
20. MCV Bulk Water Supply, Inc.
21. ACE Endevor, Inc (formerly AC Energy Development, Inc.)
22. Pagudpud Wind Power Corporation
23. Bayog Wind Power Corporation
24. SCC Bulk Water Supply, Inc.
25. Solienda Incorporated
26. HDP Bulk Water Supply Inc.
27. Ingrid Power Holdings, Inc.
28. Gigasol 2, Inc.
29. SolarAce1 Energy Corp.
30. SolarAce2 Energy Corp.
31. Gigasol 1, Inc.
32. Gigasol 3, Inc.
33. AC La Mesa Solar, Inc.
34. AC Subic Solar, Inc.
35. AC Laguna Solar, Inc.
36. Bataan Solar Energy, Inc.
37. Santa Cruz Solar Energy, Inc.
38. Ingrid2 Power Corp
39. Ingrid3 Power Corp.
40. ACE Shared Services, Inc.
41. Amihan Renewable Energy Corp.
42. Buendia Christiana Holdings Corp.
43. Giga Ace 1, Inc.
44. Giga Ace 2, Inc.
45. Giga Ace 3, Inc.
46. Giga Ace 4, Inc.
47. Giga Ace 5, Inc.

48. Giga Ace 6, Inc.
49. Giga Ace 7, Inc.
50. Giga Ace 8, Inc.
51. Giga Ace 9, Inc.
52. Giga Ace 10, Inc.
53. SolarAce3 Energy Corp.
54. SolarAce4 Energy Corp.
55. Giga Wind1, Inc.
56. Giga Wind2, Inc.
57. San Carlos Solar Energy, Inc.
58. Negros Island Solar Power, Inc.

ANNEX B
List of Permits Examined

A. AC Energy Philippines, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Approval of Increase of Capital Stock	SEC	June 22, 2020	
2.	Amended Articles of Incorporation	SEC	June 22, 2020	
3.	Amended By-Laws	SEC	October 11, 2019	
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Business Permit (Extension)	Makati City	February 26, 2020	December 31, 2020
6.	Business Permit	City of Iloilo	January 21, 2020	December 31, 2020
7.	Business Permit	City of Lapu-Lapu	March 11, 2020	December 31, 2020
8.	Environmental Compliance Certificate ("**ECC**")	DENR	September 9, 2016	
9.	Amended Environmental Compliance Certificate	DENR	December 2, 2015	
10.	Amended Environmental Compliance Certificate	DENR	May 28, 2020	
11.	Certificate of Compliance	Energy Regulatory Commission ("**ERC**")	April 10, 2016	April 9, 2021
12.	Registry of Establishment	Department of Labor and Employment ("**DOLE**")	December 16, 2019	
13.	Amended Environmental Compliance Certificate	DENR	December 21, 2016	
14.	ECC	DENR	July 19, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
15.	Certificate of Registration	DOLE	December 2, 2016	
16.	Endorsement of the City Council of Lapu-Lapu	City Council of Lapu-Lapu	November 2, 2016	
17.	DENR Wastewater Discharge Permit for Power Barge 101	DENR	October 30, 2019	February 28, 2021
18.	DENR Wastewater Discharge Permit for Power Barge 102	DENR	November 4, 2019	January 4, 2021
19.	Ancillary Services Procurement Agreement between National Grid Corporation of the Philippines ("**NGCP**") and PHEN	NGCP	July 21, 2017	
20.	ERC Certificate of Compliance (Power Barge 102 Diesel Power Plant)	ERC	March 31, 2016	March 30, 2021
21.	ERC Certificate of Compliance (Power Barge 103 Diesel Power Plant)	ERC	October 25, 2017	Valid for 5 years
22.	Philippine Health Insurance Corporation ("**PhilHealth**") Certification on remittance of premiums	PhilHealth	November 18, 2019	
23.	Retail Electricity Supplier's License (No. 11-2019-0057RS)	ERC	November 20, 2019	November 19, 2022

B. South Luzon Thermal Energy Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 15, 2013	
2.	Certificate of Incorporation	SEC	July 29, 2011	
3.	By-Laws	SEC	June 29, 2011	
4.	Business Permit	Makati City	January 24, 2019	December 31, 2019
5.	Business Permit No. 2020-00622	City of Calaca, Batangas	January 27, 2020	December 31, 2020
6.	Business Permit No. 45273	Makati City	January 24, 2020	December 31, 2020
7.	ECC No. 1001-0002 (135 MW Calaca Coal Power Plant and Associated Facilities)	DENR-Environmental Management Bureau (“**EMB**”)	April 30, 2010	
8.	Water Permit No. 024438 (other use – employees use)	National Water Resources Board (“**NWRB**”)	April 23, 2018	
9.	Water Permit No. 024438 (industrial)	NWRB	March 24, 2015	
10.	ECC No. ECC-R4A-1507-0556	DENR-EMB Regional Office No. IV CALABARZON	September 23, 2015	
11.	ECC No. ECC-R4A-1201-0013	DENR-EMB Regional Office No. IV CALABARZON	January 24, 2012	
12.	Certificate of Compliance No. 16-10-S-01728L	ERC	October 27, 2016	October 26, 2021
13.	Certificate of Compliance No. 19-11-M-00047L	ERC	November 28, 2019	December 8, 2024
14.	Grid Impact Study	NGCP	February 2012	
15.	Decision ERC Case No. 2014-114MC (point to point limited transmission facility)	ERC	June 28, 2016	
16.	Interconnection Facility Study Report			
17.	Water Permit No. 023483 (industrial)	NWRB	March 24, 2015	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
18.	Water Permit No. 023484 (industrial)	NWRB	March 24, 2015	
19.	Conditional Water Permit No. 02-17-16-042 (other use – employees use)	NWRB	February 17, 2016	
20.	Certification of Non-Issuance of Notice of Coverage No. 210617-0303-NC (TCT No. 055-2014002499/ TD-ARP No. 06-0036-00180)	Department of Agrarian Reform ("**DAR**")	October 4, 2017	
21.	Certification of Non-Issuance of Notice of Coverage No. 210617-0302-NC (TCT No. 055-2014002498)	DAR	October 4, 2017	
22.	Order (exemption from CARP Coverage)	DAR Region IV-A CALABARZON	July 1, 2013	
23.	Connection Agreement	NGCP	March 18, 2013	
24.	Transmission Service Agreement	NGCP	May 15, 2015	
25.	Metering Service Agreement	NGCP	December 12, 2014	
26.	Approval of Wholesale Electricity Spot Market ("**WESM**") Registration (Letter)	Philippine Electricity Marketing Corporation ("**PEMC**")	May 19, 2014	
27.	Market Participation Agreement	PEMC	May 28, 2014	
28.	Certificate of Non-Overlap	NCIP	February 26, 2020	
29.	Certificate of Registration	DOLE Region IV-A Batangas	October 22, 2014	
30.	Certificate of Registration	PhilHealth	October 16, 2015	
31.	Certification (as Employer)	Social Security System ("**SSS**")	January 9, 2019	
32.	Endorsement of Barangay Puting Bato West	Barangay Puting Bato West	January 30, 2020	
33.	Endorsement of Municipality of Calaca, Batangas	Calaca, Batangas	February 13, 2012	

C. Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 2, 1994	
2.	Amended Articles of Incorporation	SEC	April 30, 2020	
3.	Amended By-Laws	SEC	April 30, 2020	
4.	Business Permit	San Lorenzo, Guimaras	February 3, 2020	December 31, 2020
5.	Barangay M. Chavez Endorsement	Brgy. M. Chavez, San Lorenzo, Guimaras	December 10, 2011	
6.	Barangay Suclaran Endorsement	Brgy. Suclaran, San Lorenzo, Guimaras	December 1, 2011	
7.	Barangay Cabano Endorsement	Brgy. Cabano, San Lorenzo, Guimaras	December 8, 2011	
8.	Barangay Cabungahan Endorsement	Brgy. Cabungahan, San Lorenzo, Guimaras	November 19, 2011	
9.	Municipality of San Lorenzo, Guimaras Endorsement	San Lorenzo, Guimaras	January 25, 2012	
10.	Province of Guimaras Endorsement	Guimaras	January 30, 2013	
11.	Wind Energy Service Contract No. 2009-10-009	Department of Energy (“**DOE**”)	October 23, 2009	
12.	ECC No. R6-0912-380-4220	DENR-EMB	February 18, 2010	
13.	Certificate of Compliance No. 20-02-M-00029V	ERC	February 18, 2020	March 1, 2025
14.	Certificate of Non-Overlap	National Commission on Indigenous People (“**NCIP**”) Region VI/VII	July 23, 2010	
15.	ERC Case No, 2014-032MC Decision (point to point limited facilites)	ERC	October 15, 2014	
16.	Market Participation Agreement	PEMC	October 31, 2014	
17.	Connection Agreement	NGCP	November 4, 2013	
18.	System Impact Study		January 2013	
19.	Confirmation of Commerciality No. WCC-2013-04-002	DOE	May 16, 2013	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
20.	Wind Energy Service Contract No. 2009-10-009	DOE	October 23, 2009	
21.	Certificate of Registration	Bureau of Internal Revenue ("BIR")	June 21, 2017	
22.	Employer Data Change Request No. 0394454456	SSS	December 27, 2017	
23.	Employer's Change of Information Form	Pag-IBIG		
24.	Employer Data Form	Pag-IBIG		
25.	Certificate of Registration	PhilHealth	July 20, 2017	
26.	Letter on Approval of Registration as WESM Member	PEMC	October 28, 2014	
27.	Market Participation Agreement	PEMC	TAREC - August 15, 2014 PEMC – October 31, 2014	
28.	Renewable Energy Market Participation Agreement	PEMC	July 21, 2020	
29.	Registry of Establishment	DOLE	December 18, 2015	
30.	Transmission Service Agreement	NGCP	May 15, 2015	
31.	Final Certificate of Approval to Connect	NGCP	May 4, 2015	
32.	Metering Service Agreement	NGCP	May 4, 2015	
33.	ERC Decision on Point-to-Point Trasmission Facilities to Connect	ERC	October 15, 2014	

D. Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	April 22, 2020	
2.	Amended By-Laws	SEC	April 22, 2020	
3.	Business Permit	City of Norzagaray, Bulacan	January 21, 2020	December 31, 2020
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Business Permit	City of Lapu Lapu	January 21, 2020	December 31, 2020
6.	ECC for the construction and operation	DENR	January 14, 1998	
7.	Change of Name of ECC Grantee (ECC-CO-9411-003-2017C)	DENR	April 30, 2019	
8.	Wastewater Discharge Permit	DENR-EMB	January 6, 2020	January 6, 2021
9.	Certificate of Compliance	ERC	June 20, 2018	August 4, 2023
10.	Transmission Service Agreement	NGCP	October 31, 2018	February 25, 2028
11.	Metering Service Agreement	NGCP	October 31, 2018	June 25, 2028
12.	Interim Connection Agreement	NGCP	July 31, 2002	
13.	Amendment to the Interim Connection Agreement	NGCP	September 12, 2002	
14.	Ancillary Services Procurement Agreement	NGCP	December 23, 2017	December 22, 2022
15.	Certificate of Membership	SSS	November 4, 1997	
16.	Certificate of Registration	PhilHealth	July 18, 2017	
17.	Certificate of Registration	DOLE, Bulacan Field Office	October 20, 2017	
18.	Clearance Certificate	Pag-IBIG	November 25, 2019	November 24, 2020
19.	Certificate of Registration	BIR	June 8, 2017	
20.	Market Participation Agreement	PEMC	September 8, 2006	
21.	Supplemental Market Participation Agreement	PEMC and Independent	October 23, 2018	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Electricity Market Operator of the Philippines, Inc. ("**IEMOP**")		
22.	Certification regarding registration as Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	
23.	Certification of No-Objection	Baranggay Matictic, Norzagaray	January 9, 1998	
24.	Certification of No-Objection	Municipality of Norzagaray	January 8, 1996	

E. One Subic Power Generation Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	December 28, 2017	
2.	Amended By-Laws	SEC	December 28, 2017	
3.	Wastewater Discharge Permit	DENR-EMB	February 9, 2020	February 9, 2021
4.	Water Rights Permit	NWRB	December 12, 2018	
5.	Exemption Certificate	DENR-EMB	*Undated*	
6.	Memorandum of Agreement between DOE and Udenna Management & Resources Corp.	DOE	*Date illegible*	
7.	Certification as Registered Direct WESM Member (Generator Category)	PEMC	August 5, 2019	
8.	Market Participation Agreement for Direct WESM Members	PEMC	September 3, 2014	
9.	Supplemental Market Participation Agreement	PEMC	October 23, 2018	
10.	Certification of Recognition of Assignment of the Transmission Services Agreement and Metering Services Agreement	NGCP	October 6, 2015	
11.	Transmission Services Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	
12.	Metering Services Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	
13.	Connection Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Certification regarding compliance with all the technical requirements necessary for the connection of its power plant to the grid	NGCP	December 14, 2010	
15.	Certificate of Approval to Connect	NGCP	December 6, 2010	
16.	Status of Service Agreements	NGCP	August 4, 2020	
17.	Certification as a registered Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	
18.	Ancillary Services Procurement Agreement for PHINMA Energy Corporation	NGCP	December 23, 2017	December 22, 2022
19.	Permit to Operate Air Pollution Source and Control Installation	DENR-EMB Regional Office No. III	June 25, 2020	November 30, 2024
20.	Certificate of Registration	Pag-IBIG	February 16, 2011	
21.	Certificate of Registration	PhilHealth	January 19, 2011	
22.	Certificate of Registration	DOLE	April 11, 2011	
23.	Certificate of Registration	BIR	June 12, 2017	
24.	2019 Clearance	SSS	November 13, 2019	

F. CIP II Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 2, 1998	
2.	Amended By-Laws	SEC	May 16, 2012	
3.	Business Permit	Bacnotan, La Union	January 21, 2020	December 31, 2020
4.	Environmental Compliance Certificate	DENR-EMB	August 2, 2010 Amended: February 21, 2011	
5.	Wastewater Discharge Permit	DENR-EMB	July 3, 2018	July 2, 2023
6.	Endorsement of Sangguiniang Bayan (Bacnotan) Resolution No. 088-2012	Municipality of Bacnotan	August 14, 2012	
7.	Certificate of Compliance	ERC	May 28, 2019	June 7, 2024
8.	Memorandum of Agreement between DOE and CIP II	DOE	March 29, 2012	
9.	Certitification as a register Direct WESM Member (Generator Category)	PEMC	August 5, 2019	
10.	Market Participation Agreement	PEMC	February 18, 2012	
11.	Supplemental Market Participation Agreement	PEMC	October 23, 2018	
12.	Grid Impact Study	NGCP	June 2011	
13.	Transmission Services Agreement	NGCP	January 26, 2015	January 25, 2025
14.	Metering Services Agreement	NGCP	January 26, 2015	January 25, 2025
15.	Ancillary Services Procurement Agreement	NGCP	January 5, 2017	January 4, 2022
16.	Facility Study	NGCP	June 19, 2013	
17.	Dispatchable Reserve Test Report	NGCP	October 17, 2019	
18.	Generating Unit Capability Test Report	NGCP	October 17, 2019	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
19.	Permit to Operate Air Pollution Source and Control Installation	DENR-EMB	March 29, 2017	May 8, 2022
20.	Certificate of Non-Coverage	DENR EMB	June 25, 2013	
21.	Certificate of Non-Overlap (Control No. RI-LU-CNO-2020-07-122)	NCIP	July 14, 2020	
22.	Certificate of Membership	SSS	September 22, 1998	
23.	Certificate of Employer Registration	Pag-IBIG	January 11, 2019	
24.	Certificate of Registration	PhilHealth	January 11, 2019	
25.	Certificate of Registration	DOLE	June 25, 2014	
26.	Certificate of Registration	BIR	March 10, 2017	
27.	Certification of Public Hearing/Consultation	Barangay Quirino, Municipality of Bacnotan	May 10, 2012	

G. ACE Enexor, Inc. (formerly PHINMA Petroleum and Geothermal, Inc.)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 11, 2019	
2.	Amended By-Laws	SEC	November 11, 2019	
3.	Business Permit	Makati City	January 23, 2020	December 31, 2020
4.	Certificate of Registration	BIR	June 14, 2017	
5.	Service Contract	DOE	September 1, 1973	

H. Palawan55 Exploration & Production Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 17, 2012	
2.	Articles of Incorporation	SEC	November 17, 2012	
3.	By-Laws	SEC	November 17, 2012	
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Certificate of Registration	BIR	December 14, 2012	
6.	Service Contract	DOE	August 5, 2005	

I. ACTA Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Approval of Increase of Capital Stock	SEC	December 29, 2017	
2.	Amended Articles of Incorporation	SEC	December 28, 2017	
3.	Business Permit	Makati City	January 23, 2020	December 31, 2020

J. Monte Solar Energy, Inc.

No.	Permit/ License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 25, 2014	
2.	Amended Articles of Incorporation	SEC	March 11, 2016	
3.	Amended By-Laws	SEC	March 11, 2016	
4.	Business Permit	City of Bais	February 10, 2020	December 31, 2020
5.	Business Permit	San Carlos City, Negros Occidental	February 3, 2020	December 31, 2020
6.	Certificate of Compliance COC No. 17-02-M-00103V	ERC	February 6, 2017	13 July 2021
7.	Certificate of Registration (Rule 1020)	DOLE	February 9, 2017	
8.	Certificate of Compliance	ERC	July 14, 2016	July 13, 2021
9.	Endorsement of the Sangguniang Barangay of Tamisu, City of Bais, Negros Oriental	Sangguniang Barangay of Tamisu	June 3, 2014	
10.	Endorsement of the Sangguniang Panlungsod of the City of Bais	Sangguniang Panlungsod of City of Bais	September 17, 2014	
11.	Interconnection Facilities Study	NGCP	February 16, 2016	
12.	Certificate of Non-Overlap	NCIP	August 4, 2015	
13.	Certification of Exclusion from DAR Coverage	DAR	September 7, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Memorandum of Agreement	DOE	October 10, 2016	
15.	ECC	DENR-EMB	December 2, 2014	
16.	Metering Service Agreement	NGCP	February 26, 2016	February 25, 2026
17.	System Impact Study	NGCP	February 16, 2016	
18.	Transmission Service Agreement	NGCP	February 26, 2016	February 25, 2026
19.	WESM Registration	PEMC	February 24, 2016	
20.	Certificate of Registration	BIR	February 12, 2015	
21.	Pag-IBIG Registration	Pag-IBIG	February 6, 2015	
22.	PhilHealth Registration	PhilHealth	February 2, 2015	
23.	SSS Employer Registration	SSS	December 2, 2015	
24.	Certificate of Registration	BIR	March 14, 2017	
25.	BOI Registration	BOI	October 14, 2015	October 13, 2025
26.	Market Participation Agreement	PEMC	February 16, 2016	
27.	ERC Decision re: Approval of Operation of Point-to-Point Limited Facilities	ERC	June 6, 2017	
28.	Certificate of Approval to Connect	NGCP	April 5, 2017	

No.	Permit/License	Approving or Issuing Government Agency	Issue Date	Expiration
29.	Confirmation of Commerciality	DOE	December 9, 2015	
30.	Certificate of Registration as an RE Developer	DOE	May 26, 2015	
31.	Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL	DOE	September 15, 2014	September 14, 2039
32.	DOE Approval of the Assignment of Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL to MONTESOL	DOE	May 20, 2015	
33.	ECC Amendment of ECC dated July 7, 2016	DENR	August 25, 2017	[Amendment does not seem to extend effectivity of previous ECC; hence, ECC expiration is still 5 years from original issuance date, i.e., July 7, 2021]
34.	Certificate of Approval of Increase of Capital Stock	SEC	June 22, 2020	

K. Visayas Renewables Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 24, 2015	
2.	Amended Articles of Incorporation	SEC	February 9, 2017	
3.	By-Laws	SEC	June 2, 2015	
4.	Business Permit No. 42572	Makati City	January 22, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 3, 2018	

L. Manapla Sun Power Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 16, 2014	
2.	Articles of Incorporation	SEC	December 16, 2014	
3.	By-Laws	SEC	December 16, 2014	
4.	Certificate of Registration	BIR	February 12, 2015	
5.	Business Permit	City of Bacolod	January 28, 2020	December 31, 2020

M. Viage Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	August 22, 2005	
2.	By-Laws	SEC	July 29, 2005	
3.	Amended Articles of Incorporation	SEC	July 20, 2007	
4.	Certificate of Registration	BIR	November 15, 2005	
5.	Business Permit No. 46240	Makati City	January 23, 2020	December 31, 2020

N. Philippine Wind Holdings Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	December 5, 2013	
2.	Business Permit	Taguig City	February 7, 2020	December 31, 2020
3.	Certificate of Registration	BIR	July 27, 2016	

O. Ilocos Wind Energy Holding Co., Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	January 5, 2011	
2.	Certificate of Registration	BIR	January 20, 2010	
3.	Business Permit	City of Taguig	February 11, 2020	December 31, 2020

P. North Luzon Renewable Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	May 31, 2006	N/A
2.	Amended Articles of Incorporation	SEC	August 10, 2016	
3.	Amended By-Laws	SEC	February 17, 2014	
4.	Certificate of Good Standing	SEC	September 10, 2019	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020
6.	Business Permit	Municipality of Pagudpud, Ilocos Norte	January 21, 2020	December 31, 2020
7.	ECC No. ECC-R1-0907-138-9999	DENR-EMB Regional Office No. 1	July 23, 2009 First Amendment dated July 26, 2013	
8.	Hazardous Waste Generator Registration Certificate No. GR-R1-28-00016	DENR-EMB Regional Office No. 1	17 May 2017	
9.	Discharge Permit No. WWDP-16E-01IN11-039	DENR-EMB Regional Office No. 1	July 22, 2016	May 10, 2021
10.	Wastewater Discharge Permit	DENR-EMB Regional Office No. 1	July 22, 2016	May 10, 2021
11.	Endorsement of San Juan, Pasuquin, Ilocos Norte	Barangay San Juan, Pasuquin, Ilocos Norte	September 10, 2013	
12.	Endorsement of Barangay 55-A Barit, Laoag, Ilocos Norte	Barangay 55-A Barit, Laoag, Ilocos Norte	January 5, 2013	
13.	Endorsement of Barangay Santa Matilde	Barangay Sta. Matilde,	September 21, 2013	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Pasuquin, Ilocos Norte		
14.	Endorsement of Barangay Tanap, Burgos, Ilocos Norte	Barangay Tanap, Burgos, Ilocos Norte	July 21, 2009	
15.	Endorsement of Barangay 55-B Salet-Bulangon, Laoag, Ilocos Norte	Barangay 55-B Salet-Bulangon, Laoag, Ilocos Norte	June 9, 2009	
16.	Endorsement of Barangay Caparispisan, Pagudpud, Ilocos Norte	Barangay Caparispisan, Pagudpud, Ilocos Norte	September 3, 2006	
17.	Endorsement of Barangay Carusikin, Pasuquin, Ilocos Norte	Barangay Carusikin, Pasuquin, Ilocos Norte	September 16, 2013	
18.	Endorsement of Barangay Santa Catalina	Barangay Santa Catalina, Pasuquin, Ilocos Norte	September 14, 2013	
19.	Endorsement of Barangay Tadao	Barangay Tadao, Pasuquin, Ilocos Norte	September 21, 2013	
20.	Endorsement of Municipality of Bacarra, Ilocos Norte	Bacarra, Ilocos Norte	October 1, 2009	
21.	Endorsement of Municipality of Bangui, Ilocos Norte	Bangui, Ilocos Norte	June 15, 2009	
22.	Endorsement of Municipality of Burgos, Ilocos Norte	Burgos, Ilocos Norte	December 11, 2006	
23.	Endorsement of Pagudpud, Ilocos Norte	Pagudpud, Ilocos Norte	February 23, 2007	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
24.	Endorsement of Laoag, Ilocos Norte	Laoag, Ilocos Norte	June 26, 2013	
25.	Endorsement of the Province of Ilocos Norte	Province of Ilocos Norte	August 11, 2014	
26.	Provisional Authority to Operate	ERC	Effectivity Date: June 18, 2020 Issue Date: June 30, 2020	17 December 2020
27.	Market Participation Agreement	PEMC	August 6, 2014	
28.	Supplemental Market Participation Agreement	PEMC IEMOP	NLREC – October 17, 2018 PEMC – December 3, 2018 IEMOP – December 3, 2018	
29.	Renewable Energy Market Participation Agreement	PEMC	July 21, 2020 Effectivity Date: April 30, 2020	
30.	Grid Impact Study	NGCP	January 2009	
31.	System Impact Study	NGCP	April 2014	
32.	81MW Caparispisan Wind Energy Project Facilities Study Amendment	ATEA, Inc.	June 30, 2014	
33.	Transmission Service Agreement	NGCP	December 15, 2015 Effective Date: November 26, 2014	November 25, 2024
34.	Metering Service Agreement	NGCP	May 15, 2015 Effective Date; November 26, 2014	November 25, 2024
35.	Connection Agreement	NGCP	January 4, 2011	Until the 25th anniversary of the date of

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
				interconnection or February 28, 2012
36.	Decision in ERC Case No 2013-057 MC – In the Matter of the Application for Authority to Develop, Own and Operate Dedicated Point-to-Point Facilities from Northern Luzon UPC Asia Corporation (NLUPC) Wind Energy Project in Pagudpud, Ilocos Norte to Laoag City Substation of the National Grid Corporation of the Philippines (NGCP), with Prayer for Provisional Authority	ERC	June 2, 2014	
37.	Provisional Certificate of Approval to Connect	NGCP	November 7, 2014	
38.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-05	NCIP	January 15, 2007	
39.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-03	NCIP	January 15, 2007	
40.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-04	NCIP	January 15, 2007	
41.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-06	NCIP	January 15, 2007	
42.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-07	NCIP	January 15, 2007	
43.	Certificate of Non-Overlap Control No. R1-INPO-CNO-07-04-13	NCIP	April 10, 2007	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
44.	Certificate of Non-Overlap Control No. R1-INPO-CNO-2009-11-22	NCIP	November 5, 2009	
45.	Certificate of Non-Overlap No. R1-PPO-CNO-07-12-32	NCIP	December 12, 2007	
46.	Forest Land Use Agreement No. 01-2009 Caparispisan	DENR	May 20, 2009	May 20, 2034
47.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010	DENR	June 11, 2010	June 10, 2035
48.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010 (Amended 1)	DENR	September 6, 2013	June 10, 2035
49.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 04-2013	DENR	September 24, 2013	September 25, 2038
50.	Wind Energy Service Contract No. 2009-09-005	DOE	September 14, 2009	Effective for 25 years from Effective Date
51.	Certificate of Registration WESC 2009-09-005	DOE	July 23, 2009	
52.	Certificate of Registration WESC 2009-09-005	DOE	November 7, 2016	
53.	Declaration of Commerciality	DOE	June 17, 2013	
54.	Confirmation of Commerciality	DOE	July 2, 2013	
55.	Certificate of Registration	SSS	October 17, 2019	
56.	Certificate of Employer's Registration	Pag-IBIG	December 9, 2016	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
57.	Certificate of Registration	PhilHealth	June 16, 2014	
58.	Certificate of Registration	DOLE	March 26, 2015	
59.	Certificate of Registration	BIR	November 29, 2017	

Q. ACE Renewables Philippines, Inc. (formerly Moorland Philippine Holdings, Inc.)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 25, 2019	
2.	Amended By-laws	SEC	November 25, 2019	
3.	Business Permit No. 46222	Makati City	January 23, 2020	December 31, 2020
4.	Certificate of Registration	BIR	March 8, 2011	

R. Northwind Power Development Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 15, 2000	
2.	Amended Articles of Incorporation	SEC	January 10, 2018	
3.	Amended By-Laws	SEC	April 8, 2005 April 11, 2008	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Business Permit	Municipality of Bangui, Ilocos Norte	January 20, 2020	December 31, 2020
6.	ECC No. 010012-180036-1405	DENR Regional Officer No. 1 – San Fernando, La Union	December 18, 2000 First Amendment issued on March 4, 2013	
7.	ECC No. R01-1311-0192	DENR-EMB Regional Office No 1, San Fernando, La Union	November 11, 2013	
8.	Wastewater Discharge Permit No. DP-R01-19-03575	DENR-EMB Regional Office No. 1	November 8, 2019	November 8, 2024
9.	Special Permit to Construct	Philippine Ports Authority (“**PPA**”)	October 14, 2004	Not stated
10.	Endorsement of Barangay Masikil, Bangui, Ilocos Norte	Barangay Masikil, Bangui, Ilocos Norte	November 13, 2000	
11.	Endorsement of Barangay Baruyen, Bangui, Ilocos Norte	Barangay Baruyen, Bangui, Ilocos Norte	November 13, 2000	
12.	Endorsement of Barangay Taguiporo, Bangui, Ilocos Norte	Barangay Taguiporo, Bangui, Ilocos Norte	November 13, 2000	
13.	Endorsement of Barangay Manayon, Bangui, Ilocos Norte	Barangay Manayon, Bangui, Ilocos Norte	November 13, 2000	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Endorsement of Barangay Abaca, Bangui, Ilocos Norte	Barangay Abaca, Bangui, Ilocos Norte	November 13, 2000	
15.	Endorsement of the Municipality of Bangui, Ilocos Norte	Bangui, Ilocos Norte	October 29, 2013	
16.	Endorsement of Municipality of Bangui, Ilocos Norte	Municipality of Bangui, Ilocos Norte	October 29, 2013	
17.	Endorsement of the Province of Ilocos Norte	Province of Ilocos Norte	August 4, 2014	
18.	Provisional Authority to Operate 33MW Phase I and II Bangui Bay Wind Farm	ERC	Effective Date: June 15, 2020 Issue Date: July 6, 2020	December 14, 2020
19.	Provisional Authority to Operate 18.9MW Phase III Bangui Bay Wind Farm	ERC	Effective Date: April 20, 2020 Issue Date: July 6, 2020	October 19, 2020
20.	Approval of WESM Registration of Additional Facility Ref No. MLO/PEMC-2014/718	PEMC	October 27, 2014	
21.	Market Participation Agreement	PEMC	April 25, 2008	
22.	Renewable Energy Market Participation Agreement	PEMC	21 July 2020	
23.	Grid Impact Study	NTC	January 2008	
24.	System Impact Study	NGCP	April 2014	
25.	Facilities Study	NGCP	March 31, 2014	
26.	Transmission Service Agreement	NGCP	December 16, 2015	November 25, 2024
27.	Transmission Service Agreement	NGCP	January 26, 2019	February 25, 2030
28.	Metering Services Agreement	NGCP	January 26, 2019	January 25, 2029
29.	Connection Agreement	NTC	April 5, 2005	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
30.	Connection Agreement	NGCP	November 17, 2014	Has a term of 10 years from date of execution
31.	Decision in ERC Case No. 2010- 062 MC	ERC	April 10, 2012	
32.	Certificate of Non-Overlap	NCIP	July 18, 2013	
33.	Foreshore Lease Agreement	DENR	September 19, 2003	Lease for 25 years from and including the 19th day of September 2003
34.	Wind Energy Service Contract No. 2012-07-058	DOE	February 26, 2013	Effective for 25 years from July 31, 2007
35.	Confirmation of Commerciality No. WCC-2013-10-008 (Phase III)	DOE	October 30, 2013	
36.	Amended Confirmation of Commerciality No. WCC-2013-10-008-A (Phase III)	DOE	September 10, 2014	
37.	Certificate of Registration No. WESC 2012-07-058	DOE	February 26, 2013	
38.	Certificate of Registration	DOLE	February 2016	
39.	Certificate of Registration	BIR	December 12, 2008	
40.	Wastewater Discharge Permit	DENR-EMB	November 8, 2019	November 8, 2024
41.	Certification	Pag-IBIG	November 6, 2019	
42.	Certificate of Registration	PhilHealth	October 16, 2019	
43.	Certificate of Registration	SSS	October 17, 2019	

S. San Julio Land Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 20, 2014	
2.	Amended Articles of Incorporation	SEC	March 6, 2015	
3.	By-Laws	SEC	June 20, 2014	
4.	Business Permit No. 46235	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 3, 2018	

T. LCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1	Articles of Incorporation	SEC	January 21, 2014	
2	By-Laws	SEC	Date received unreadable	
3	Business Permit	San Carlos City, Negros Occidental	January 27, 2020	December 31, 2020
4	ECC No. ECC-OL-R06-2018-0142	DENR-EMB	April 22, 2018	
5	Certificate of Registration	BIR	February 4, 2014	
6	Registry of Establishment	DOLE	January 27, 2020	
7	Certificate of No Objection	Barangay Cubay, La Carlota City, Negros Occidental	January 22, 2018	
8	Employer's Data Form	Pag-IBIG	Received: December 6, 2019	
9	Employer Data Record	PhilHealth	Received: December 6, 2019	
10	Employer Registration	SSS	Received: December 6, 2019	

U. MCV Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 21, 2014	
2.	Articles of Incorporation	SEC	January 21, 2014	
3.	By-Laws	SEC	January 21, 2014	
4.	Business Permit	San Carlos City, Negros Occidental	January 27, 2020	December 31, 2020
5.	Endorsement of Brgy. Sta. Teresa, Manapla, Negros Occidental	Brgy. Sta. Teresa, Manapla, Negros Occidental	February 5, 2020	
6.	ECC No. ECC-OL-R06-2018-0331	DENR-EMB	August 17, 2018	
7.	Conditional Water Permit No. 07-31-19-072	NWRB	July 31, 2019	January 31, 2021
8.	Certificate of Registration	BIR	February 5, 2014	
9.	Registry of Establishment	DOLE	January 27, 2020	
10.	Certificate of No Objection	Santa Teresa, Manapla, Negros Occidental	February 5, 2018	
11.	Employer Data Form	Pag-IBIG		
12.	Employer Data Record	PhilHealth	Received: September 30, 2019	
13.	Employer Registration	SSS	Received: October 11, 2019	

V. ACE Endevor, Inc. (formerly AC Energy Development Inc.)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	January 20, 2020	
2.	Amended By-Laws	SEC	January 20, 2020	
3.	Certificate of Registration	BIR	October 4, 2018	
4.	Business Permit	Makati City	February 19, 2020	December 31, 2020
5.	Certificate of Filing of Amended By-laws	SEC	January 20, 2020	

W. Pagudpud Wind Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 9, 2009	
2.	Amended Articles of Incorporation	SEC	February 9, 2018	
3.	By-Laws	SEC	December 9, 2009	
4.	Certificate of Registration	BIR	October 7, 2011	

X. Bayog Wind Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 13, 2010	
2.	Amended Articles of Incorporation	SEC	July 18, 2016	
3.	By-Laws	SEC	October 1, 2014	
4.	ECC No. ECC-OL-R01-2015-0049	DENR-EMB	November 20, 2015 – with first amendment dated August 15, 2016	
5.	Certificate of Non-Coverage CNC-OL-R01-2015-11-07598	DENR-EMB	November 4, 2015	
6.	ECC No. ECC-OL-R01-2016-0072	DENR-EMB	May 18, 2016	
7.	Endorsement of Barangay Bacsil, Bangui, Ilocos Norte	Barangay Bacsil, Bangui, Ilocos Norte	November 6, 2015	
8.	Endorsement of Barangay Ligaya, Pagudpud, Ilocos Norte	Barangay Ligaya, Pagudpud, Ilocos Norte	November 15, 2015	
9.	Endorsement of Barangay Nagbalagan, Bangui, Ilocos Norte	Barangay Nagbalagan, Bangui, Ilocos Norte	November 16, 2015	
10.	Endorsement of Barangay Caparispisan, Pagudpud, Ilocos Norte	Barangay Caparispisan, Pagudpud, Ilocos Norte	December 15, 2015	
11.	Endorsement of Barangay Abaca, Bangui, Ilocos Norte	Barangay Abaca,	December 28, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Bangui, Ilocos Norte		
12.	Endorsement of Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	January 15, 2016	
13.	Endorsement of Barangay San Lorenzo, Bangui, Ilocos Norte	Barangay San Lorenzo, Bangui, Ilocos Norte	January 18, 2016	
14.	Endorsement of Barangay Saud, Pagudpud, Ilocos Norte	Barangay Saud, Pagudpud, Ilocos Norte	March 6, 2016	
15.	Endorsement of Barangay Burayoc, Pagudpud, Ilocos Norte	Barangay Burayoc, Pagudpud, Ilocos Norte	March 20, 2016	
16.	Endorsement of Barangay Poblacion 2, Pagudpud, Ilocos Norte	Barangay Poblacion 2, Pagudpud, Ilocos Norte	April 3, 2016	
17.	Endorsement of Barangay Tarrag, Pagudpud, Ilocos Norte	Barangay Tarrag, Pagudpud, Ilocos Norte	May 22, 2016	
18.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan, Pagudpud, Ilocos Norte	June 15, 2014	
19.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan,	August 16, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Pagudpud, Ilocos Norte		
20.	Endorsement of Barangay Subec, Pagudpud, Ilocos Norte	Barangay Subec, Pagudpud, Ilocos Norte	June 15, 2014	
21.	Endorsement of the Municipality of Pagudpud, Ilocos Norte	Municipality of Pagudpud, Ilocos Norte	December 23, 2016	
22.	System Impact Study	NGCP	August 1, 2016	
23.	Facilities Study		July 2016	
24.	Connection Agreement	NGCP	November 16, 2017	January 25, 2027
25.	Certificate of Non-Overlap	NCIP	January 15, 2007	
26.	Transfer of Forest Land use Agreement (Wind Energy Project) Flag No. 02-2009 issued to Northern Luzon Renewable Energy Corporation (NLREC) (Formerly Northern Luzon UPC Asia Corporation) in favor of Bayog Wind Power Corporation (BWPC) located in Balaoi, Pagudpud, Ilocos Norte, covering 277.17 hectares	DENR	April 18, 2016	
27.	Forest Land Use Agreement (FLAg) No. 02-2016	DENR	June 24, 2016	June 24, 2041
28.	Forest Land Use Agreement (FLAg) No. 03-2016	DENR	June 24, 2016	June 24, 2041
29.	Forest Land Use Agreement (FLAg) No. 02-2009	DENR	May 20, 2009	May 20, 2034

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
30.	Wind Energy Service Contract (WESC No. 2014-06-073)	DOE	August 18, 2014	Until 25 years from Execution Date
31.	Wind Energy Service Contract (WESC No. 2010-02-038)	DOE	February 1, 2010 Assignment to Bayog Wind approved by DOE on December 9, 2015	25 years from February 1, 2010, upon submission of Declaration of Commerciality
32.	Revised Declaration of Commerciality	DOE	October 29, 2018	
33.	Further Revised Declaration of Commerciality	DOE	May 28, 2019	
34.	Certificate of Registration No. WESC 2010-02-038	DOE	December 9, 2015	
35.	Certificate of Registration No. WESC 2014-06-073	DOE	undated	
36.	Certificate of Registration	BIR	March 12, 2010	
37.	Amended Confirmation of Commerciality No. WCC-2013-10-010	DOE	December 23, 2019	
38.	Business Permit	Laoag City	March 6, 2020	December 31, 2020
39.	Clearance Certificate	Pag-IBIG	January 9, 2020	January 9, 2021
40.	Employer's Data Form (Pag-IBIG Employer ID Number 2059005800000)	Pag-IBIG	*Undated*	
41.	Certificate of Registration	PhilHealth	February 24, 2020	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
42.	Certificate of Registration	SSS	February 17, 2020	
43.	Certificate of Registration	DOLE	November 12, 2018	

Y. SCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Articles of Incorporation	SEC	September 9, 2015	
2.	By-Laws	SEC	September 9, 2015	
3.	Business Permit	San Carlos City, Negros Occidental	February 3, 2020	December 31, 2020
4.	Water Permit	NWRB	September 21, 2005	
5.	Certificate of Registration	BIR	October 9, 2015	
6.	Registry of Establishment	DOLE	January 27, 2020	
7.	Employer Data Form	Pag-IBIG		
8.	Employer's Data Record	PhilHealth	March 7, 2018	
9.	Employer Registration	SSS	Received: March 4, 2018	

Z. Solienda Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 29, 2016	
2.	Business Permit No. BP-2020-03520-0	San Carlos, Negros Occidental	February 3, 2020	December 31, 2020
3.	Certificate of Registration	BIR	December 14, 2016	

AA. HDP Bulk Water Supply Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 20, 2017	
2.	Articles of Incorporation	SEC	October 20, 2017	
3.	By-Laws	SEC	October 20, 2017	
4.	Water Permit	NWRB	April 7, 2011	
5.	Certificate of Registration	BIR	October 20, 2017	
6.	Registry of Establishment	DOLE	Date Approved: May 17, 2018	
7.	Employer Data Form	Pag-IBIG		
8.	Employer Data Record	PhilHealth	April 23, 2018	
9.	Employer Registration	SSS	April 16, 2018	

BB. Ingrid Power Holdings, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 7, 2018	
2.	Articles of Incorporation	SEC	June 7, 2018	
3.	By-Laws	SEC	June 7, 2018	
4.	Business Permit	Makati City	January 22, 2020	December 31, 2020
5.	Certificate of Registration	BIR	September 28, 2019	
6.	ECC	DENR-EMB	February 26, 2019	
7.	Certificate of Endorsement	DOE	July 1, 2019	
8.	Certificate of Non-Overlap	NCIP	February 27, 2019	
9.	Endorsement of Barangay Malaya	Sangguniang barangay of Malaya, Pililla, Rizal	March 20, 2018	
10.	Endorsement of the Municipality of Pililla	Sangguniang Bayan of Pililla, Rizal	August 13, 2019	
11.	Facility Study	NGCP	April 12, 2019	
12.	System Impact Study	NGCP	January 24, 2019	
13.	Registry of Establishment	DOLE	January 28, 2020	
14.	Certificate of Registration	Pag-IBIG	February 14, 2020	
15.	Certificate of Registration	SSS	January 30, 2020	
16.	Certificate of Registration	PhilHealth	January 30, 2020	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
17.	No Objection Certification	Rizal Provincial Government	March 9, 2020	
18.	Certificate of Registration	BOC	March 19, 2020	March 19, 2021
19.	Sangguniang Panlalawigan Resolution (No Objection)	Rizal Provincial Government	July 6, 2020	
20.	Development Permit	Municipality of Pililla	July 28, 2020	

CC. Gigasol 2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 13, 2017	
4.	Business Permit No. 46227	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 3, 2018	

DD. SolarAce1 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	
2.	Articles of Incorporation	SEC	March 20, 2017	
3.	By-Laws	SEC	March 20, 2017	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	March 20, 2017	
6.	Barangay Certificate of No Objection	Barangay San Andres, Municipality of Alaminos, Province of Laguna	April 10, 2018	
7.	Endorsement of Barangay San Andres, Municipality of Alaminos, Province of Laguna	Barangay San Andres, Municipality of Alaminos, Province of Laguna	February 19, 2018	
8.	Endorsement of Barangay San Juan, Municipality of Alaminos, Province of Laguna	Barangay San Juan, Municipality of Alaminos, Province of Laguna	April 8, 2018	
9.	ECC No. ECC-R4A-1807-0211	DENR	July 30, 2018	[deemed expired if not implemented within five (5) years from date of issuance]
10.	Endorsement of the Municipality of Alaminos, Province of Laguna	Office of the Sangguniang Bayan, Municipality of Alaminos, Province of Laguna	September 9, 2019	
11.	Certificate of Registration	BIR	April 3, 2018	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
12.	Certificate of Non-Overlap	NCIP	November 7, 2019	
13.	Solar Energy Service Contract	DOE	November 8, 2019	
14.	DAR Exemption Order	DAR	September 1, 2009	
15.	Certificate of Finality	DAR - Bureau of Agrarian Legal Assistance	October 26, 2009	
16.	Registry of Establishment	DOLE	January 28, 2020	
17.	Certificate of Registration	SSS	January 30, 2020	
18.	Certificate of Registration	PhilHealth	August 15, 2018	
19.	Certificate of Registration	Pag-IBIG	February 14, 2020	
20.	System Impact Study	NGCP	May 12, 2020	

EE. SolarAce2 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	
2.	Articles of Incorporation	SEC	March 20, 2017	
3.	By-Laws	SEC	March 20, 2017	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 3, 2018	

FF. Gigasol 1, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 13, 2017	
4.	Certificate of Registration	BIR	April 4, 2018	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020

GG. Gigasol 3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 31, 2017	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Endorsement of the Sangguniang Barangay of Cauyan, Palauig, Zambales	Barangay Council of Barangay Cauyan, Palauig, Zambales	August 9, 2019	
6.	Endorsement of the Sangguniang Barangay of Salaza, Palauig, Zambales	Barangay Council of Barangay Salaza, Palauig, Zambales	August 16, 2019	
7.	Endorsement of the Sangguniang Bayan of Municipality of Palauig, Zambales	Sangguniang Bayan of Municipality of Palauig, Zambales	November 13, 2019	
8.	ECC No. ECC-OL-R03-2020-0059 (50MW Solar Power Project in Palauig, Zambales)	DENR	January 27, 2020	Automatically revoked if the project is not commenced within five (5) years from the date of its issuance or if the project operation is suspended or stopped for a period of five (5) years or more
9.	Solar Energy Operating Contract (SEOC No. 2020-02-560)	DOE	February 27, 2020	February 26, 2045
10.	BOI Registration (COR No. 2020-116)	BOI	July 10, 2020	
11.	Certificate of Registration	BIR	April 3, 2018	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
12.	Certificate of Registration	SSS	December 27, 2018	
13.	Certificate of Registration	PhilHealth	August 15, 2018	
14.	Employer Registration	Pag-IBIG		
15.	Registry of Establishment	DOLE	January 28, 2020	

HH. AC La Mesa Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Solar Energy Service Contract	Department of Energy	February 26, 2019	
6.	Certificate of Registration	BIR	April 13, 2018	

II. AC Subic Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 13, 2018	
6.	Solar Energy Service Contract	DOE	December 23, 2019	

JJ. AC Laguna Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 13, 2018	
6.	Solar Energy Service Contract	DOE	December 23, 2019	

KK. Bataan Solar Energy, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 27, 2016	
2.	Articles of Incorporation	SEC	July 27, 2016	
3.	By-Laws	SEC	July 27, 2016	
4.	Business Permit	Makati City	January 20, 2020	December 31, 2020
5.	Certificate of Registration	BIR	August 23, 2016	
6.	Endorsement of Barangay Batangas-II, Municipality of Mariveles, Province of Bataan	Barangay Batangas-II, Municipality of Mariveles, Province of Bataan	August 4, 2017	
7.	Certificate of Non-Overlap	NCIP	July 26, 2019	
8.	Certificate of Registration	DOE	September 14, 2017	
9.	Solar Energy Service Contract	DOE	September 14, 2017	
10.	Certificate of Non-Coverage	DENR	January 9, 2020	

LL. Santa Cruz Solar Energy, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 13, 2016	
2.	Articles of Incorporation	SEC	July 13, 2016	
3.	By-Laws	SEC	July 13, 2016	
4.	Business Permit	San Carlos City	January 27, 2020	December 31, 2020
5.	Certificate of Registration	BIR	July 13, 2016	
6.	Solar Energy Service Contract	DOE	February 13, 2020	
7.	Employer's Data Record	PhilHealth	October 7, 2020	

MM. Ingrid2 Power Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 14, 2019	

NN. Ingrid3 Power Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 14, 2019	

OO. Ace Shared Services, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 12, 2019	
2.	Business Permit	City Government of Makati	February 12, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	December 05, 2019	
4.	Articles of Incorporation	SEC	November 18, 2019	
5.	By Laws	SEC	November 18, 2019	
6.	Certificate of Registration	SSS	January 28, 2020	
7.	Certificate of Registration	PhilHealth	January 22, 2020	
8.	Employer Data Form	Pag-IBIG	February 13, 2020	
9.	Approved Registry of Establishment	DOLE	January 3, 2020	

PP. Amihan Renewable Energy Corp.

No.	Permit/License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 12, 2019	
2.	Certificate of Incorporation	SEC	January 16, 2017	
3.	Articles of Incorporation	SEC	January 16, 2017	
4.	By-Laws	SEC	January 16, 2017	
5.	Mayor's Permit	Municipality of Pagudpud	January 21, 2020	December 31, 2020

QQ. Buendia Christiana Holdings Corp

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 08, 2019	
2.	Certificate of Filing Amended Articles of Incorporation	SEC	August 20, 2020	
3.	Certificate of Approval of Increase of Capital Stock	SEC	August 20, 2020	

RR. Giga Ace 1, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 08, 2019	
5.	By-Laws	SEC	November 08, 2019	

SS. Giga Ace 2, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

TT. Giga Ace 3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorpoation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

UU. Giga Ace 4, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incoporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	
6.	Sangguninang Barangay Resolution No. 5 Series of 2020	San Andres, Alaminos Laguna Sanggunian	June 05, 2020	
7.	Certificate of Non-Overlap	National Commission on Indigenous Peoples	July 1, 2020	
8.	Environmental Compliance Certificate	DENR-EMB	September 09, 2020	
9.	Municipal Resolution	Sangguniang Bayan	July 06, 2019	
10.	Certificate of Registration	Philhealth	October 6, 2020	

VV. Giga Ace 5, Inc.

No.	Permit/ License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 19, 2019	
4.	Artciles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

WW. Giga Ace 6, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

XX. Giga Ace 7, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

YY. Giga Ace 8, Inc.

No.	Permit/ License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2020	
2.	Certificate of Registration	BIR	November 29, 2019	
3.	Articles of Incorporation	SEC	November 14, 2019	
4.	By-laws	SEC	November 14, 2019	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020

ZZ. Giga Ace 9, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

AAA. Giga Ace 10, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

BBB. SolarAce3 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 15, 2019	

CCC. SolarAce4 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Certificate of Registration	BIR	October 14, 2019	
5.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020

DDD. Gigawind1 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	October 14, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	October 14, 2019	
4.	Articles of Incporation	SEC	October 14, 2019	
5.	By-Laws	SEC	October 14, 2019	

EEE. Gigawind2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	October 14, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	October 14, 2019	
4.	Articles of Incporation	SEC	October 14, 2019	
5.	By-Laws	SEC	October 14, 2019	

FFF. San Carlos Solar Energy, Inc. (SACASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation, SEC-approved AOI and By-laws, and DOE 1st Endorsement	SEC	April 17, 2013	
2.	Certificate of Filing of Amended AOI - September 3, 2014, including the Amended AOI, DOE 1st Endorsement, 2014 GIS, 2013 AFS	SEC	September 3, 2014	
3.	Certificate of Filing of Amended By-laws dated September 3, 2014, including Amended By-laws	SEC	September 3, 2014	
4.	Certificate of Approval fo Increase of Capital Stock dated September 3, 2014	SEC	September 3, 2014	
5.	Certificate of Amended AOI dated October 5, 2015, including Amended AOI	SEC	October 5, 2015	
6.	Certificate of Filing of Amended By-laws dated October 5, 2015, including the Amended By-laws	SEC	October 5, 2015	
7.	Certificate of Approval of Increase of Capital Stock dated October 5, 2015	SEC	October 5, 2015	
8.	Mayor's Permit	San Carlos City	January 28, 2020	December 31, 2020
9.	Barangay Resolution	Barangay Punao, San Carlos City	February 21, 2013	
10.	Sangguniang Panlungsod Resolution	Sangguniang Panlungsod, San Carlos City	March 7, 2013	
11.	Certification	National Irrigation Administration (**"NIA"**)	February 3, 1995	
12.	Amended Environmental Compliance Certificate	DENR	September 23, 2013	
13.	Environmental Compliance Certificate	DENR	July 11, 2013	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Building Permit	San Carlos City	October 29, 2013	
15.	Letter of No Objection	Department of Public Works and Highways (**"DPWH"**)	April 22, 2014	
16.	Certificate of Registration	DOE	October 29, 2013	
17.	Solar Energy Service Contract	DOE	November 4, 2013	
18.	Certificate of Endorsement	DOE	[2014]	
19.	Letter of confirmation	DOE	February 25, 2014	
20.	Confirmation of Commerciality	DOE	March 3, 2014	
21.	Letter of confirmation	DOE	May 7, 2014	
22.	Certificate of Compliance	ERC	June 9, 2019	June 8, 2024
23.	Amended Confirmation of Commerciality	DOE	January 12, 2015 [last digit illegible]	
24.	Certificate of Compliance	ERC	February 9, 2015	5 years from date of issuance
25.	Memorandum of Agreement	DOE	May 16, 2014	
26.	Confirmation of Commerciality	DOE	March 3, 2014	
27.	Amended Confirmation of Commerciality	DOE	January 12, 2015 [last digit illegible]	
28.	Certificate of Non-Overlap	NCIP	January 17, 2014	
29.	Certificate of Compliance	ERC	September 8, 2019	September 7, 2024
30.	Certificate of Compliance	ERC	April 29, 2016	5 years from date of issuance
31.	Certificate of Compliance	ERC	January 19, 2016	January 18, 2021
32.	Certificate of Approval to Connect	NGCP	May 7, 2014	
33.	Connection Agreement	NGCP	May 7, 2014	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
34.	Letter of confirmation	DOE	May 7, 2014	
35.	Certificate of Compliance	ERC	May 28, 2019	June 8, 2024
36.	Metering Service Agreement	NGCP	July 3, 2014	
37.	Transmission Service Agreement	NGCP	June 2, 2014	
38.	Certificate of Compliance	ERC	May 28, 2019	September 7, 2024
39.	Approval of WESM Registration	PEMC	May 20, 2014	
40.	Market Participation Agreement	PEMC	March 4, 2014	
41.	Barangay Resolution	Barangay Punao, San Carlos City	July 7, 2014	
42.	Resolution of Sangguniang Panlungsod	Sangguniang Panlungsod, San Carlos City	August 14, 2014	
43.	Environmental Compliance Certificate	DENR	August 29, 2014	
44.	Confirmation of Commerciality	DOE	December 11, 2014	
45.	Solar Energy Service Contract	DOE	October 30, 2013	
46.	Certificate of Endorsement	DOE	[2015]	
47.	Confirmation of Commerciality	DOE	December 11, 2014	
48.	Amendment to Grid Interconnection Agreement	Northern Negros Electric Cooperative, Inc.	May 27, 2015	
49.	Transmission Service Agreement	NGCP	October 22, 2015	
50.	Metering Service Agreement	NGCP	November 3, 2015	
51.	Provisional Certificate of Approval to Connect	NGCP	August 18, 2015	
52.	Certificate of Compliance	ERC	May 4, 2016	5 years from date of issuance

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
53.	Certificate of Compliance	ERC	June 27, 2017	5 years from date of issuance
54.	Approval of WESM Registration	PEMC	September 17, 2015	
55.	BIR Certificate of Registration	BIR	June 7, 2017	
56.	Registry of Establishment	DOLE	[illegible]	
57.	Permit to Operate	DENR	April 25, 2017	November 30, 2021
58.	Certificate of Non-Overlap	NCIP	May 18, 2015	
59.	CENRO Certification that no trees will be affected	CENRO	September 7, 2015	
60.	Certificate of Non-Coverage	DENR	September 11, 2015	
61.	System Impact Study	NGCP	March 6, 2014	
62.	ECC	Province of Negros Occidental	February 13, 2020	January 25, 2021
63.	Establishment Report	Regional Tripartite Wages and Productivity Board	January 26, 2018	
64.	Certificate of Accreditation of Pollution Control Officer	DENR	October 4, 2019	October 3, 2022
65.	BIR Importer Clearance Certificate	BIR	March 20, 2015	
66.	Fire Safety Inspection Certificate	Bureau of Fire Protection	April 24, 2020	April 24, 2021
67.	Certificate of Registration	BOC	August 7, 2020	August 7, 2021
68.	Certificate of Occupancy	San Carlos City	July 30, 2015	
69.	Certificate of Filing of Amended By-laws	SEC	October 5, 2015	
70.	Certificate of Incorporation	SEC	April 17, 2013	
71.	Form No. 0605	BIR	January 31, 2019	

GGG. Negros Island Solar Power, Inc. (ISLASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1	SEC Certificate of Incorporation	SEC	November 5, 2014	
2	Articles of Incorporation	SEC	November 5, 2014	
3	Certificate of Filing of Amended Articles of Incorporation, with the Amended Articles of Incorporation	SEC	June 17, 2015	
4	Certificate of Revision of the Title of Amended By-laws	SEC	June 17, 2015	
5	Certificate of Filing of Amended Articles of Incorporation, with the Amended Articles of Incorporation	SEC	January 11, 2016	
6	Certificate of Filing of Amended By-laws, with the Amended By-laws	SEC	January 11, 2016	
7	Certificate of Approval of Increase of Capital Stock, with Amended By-laws	SEC	January 11, 2016	
8	Barangay Resolution	Barangay Cubay, City of La Carlota, Province of Negros Occidental	December 3, 2014	
9	City Resolution	Office of the Sangguniang Panlungsod, City of La Carlota	n.a.	
10	Barangay Resolution	Barangay Sta. Teresa, Municipality of Manapla, Province of Negros Occidental	May 5, 2014	
11	Barangay Resolution	Barangay Sta. Teresa, Municipality of Manapla, Province of Negros Occidental	May 5, 2015	
12	Municipality Resolution	Municipality of Manapla, Province of Negros Occidental	June 3, 2015	
13	Municipality Resolution	Municipality of Manapla	January 28, 2015	
14	Municipality Resolution	Municipality of Manapla	January 28, 2014	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
15	Environmental Compliance Certificate	DENR	April 24, 2015	
16	Letter approval of amendment of project proponent in connection with Environmental Compliance Certificate dated April 24, 2015	DENR	July 27, 2016	
17	Environmental Compliance Certificate	DENR	July 11, 2014	
18	Letter approval of amendment of area of Environmental Compliance Certificate	DENR	January 30, 2015	
19	Letter approval of amendment of area of Environmental Compliance Certificate	DENR	May 28, 2015	
20	BIR Certificate of Registration	BIR	July 2, 2015	
22	DOE Certificate of Registration	DOE	September 11, 2015	
23	DOE Approval of Assignment of Solar Energy Service Contract from SACASOL to ISLASOL	DOE	August 27, 2015	
24	DOE Certificate of Endorsement on Capital Equipment Importation under R.A. No. 9513	DOE	November 5, 2015	
25	DOE Confirmation of Commerciality	DOE	December 9, 2015	
26	Certificate of Endorsement re: Consistency of Manapla Solar Power Plant with PDP	DOE	May 19, 2016	
27	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" San Enrique Switching Station	NGCP	January 25, 2015	
28	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	February 16, 2016	
29	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	March 2, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
30	Provisional Certificate of Approval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	March 4, 2016	
31	Confirmation of Commerciality	DOE	March 14, 2016	
32	Confirmation of Commerciality	DOE	November 10, 2015	
33	ERC Certificate of Compliance	ERC	June 5, 2017	Valid for 5 years
34	Connection Agreement between NGCP and ISLASOL	NGCP	[2015]	
35	Metering Service Agreement between NGCP and ISLASOL	NGCP	September 29, 2016	
36	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 5, 2016	
37	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 19, 2016	
38	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 24, 2016	
39	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	March 7, 2016	
40	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016	
41	ERC Certificate of Compliance	ERC	April 29, 2016	
42	PEMC Approval of Registration of ISLASOL	PEMC	February 29, 2016	
43	Market Participation Agreement for Direct WESM Members	PEMC	February 16, 2016	
44	Approval of WESM Registration of ISLASOL III Solar Power Plant as Additional Facility of ISLASOL	PEMC	March 2, 2016	
45	PEMC Acknowledgment of Start of WESM Participation	PEMC	October 18, 2016	
46	Connection Agreement between NGCP and ISLASOL	NGCP	May 24, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
47	Metering Service Agreement between NGCP and ISLASOL	NGCP	October 7, 2016	
48	Metering Service Agreement between NGCP and ISLASOL	NGCP	[2016]	
49	Transmission Service Agreement between NGCP and ISLASOL	NGCP	[2016]	
50	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016	
51	ERC Certificate of Compliance	ERC	July 10, 2017	
52	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	January 15, 2016	
53	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	January 16, 2016	
54	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	March 2, 2016	
55	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	March 4, 2016	
56	Certificate of Approval to Connect ISLASOL II	NGCP	July 22, 2016	
57	Certificate of Approval to Connect ISLASOL	NGCP	September 16, 2016	
58	Certificate of Approval to Connect ISLASOL II	NGCP	November 8, 2016	
59	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 5, 2016	
60	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 19, 2016	
61	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 24, 2016	
62	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	March 7, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
63	Certificate of Approval to Connect ISLASOL	NGCP	February 22, 2017	
64	Certificate of Approval to Connect ISLASOL III	NGCP	August 2, 2017	
65	Certificate of Approval to Connect ISLASOL III	NGCP	January 25, 2018	
66	MARO Certification that lot is within Agro-Industrial Zone	DAR	August 19, 2015	
67	Certificate of Eligibility for Reclassification of Agricultural Lands	DAR	June 23, 2015	
68	PARO Clearance re: right of retention of landowners (Lot 321-B)	DAR	July 11, 2012	
69	PARO Clearance re: right of retention of landowners (Lot 322-B)	DAR	July 11, 2012	
70	Endorsement of Application for Land Conversion	Office of the Governor, Province of Negros Occidental	August 27, 2015	
71	MARO Letter of No Objection to Application for Conversion	DAR	August 18, 2015	
72	Endorsement of Application for Land Conversion	Office of Mayor, Municipality of Manapla	August 17, 2015	
73	PARO Letter of No Objection to Application for Conversion	DAR	August 19, 2015	
74	DAR Certification of Pending Application for Conversion	DAR	July 8, 2015	
75	BIR Certificate of Registration	BIR	July 2, 2015	
76	Certificate of Registration	Province of Negros Occidental	February 13, 2020	January 25, 2021

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
77	Business Permit	Municipality of Manapla	August 12, 2020	December 31, 2020
78	Fire Safety Inspection Certificate	Manapla Fire Station	July 8, 2020	1 year validity
79	Establishment Report	Regional Tripartite Wages and Productivity Board	January 26, 2018	
80	Audited Financial Statements for 2018	BIR	April 29, 2019	

ANNEX A
List of Subsidiaries
as of September 30, 2020

1. South Luzon Thermal Energy Corporation
2. Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation)
3. Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation)
4. One Subic Power Generation Corporation
5. CIP II Power Corporation
6. ACE Enexor, Inc. (formerly, PHINMA Petroleum and Geothermal, Inc.)
7. Palawan55 Exploration & Production Corporation
8. ACTA Power Corporation
9. Monte Solar Energy, Inc.
10. Visayas Renewables Corp.
11. Manapla Sun Power Development Corp.
12. Viage Corporation
13. Philippine Wind Holdings Corp.
14. Ilocos Wind Energy Holding Co., Inc.
15. North Luzon Renewable Energy Corporation
16. ACE Renewables Philippines, Inc. (formerly Moorland Philippine Holdings, Inc.)
17. Northwind Power Development Corporation
18. San Julio Land Development Corp.
19. LCC Bulk Water Supply, Inc.
20. MCV Bulk Water Supply, Inc.
21. ACE Endevor, Inc (formerly AC Energy Development, Inc.)
22. Pagudpud Wind Power Corporation
23. Bayog Wind Power Corporation
24. SCC Bulk Water Supply, Inc.
25. Solienda Incorporated
26. HDP Bulk Water Supply Inc.
27. Ingrid Power Holdings, Inc.
28. Gigasol2, Inc.
29. SolarAce1 Energy Corp.
30. SolarAce2 Energy Corp.
31. Gigasol1, Inc.
32. Gigasol3, Inc.
33. AC La Mesa Solar, Inc.
34. AC Subic Solar, Inc.
35. AC Laguna Solar, Inc.
36. Bataan Solar Energy, Inc.
37. Santa Cruz Solar Energy, Inc.
38. Ingrid2 Power Corp
39. Ingrid3 Power Corp.
40. ACE Shared Services, Inc.
41. Amihan Renewable Energy Corp.
42. Buendia Christiana Holdings Corp.
43. Giga Ace 1, Inc.
44. Giga Ace 2, Inc.
45. Giga Ace 3, Inc.
46. Giga Ace 4, Inc.

47. Giga Ace 5, Inc.
48. Giga Ace 6, Inc.
49. Giga Ace 7, Inc.
50. Giga Ace 8, Inc.
51. Giga Ace 9, Inc.
52. Giga Ace 10, Inc.
53. SolarAce3 Energy Corp.
54. SolarAce4 Energy Corp.
55. GigaWind1, Inc.
56. GigaWind2, Inc.
57. San Carlos Solar Energy, Inc.
58. Negros Island Solar Power, Inc.

ANNEX B
Updated List of Permits
(as amended and supplemented by the Additional Permits)

A. AC Energy Philippines, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Approval of Increase of Capital Stock	SEC	June 22, 2020	
2.	Amended Articles of Incorporation	SEC	June 22, 2020	
3.	Amended By-Laws	SEC	October 11, 2019	
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Business Permit (Extension)	Makati City	February 26, 2020	December 31, 2020
6.	Business Permit	City of Iloilo	January 21, 2020	December 31, 2020
7.	Business Permit	City of Lapu-Lapu	March 11, 2020	December 31, 2020
8.	Environmental Compliance Certificate (“**ECC**”)	DENR	September 9, 2016	
9.	Amended Environmental Compliance Certificate	DENR	December 2, 2015	
10.	Amended Environmental Compliance Certificate	DENR	May 28, 2020	
11.	Certificate of Compliance	Energy Regulatory Commission (“**ERC**”)	April 10, 2016	April 9, 2021
12.	Registry of Establishment	Department of Labor and Employment (“**DOLE**”)	December 16, 2019	
13.	Amended Environmental Compliance Certificate	DENR	December 21, 2016	
14.	ECC	DENR	July 19, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
15.	Certificate of Registration	DOLE	December 2, 2016	
16.	Endorsement of the City Council of Lapu-Lapu	City Council of Lapu-Lapu	November 2, 2016	
17.	DENR Wastewater Discharge Permit for Power Barge 101	DENR	October 30, 2019	February 28, 2021
18.	DENR Wastewater Discharge Permit for Power Barge 102	DENR	November 4, 2019	January 4, 2021
19.	Ancillary Services Procurement Agreement between National Grid Corporation of the Philippines ("**NGCP**") and PHEN	NGCP	July 21, 2017	
20.	ERC Certificate of Compliance (Power Barge 102 Diesel Power Plant)	ERC	March 31, 2016	March 30, 2021
21.	ERC Certificate of Compliance (Power Barge 103 Diesel Power Plant)	ERC	October 25, 2017	Valid for 5 years
22.	Philippine Health Insurance Corporation ("**PhilHealth**") Certification on remittance of premiums	PhilHealth	November 18, 2019	
23.	Retail Electricity Supplier's License (No. 11-2019-0057RS)	ERC	November 20, 2019	November 19, 2022

B. South Luzon Thermal Energy Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 15, 2013	
2.	Certificate of Incorporation	SEC	July 29, 2011	
3.	By-Laws	SEC	June 29, 2011	
4.	Business Permit	Makati City	January 24, 2019	December 31, 2019
5.	Business Permit No. 2020-00622	City of Calaca, Batangas	January 27, 2020	December 31, 2020
6.	Business Permit No. 45273	Makati City	January 24, 2020	December 31, 2020
7.	ECC No. 1001-0002 (135 MW Calaca Coal Power Plant and Associated Facilities)	DENR-Environmental Management Bureau (“**EMB**”)	April 30, 2010	
8.	Water Permit No. 024438 (other use – employees use)	National Water Resources Board (“**NWRB**”)	April 23, 2018	
9.	Water Permit No. 024438 (industrial)	NWRB	March 24, 2015	
10.	ECC No. ECC-R4A-1507-0556	DENR-EMB Regional Office No. IV CALABARZON	September 23, 2015	
11.	ECC No. ECC-R4A-1201-0013	DENR-EMB Regional Office No. IV CALABARZON	January 24, 2012	
12.	Certificate of Compliance No. 16-10-S-01728L	ERC	October 27, 2016	October 26, 2021
13.	Certificate of Compliance No. 19-11-M-00047L	ERC	November 28, 2019	December 8, 2024
14.	Grid Impact Study	NGCP	February 2012	
15.	Decision ERC Case No. 2014-114MC (point to point limited transmission facility)	ERC	June 28, 2016	
16.	Interconnection Facility Study Report			
17.	Water Permit No. 023483 (industrial)	NWRB	March 24, 2015	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
18.	Water Permit No. 023484 (industrial)	NWRB	March 24, 2015	
19.	Conditional Water Permit No. 02-17-16-042 (other use – employees use)	NWRB	February 17, 2016	
20.	Certification of Non-Issuance of Notice of Coverage No. 210617-0303-NC (TCT No. 055-2014002499/ TD-ARP No. 06-0036-00180)	Department of Agrarian Reform ("**DAR**")	October 4, 2017	
21.	Certification of Non-Issuance of Notice of Coverage No. 210617-0302-NC (TCT No. 055-2014002498)	DAR	October 4, 2017	
22.	Order (exemption from CARP Coverage)	DAR Region IV-A CALABARZON	July 1, 2013	
23.	Connection Agreement	NGCP	March 18, 2013	
24.	Transmission Service Agreement	NGCP	May 15, 2015	
25.	Metering Service Agreement	NGCP	December 12, 2014	
26.	Approval of Wholesale Electricity Spot Market ("**WESM**") Registration (Letter)	Philippine Electricity Marketing Corporation ("**PEMC**")	May 19, 2014	
27.	Market Participation Agreement	PEMC	May 28, 2014	
28.	Certificate of Non-Overlap	NCIP	February 26, 2020	
29.	Certificate of Registration	DOLE Region IV-A Batangas	October 22, 2014	
30.	Certificate of Registration	PhilHealth	October 16, 2015	
31.	Certification (as Employer)	Social Security System ("**SSS**")	January 9, 2019	
32.	Endorsement of Barangay Puting Bato West	Barangay Puting Bato West	January 30, 2020	
33.	Endorsement of Municipality of Calaca, Batangas	Calaca, Batangas	February 13, 2012	

C. Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 2, 1994	
2.	Amended Articles of Incorporation	SEC	April 30, 2020	
3.	Amended By-Laws	SEC	April 30, 2020	
4.	Business Permit	San Lorenzo, Guimaras	February 3, 2020	December 31, 2020
5.	Barangay M. Chavez Endorsement	Brgy. M. Chavez, San Lorenzo, Guimaras	December 10, 2011	
6.	Barangay Suclaran Endorsement	Brgy. Suclaran, San Lorenzo, Guimaras	December 1, 2011	
7.	Barangay Cabano Endorsement	Brgy. Cabano, San Lorenzo, Guimaras	December 8, 2011	
8.	Barangay Cabungahan Endorsement	Brgy. Cabungahan, San Lorenzo, Guimaras	November 19, 2011	
9.	Municipality of San Lorenzo, Guimaras Endorsement	San Lorenzo, Guimaras	January 25, 2012	
10.	Province of Guimaras Endorsement	Guimaras	January 30, 2013	
11.	Wind Energy Service Contract No. 2009-10-009	Department of Energy (“**DOE**”)	October 23, 2009	
12.	ECC No. R6-0912-380-4220	DENR-EMB	February 18, 2010	
13.	Certificate of Compliance No. 20-02-M-00029V	ERC	February 18, 2020	March 1, 2025
14.	Certificate of Non-Overlap	National Commission on Indigenous People (“**NCIP**”) Region VI/VII	July 23, 2010	
15.	ERC Case No, 2014-032MC Decision (point to point limited facilites)	ERC	October 15, 2014	
16.	Market Participation Agreement	PEMC	October 31, 2014	
17.	Connection Agreement	NGCP	November 4, 2013	
18.	System Impact Study		January 2013	
19.	Confirmation of Commerciality No. WCC-2013-04-002	DOE	May 16, 2013	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
20.	Wind Energy Service Contract No. 2009-10-009	DOE	October 23, 2009	
21.	Certificate of Registration	Bureau of Internal Revenue (“**BIR**”)	June 21, 2017	
22.	Employer Data Change Request No. 0394454456	SSS	December 27, 2017	
23.	Employer’s Change of Information Form	Pag-IBIG		
24.	Employer Data Form	Pag-IBIG		
25.	Certificate of Registration	PhilHealth	July 20, 2017	
26.	Letter on Approval of Registration as WESM Member	PEMC	October 28, 2014	
27.	Market Participation Agreement	PEMC	TAREC - August 15, 2014 PEMC – October 31, 2014	
28.	Renewable Energy Market Participation Agreement	PEMC	July 21, 2020	
29.	Registry of Establishment	DOLE	December 18, 2015	
30.	Transmission Service Agreement	NGCP	May 15, 2015	
31.	Final Certificate of Approval to Connect	NGCP	May 4, 2015	
32.	Metering Service Agreement	NGCP	May 4, 2015	
33.	ERC Decision on Point-to-Point Trasmission Facilities to Connect	ERC	October 15, 2014	

D. Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	April 22, 2020	
2.	Amended By-Laws	SEC	April 22, 2020	
3.	Business Permit	City of Norzagaray, Bulacan	January 21, 2020	December 31, 2020
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Business Permit	City of Lapu Lapu	January 21, 2020	December 31, 2020
6.	ECC for the construction and operation	DENR	January 14, 1998	
7.	Change of Name of ECC Grantee (ECC-CO-9411-003-2017C)	DENR	April 30, 2019	
8.	Wastewater Discharge Permit	DENR-EMB	January 6, 2020	January 6, 2021
9.	Certificate of Compliance	ERC	June 20, 2018	August 4, 2023
10.	Transmission Service Agreement	NGCP	October 31, 2018	February 25, 2028
11.	Metering Service Agreement	NGCP	October 31, 2018	June 25, 2028
12.	Interim Connection Agreement	NGCP	July 31, 2002	
13.	Amendment to the Interim Connection Agreement	NGCP	September 12, 2002	
14.	Ancillary Services Procurement Agreement	NGCP	December 23, 2017	December 22, 2022
15.	Certificate of Membership	SSS	November 4, 1997	
16.	Certificate of Registration	PhilHealth	July 18, 2017	
17.	Certificate of Registration	DOLE, Bulacan Field Office	October 20, 2017	
18.	Clearance Certificate	Pag-IBIG	October 13, 2020	October 12, 2021
19.	Certificate of Registration	BIR	June 8, 2017	
20.	Market Participation Agreement	PEMC	September 8, 2006	
21.	Supplemental Market Participation Agreement	PEMC and Independent Electricity Market Operator of the	October 23, 2018	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Philippines, Inc. (“**IEMOP**”)		
22.	Certification regarding registration as Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	
23.	Certification of No-Objection	Baranggay Matictic, Norzagaray	January 9, 1998	
24.	Certification of No-Objection	Municipality of Norzagaray	January 8, 1996	

E. One Subic Power Generation Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	December 28, 2017	
2.	Amended By-Laws	SEC	December 28, 2017	
3.	Wastewater Discharge Permit	DENR-EMB	February 9, 2020	February 9, 2021
4.	Water Rights Permit	NWRB	December 12, 2018	
5.	Exemption Certificate	DENR-EMB	*Undated*	
6.	Memorandum of Agreement between DOE and Udenna Management & Resources Corp.	DOE	*Date illegible*	
7.	Certification as Registered Direct WESM Member (Generator Category)	PEMC	August 5, 2019	
8.	Market Participation Agreement for Direct WESM Members	PEMC	September 3, 2014	
9.	Supplemental Market Participation Agreement	PEMC	October 23, 2018	
10.	Certification of Recognition of Assignment of the Transmission Services Agreement and Metering Services Agreement	NGCP	October 6, 2015	
11.	Transmission Services Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	
12.	Metering Services Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	
13.	Connection Agreement between NGCP and Udenna Management & Resources Corp.	NGCP	January 18, 2011	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Certification regarding compliance with all the technical requirements necessary for the connection of its power plant to the grid	NGCP	December 14, 2010	
15.	Certificate of Approval to Connect	NGCP	December 6, 2010	
16.	Status of Service Agreements	NGCP	August 4, 2020	
17.	Certification as a registered Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	
18.	Ancillary Services Procurement Agreement for PHINMA Energy Corporation	NGCP	December 23, 2017	December 22, 2022
19.	Permit to Operate Air Pollution Source and Control Installation	DENR-EMB Regional Office No. III	June 25, 2020	November 30, 2024
20.	Certificate of Registration	Pag-IBIG	February 16, 2011	
21.	Certificate of Registration	PhilHealth	January 19, 2011	
22.	Certificate of Registration	DOLE	April 11, 2011	
23.	Certificate of Registration	BIR	June 12, 2017	
24.	2019 Clearance	SSS	November 13, 2019	

F. CIP II Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 2, 1998	
2.	Amended By-Laws	SEC	May 16, 2012	
3.	Business Permit	Bacnotan, La Union	January 21, 2020	December 31, 2020
4.	Environmental Compliance Certificate	DENR-EMB	August 2, 2010 Amended: February 21, 2011	
5.	Wastewater Discharge Permit	DENR-EMB	July 3, 2018	July 2, 2023
6.	Endorsement of Sangguiniang Bayan (Bacnotan) Resolution No. 088-2012	Municipality of Bacnotan	August 14, 2012	
7.	Certificate of Compliance	ERC	May 28, 2019	June 7, 2024
8.	Memorandum of Agreement between DOE and CIP II	DOE	March 29, 2012	
9.	Certitification as a register Direct WESM Member (Generator Category)	PEMC	August 5, 2019	
10.	Market Participation Agreement	PEMC	February 18, 2012	
11.	Supplemental Market Participation Agreement	PEMC	October 23, 2018	
12.	Grid Impact Study	NGCP	June 2011	
13.	Transmission Services Agreement	NGCP	January 26, 2015	January 25, 2025
14.	Metering Services Agreement	NGCP	January 26, 2015	January 25, 2025
15.	Ancillary Services Procurement Agreement	NGCP	January 5, 2017	January 4, 2022
16.	Facility Study	NGCP	June 19, 2013	
17.	Dispatchable Reserve Test Report	NGCP	October 17, 2019	
18.	Generating Unit Capability Test Report	NGCP	October 17, 2019	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
19.	Permit to Operate Air Pollution Source and Control Installation	DENR-EMB	March 29, 2017	May 8, 2022
20.	Certificate of Non-Coverage	DENR EMB	June 25, 2013	
21.	Certificate of Non-Overlap (Control No. RI-LU-CNO-2020-07-122)	NCIP	July 14, 2020	
22.	Certificate of Membership	SSS	September 22, 1998	
23.	Certificate of Employer Registration	Pag-IBIG	January 11, 2019	
24.	Certificate of Registration	PhilHealth	January 11, 2019	
25.	Certificate of Registration	DOLE	June 25, 2014	
26.	Certificate of Registration	BIR	March 10, 2017	
27.	Certification of Public Hearing/Consultation	Barangay Quirino, Municipality of Bacnotan	May 10, 2012	

G. ACE Enexor, Inc. (formerly PHINMA Petroleum and Geothermal, Inc.)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 11, 2019	
2.	Amended By-Laws	SEC	November 11, 2019	
3.	Business Permit	Makati City	January 23, 2020	December 31, 2020
4.	Certificate of Registration	BIR	June 14, 2017	
5.	Service Contract	DOE	September 1, 1973	

H. Palawan55 Exploration & Production Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 17, 2012	
2.	Articles of Incorporation	SEC	November 17, 2012	
3.	By-Laws	SEC	November 17, 2012	
4.	Business Permit	Makati City	January 24, 2020	December 31, 2020
5.	Certificate of Registration	BIR	December 14, 2012	
6.	Service Contract	DOE	August 5, 2005	

I. ACTA Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Approval of Increase of Capital Stock	SEC	December 29, 2017	
2.	Amended Articles of Incorporation	SEC	December 28, 2017	
3.	Business Permit	Makati City	January 23, 2020	December 31, 2020

J. Monte Solar Energy, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 25, 2014	
2.	Amended Articles of Incorporation	SEC	March 11, 2016	
3.	Amended By-Laws	SEC	March 11, 2016	
4.	Business Permit	City of Bais	February 10, 2020	December 31, 2020
5.	Business Permit	San Carlos City, Negros Occidental	February 3, 2020	December 31, 2020
6.	Certificate of Compliance COC No. 17-02-M-00103V	ERC	February 6, 2017	13 July 2021
7.	Certificate of Registration (Rule 1020)	DOLE	February 9, 2017	
8.	Certificate of Compliance	ERC	July 14, 2016	July 13, 2021
9.	Endorsement of the Sangguniang Barangay of Tamisu, City of Bais, Negros Oriental	Sangguniang Barangay of Tamisu	June 3, 2014	
10.	Endorsement of the Sangguniang Panlungsod of the City of Bais	Sangguniang Panlungsod of City of Bais	September 17, 2014	
11.	Interconnection Facilities Study	NGCP	February 16, 2016	
12.	Certificate of Non-Overlap	NCIP	August 4, 2015	
13.	Certification of Exclusion from DAR Coverage	DAR	September 7, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Memorandum of Agreement	DOE	October 10, 2016	
15.	ECC	DENR-EMB	December 2, 2014	
16.	Metering Service Agreement	NGCP	February 26, 2016	February 25, 2026
17.	System Impact Study	NGCP	February 16, 2016	
18.	Transmission Service Agreement	NGCP	February 26, 2016	February 25, 2026
19.	WESM Registration	PEMC	February 24, 2016	
20.	Certificate of Registration	BIR	February 12, 2015	
21.	Pag-IBIG Registration	Pag-IBIG	February 6, 2015	
22.	PhilHealth Registration	PhilHealth	February 2, 2015	
23.	SSS Employer Registration	SSS	December 2, 2015	
24.	Certificate of Registration	BIR	March 14, 2017	
25.	BOI Registration	BOI	October 14, 2015	October 13, 2025
26.	Market Participation Agreement	PEMC	February 16, 2016	
27.	ERC Decision re: Approval of Operation of Point-to-Point Limited Facilities	ERC	June 6, 2017	
28.	Certificate of Approval to Connect	NGCP	April 5, 2017	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
29.	Confirmation of Commerciality	DOE	December 9, 2015	
30.	Certificate of Registration as an RE Developer	DOE	May 26, 2015	
31.	Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL	DOE	September 15, 2014	September 14, 2039
32.	DOE Approval of the Assignment of Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL to MONTESOL	DOE	May 20, 2015	
33.	ECC Amendment of ECC dated July 7, 2016	DENR	August 25, 2017	[Amendment does not seem to extend effectivity of previous ECC; hence, ECC expiration is still 5 years from original issuance date, i.e., July 7, 2021]
34.	Certificate of Approval of Increase of Capital Stock	SEC	June 22, 2020	

K. Visayas Renewables Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 24, 2015	
2.	Amended Articles of Incorporation	SEC	February 9, 2017	
3.	By-Laws	SEC	June 2, 2015	
4.	Business Permit No. 42572	Makati City	January 22, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 3, 2018	

L. Manapla Sun Power Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 16, 2014	
2.	Articles of Incorporation	SEC	December 16, 2014	
3.	By-Laws	SEC	December 16, 2014	
4.	Certificate of Registration	BIR	February 12, 2015	
5.	Business Permit	City of Bacolod	January 28, 2020	December 31, 2020

M. Viage Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	August 22, 2005	
2.	By-Laws	SEC	July 29, 2005	
3.	Amended Articles of Incorporation	SEC	July 20, 2007	
4.	Certificate of Registration	BIR	November 15, 2005	
5.	Business Permit No. 46240	Makati City	January 23, 2020	December 31, 2020

N. Philippine Wind Holdings Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	December 5, 2013	
2.	Business Permit	Taguig City	February 7, 2020	December 31, 2020
3.	Certificate of Registration	BIR	July 27, 2016	

O. Ilocos Wind Energy Holding Co., Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	January 5, 2011	
2.	Certificate of Registration	BIR	January 20, 2010	
3.	Business Permit	City of Taguig	February 11, 2020	December 31, 2020

P. North Luzon Renewable Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	May 31, 2006	N/A
2.	Amended Articles of Incorporation	SEC	August 10, 2016	
3.	Amended By-Laws	SEC	February 17, 2014	
4.	Certificate of Good Standing	SEC	September 10, 2019	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020
6.	Business Permit	Municipality of Pagudpud, Ilocos Norte	January 21, 2020	December 31, 2020
7.	ECC No. ECC-R1-0907-138-9999	DENR-EMB Regional Office No. 1	July 23, 2009 First Amendment dated July 26, 2013	
8.	Hazardous Waste Generator Registration Certificate No. GR-R1-28-00016	DENR-EMB Regional Office No. 1	17 May 2017	
9.	Discharge Permit No. WWDP-16E-01IN11-039	DENR-EMB Regional Office No. 1	July 22, 2016	May 10, 2021
10.	Wastewater Discharge Permit	DENR-EMB Regional Office No. 1	July 22, 2016	May 10, 2021
11.	Endorsement of San Juan, Pasuquin, Ilocos Norte	Barangay San Juan, Pasuquin, Ilocos Norte	September 10, 2013	
12.	Endorsement of Barangay 55-A Barit, Laoag, Ilocos Norte	Barangay 55-A Barit, Laoag, Ilocos Norte	January 5, 2013	
13.	Endorsement of Barangay Santa Matilde	Barangay Sta. Matilde,	September 21, 2013	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Pasuquin, Ilocos Norte		
14.	Endorsement of Barangay Tanap, Burgos, Ilocos Norte	Barangay Tanap, Burgos, Ilocos Norte	July 21, 2009	
15.	Endorsement of Barangay 55-B Salet-Bulangon, Laoag, Ilocos Norte	Barangay 55-B Salet-Bulangon, Laoag, Ilocos Norte	June 9, 2009	
16.	Endorsement of Barangay Caparispisan, Pagudpud, Ilocos Norte	Barangay Caparispisan, Pagudpud, Ilocos Norte	September 3, 2006	
17.	Endorsement of Barangay Carusikin, Pasuquin, Ilocos Norte	Barangay Carusikin, Pasuquin, Ilocos Norte	September 16, 2013	
18.	Endorsement of Barangay Santa Catalina	Barangay Santa Catalina, Pasuquin, Ilocos Norte	September 14, 2013	
19.	Endorsement of Barangay Tadao	Barangay Tadao, Pasuquin, Ilocos Norte	September 21, 2013	
20.	Endorsement of Municipality of Bacarra, Ilocos Norte	Bacarra, Ilocos Norte	October 1, 2009	
21.	Endorsement of Municipality of Bangui, Ilocos Norte	Bangui, Ilocos Norte	June 15, 2009	
22.	Endorsement of Municipality of Burgos, Ilocos Norte	Burgos, Ilocos Norte	December 11, 2006	
23.	Endorsement of Pagudpud, Ilocos Norte	Pagudpud, Ilocos Norte	February 23, 2007	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
24.	Endorsement of Laoag, Ilocos Norte	Laoag, Ilocos Norte	June 26, 2013	
25.	Endorsement of the Province of Ilocos Norte	Province of Ilocos Norte	August 11, 2014	
26.	Provisional Authority to Operate	ERC	Effectivity Date: June 18, 2020 Issue Date: June 30, 2020	17 December 2020
27.	Market Participation Agreement	PEMC	August 6, 2014	
28.	Supplemental Market Participation Agreement	PEMC IEMOP	NLREC – October 17, 2018 PEMC – December 3, 2018 IEMOP – December 3, 2018	
29.	Renewable Energy Market Participation Agreement	PEMC	July 21, 2020 Effectivity Date: April 30, 2020	
30.	Grid Impact Study	NGCP	January 2009	
31.	System Impact Study	NGCP	April 2014	
32.	81MW Caparispisan Wind Energy Project Facilities Study Amendment	ATEA, Inc.	June 30, 2014	
33.	Transmission Service Agreement	NGCP	December 15, 2015 Effective Date: November 26, 2014	November 25, 2024
34.	Metering Service Agreement	NGCP	May 15, 2015 Effective Date; November 26, 2014	November 25, 2024
35.	Connection Agreement	NGCP	January 4, 2011	Until the 25th anniversary of the date of interconnection or

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
				February 28, 2012
36.	Decision in ERC Case No 2013-057 MC – In the Matter of the Application for Authority to Develop, Own and Operate Dedicated Point-to-Point Facilities from Northern Luzon UPC Asia Corporation (NLUPC) Wind Energy Project in Pagudpud, Ilocos Norte to Laoag City Substation of the National Grid Corporation of the Philippines (NGCP), with Prayer for Provisional Authority	ERC	June 2, 2014	
37.	Provisional Certificate of Approval to Connect	NGCP	November 7, 2014	
38.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-05	NCIP	January 15, 2007	
39.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-03	NCIP	January 15, 2007	
40.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-04	NCIP	January 15, 2007	
41.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-06	NCIP	January 15, 2007	
42.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-07	NCIP	January 15, 2007	
43.	Certificate of Non-Overlap Control No. R1-INPO-CNO-07-04-13	NCIP	April 10, 2007	
44.	Certificate of Non-	NCIP	November 5, 2009	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
	Overlap Control No. R1-INPO-CNO-2009-11-22			
45.	Certificate of Non-Overlap No. R1-PPO-CNO-07-12-32	NCIP	December 12, 2007	
46.	Forest Land Use Agreement No. 01-2009 Caparispisan	DENR	May 20, 2009	May 20, 2034
47.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010	DENR	June 11, 2010	June 10, 2035
48.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010 (Amended 1)	DENR	September 6, 2013	June 10, 2035
49.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 04-2013	DENR	September 24, 2013	September 25, 2038
50.	Wind Energy Service Contract No. 2009-09-005	DOE	September 14, 2009	Effective for 25 years from Effective Date
51.	Certificate of Registration WESC 2009-09-005	DOE	July 23, 2009	
52.	Certificate of Registration WESC 2009-09-005	DOE	November 7, 2016	
53.	Declaration of Commerciality	DOE	June 17, 2013	
54.	Confirmation of Commerciality	DOE	July 2, 2013	
55.	Certificate of Registration	SSS	October 17, 2019	
56.	Certificate of Employer's Registration	Pag-IBIG	December 9, 2016	
57.	Certificate of Registration	PhilHealth	June 16, 2014	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
58.	Certificate of Registration	DOLE	March 26, 2015	
59.	Certificate of Registration	BIR	November 29, 2017	

Q. ACE Renewables Philippines, Inc. (formerly Moorland Philippine Holdings, Inc.)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	November 25, 2019	
2.	Amended By-laws	SEC	November 25, 2019	
3.	Business Permit No. 46222	Makati City	January 23, 2020	December 31, 2020
4.	Certificate of Registration	BIR	March 8, 2011	

R. Northwind Power Development Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 15, 2000	
2.	Amended Articles of Incorporation	SEC	January 10, 2018	
3.	Amended By-Laws	SEC	April 8, 2005 April 11, 2008	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Business Permit	Municipality of Bangui, Ilocos Norte	January 20, 2020	December 31, 2020
6.	ECC No. 010012-180036-1405	DENR Regional Officer No. 1 – San Fernando, La Union	December 18, 2000 First Amendment issued on March 4, 2013	
7.	ECC No. R01-1311-0192	DENR-EMB Regional Office No 1, San Fernando, La Union	November 11, 2013	
8.	Wastewater Discharge Permit No. DP-R01-19-03575	DENR-EMB Regional Office No. 1	November 8, 2019	November 8, 2024
9.	Special Permit to Construct	Philippine Ports Authority ("**PPA**")	October 14, 2004	Not stated
10.	Endorsement of Barangay Masikil, Bangui, Ilocos Norte	Barangay Masikil, Bangui, Ilocos Norte	November 13, 2000	
11.	Endorsement of Barangay Baruyen, Bangui, Ilocos Norte	Barangay Baruyen, Bangui, Ilocos Norte	November 13, 2000	
12.	Endorsement of Barangay Taguiporo, Bangui, Ilocos Norte	Barangay Taguiporo, Bangui, Ilocos Norte	November 13, 2000	
13.	Endorsement of Barangay Manayon, Bangui, Ilocos	Barangay Manayon, Bangui, Ilocos	November 13, 2000	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
	Norte	Norte		
14.	Endorsement of Barangay Abaca, Bangui, Ilocos Norte	Barangay Abaca, Bangui, Ilocos Norte	November 13, 2000	
15.	Endorsement of the Municipality of Bangui, Ilocos Norte	Bangui, Ilocos Norte	October 29, 2013	
16.	Endorsement of Municipality of Bangui, Ilocos Norte	Municipality of Bangui, Ilocos Norte	October 29, 2013	
17.	Endorsement of the Province of Ilocos Norte	Province of Ilocos Norte	August 4, 2014	
18.	Provisional Authority to Operate 33MW Phase I and II Bangui Bay Wind Farm	ERC	Effective Date: June 15, 2020 Issue Date: July 6, 2020	December 14, 2020
19.	Provisional Authority to Operate 18.9MW Phase III Bangui Bay Wind Farm	ERC	Effective Date: October 20, 2020 Issue Date: October 14, 2020	October 19, 2021
20.	Approval of WESM Registration of Additional Facility Ref No. MLO/PEMC-2014/718	PEMC	October 27, 2014	
21.	Market Participation Agreement	PEMC	April 25, 2008	
22.	Renewable Energy Market Participation Agreement	PEMC	21 July 2020	
23.	Grid Impact Study	NTC	January 2008	
24.	System Impact Study	NGCP	April 2014	
25.	Facilities Study	NGCP	March 31, 2014	
26.	Transmission Service Agreement	NGCP	December 16, 2015	November 25, 2024
27.	Transmission Service Agreement	NGCP	January 26, 2019	February 25, 2030
28.	Metering Services Agreement	NGCP	January 26, 2019	January 25, 2029

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
29.	Connection Agreement	NTC	April 5, 2005	
30.	Connection Agreement	NGCP	November 17, 2014	Has a term of 10 years from date of execution
31.	Decision in ERC Case No. 2010- 062 MC	ERC	April 10, 2012	
32.	Certificate of Non-Overlap	NCIP	July 18, 2013	
33.	Foreshore Lease Agreement	DENR	September 19, 2003	Lease for 25 years from and including the 19th day of September 2003
34.	Wind Energy Service Contract No. 2012-07-058	DOE	February 26, 2013	Effective for 25 years from July 31, 2007
35.	Confirmation of Commerciality No. WCC-2013-10-008 (Phase III)	DOE	October 30, 2013	
36.	Amended Confirmation of Commerciality No. WCC-2013-10-008-A (Phase III)	DOE	September 10, 2014	
37.	Certificate of Registration No. WESC 2012-07-058	DOE	February 26, 2013	
38.	Certificate of Registration	DOLE	February 2016	
39.	Certificate of Registration	BIR	December 12, 2008	
40.	Wastewater Discharge Permit	DENR-EMB	November 8, 2019	November 8, 2024
41.	Certification	Pag-IBIG	November 6, 2019	
42.	Certificate of Registration	PhilHealth	October 16, 2019	
43.	Certificate of Registration	SSS	October 17, 2019	

S. San Julio Land Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 20, 2014	
2.	Amended Articles of Incorporation	SEC	March 6, 2015	
3.	By-Laws	SEC	June 20, 2014	
4.	Business Permit No. 46235	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 3, 2018	

T. LCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1	Articles of Incorporation	SEC	January 21, 2014	
2	By-Laws	SEC	Date received unreadable	
3	Business Permit	San Carlos City, Negros Occidental	January 27, 2020	December 31, 2020
4	ECC No. ECC-OL-R06-2018-0142	DENR-EMB	April 22, 2018	
5	Certificate of Registration	BIR	February 4, 2014	
6	Registry of Establishment	DOLE	January 27, 2020	
7	Certificate of No Objection	Barangay Cubay, La Carlota City, Negros Occidental	January 22, 2018	
8	Employer's Data Form	Pag-IBIG	Received: December 6, 2019	
9	Employer Data Record	PhilHealth	Received: December 6, 2019	
10	Employer Registration	SSS	Received: December 6, 2019	

U. MCV Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 21, 2014	
2.	Articles of Incorporation	SEC	January 21, 2014	
3.	By-Laws	SEC	January 21, 2014	
4.	Business Permit	San Carlos City, Negros Occidental	January 27, 2020	December 31, 2020
5.	Endorsement of Brgy. Sta. Teresa, Manapla, Negros Occidental	Brgy. Sta. Teresa, Manapla, Negros Occidental	February 5, 2020	
6.	ECC No. ECC-OL-R06-2018-0331	DENR-EMB	August 17, 2018	
7.	Conditional Water Permit No. 07-31-19-072	NWRB	July 31, 2019	January 31, 2021
8.	Certificate of Registration	BIR	February 5, 2014	
9.	Registry of Establishment	DOLE	January 27, 2020	
10.	Certificate of No Objection	Santa Teresa, Manapla, Negros Occidental	February 5, 2018	
11.	Employer Data Form	Pag-IBIG		
12.	Employer Data Record	PhilHealth	Received: September 30, 2019	
13.	Employer Registration	SSS	Received: October 11, 2019	

V. ACE Endevor, Inc. (formerly AC Energy Development Inc.)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Amended Articles of Incorporation	SEC	January 20, 2020	
2.	Amended By-Laws	SEC	January 20, 2020	
3.	Certificate of Registration	BIR	October 4, 2018	
4.	Business Permit	Makati City	February 19, 2020	December 31, 2020
5.	Certificate of Filing of Amended By-laws	SEC	January 20, 2020	

W. Pagudpud Wind Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 9, 2009	
2.	Amended Articles of Incorporation	SEC	February 9, 2018	
3.	By-Laws	SEC	December 9, 2009	
4.	Certificate of Registration	BIR	October 7, 2011	

X. Bayog Wind Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 13, 2010	
2.	Amended Articles of Incorporation	SEC	July 18, 2016	
3.	By-Laws	SEC	October 1, 2014	
4.	ECC No. ECC-OL-R01-2015-0049	DENR-EMB	November 20, 2015 – with first amendment dated August 15, 2016	
5.	Certificate of Non-Coverage CNC-OL-R01-2015-11-07598	DENR-EMB	November 4, 2015	
6.	ECC No. ECC-OL-R01-2016-0072	DENR-EMB	May 18, 2016	
7.	Endorsement of Barangay Bacsil, Bangui, Ilocos Norte	Barangay Bacsil, Bangui, Ilocos Norte	November 6, 2015	
8.	Endorsement of Barangay Ligaya, Pagudpud, Ilocos Norte	Barangay Ligaya, Pagudpud, Ilocos Norte	November 15, 2015	
9.	Endorsement of Barangay Nagbalagan, Bangui, Ilocos Norte	Barangay Nagbalagan, Bangui, Ilocos Norte	November 16, 2015	
10.	Endorsement of Barangay Caparispisan, Pagudpud, Ilocos Norte	Barangay Caparispisan, Pagudpud, Ilocos Norte	December 15, 2015	
11.	Endorsement of Barangay Abaca,	Barangay Abaca,	December 28, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
	Bangui, Ilocos Norte	Bangui, Ilocos Norte		
12.	Endorsement of Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	January 15, 2016	
13.	Endorsement of Barangay San Lorenzo, Bangui, Ilocos Norte	Barangay San Lorenzo, Bangui, Ilocos Norte	January 18, 2016	
14.	Endorsement of Barangay Saud, Pagudpud, Ilocos Norte	Barangay Saud, Pagudpud, Ilocos Norte	March 6, 2016	
15.	Endorsement of Barangay Burayoc, Pagudpud, Ilocos Norte	Barangay Burayoc, Pagudpud, Ilocos Norte	March 20, 2016	
16.	Endorsement of Barangay Poblacion 2, Pagudpud, Ilocos Norte	Barangay Poblacion 2, Pagudpud, Ilocos Norte	April 3, 2016	
17.	Endorsement of Barangay Tarrag, Pagudpud, Ilocos Norte	Barangay Tarrag, Pagudpud, Ilocos Norte	May 22, 2016	
18.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan, Pagudpud, Ilocos Norte	June 15, 2014	
19.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan, Pagudpud,	August 16, 2015	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
		Ilocos Norte		
20.	Endorsement of Barangay Subec, Pagudpud, Ilocos Norte	Barangay Subec, Pagudpud, Ilocos Norte	June 15, 2014	
21.	Endorsement of the Municipality of Pagudpud, Ilocos Norte	Municipality of Pagudpud, Ilocos Norte	December 23, 2016	
22.	System Impact Study	NGCP	August 1, 2016	
23.	Facilities Study		July 2016	
24.	Connection Agreement	NGCP	November 16, 2017	January 25, 2027
25.	Certificate of Non-Overlap	NCIP	January 15, 2007	
26.	Transfer of Forest Land use Agreement (Wind Energy Project) Flag No. 02-2009 issued to Northern Luzon Renewable Energy Corporation (NLREC) (Formerly Northern Luzon UPC Asia Corporation) in favor of Bayog Wind Power Corporation (BWPC) located in Balaoi, Pagudpud, Ilocos Norte, covering 277.17 hectares	DENR	April 18, 2016	
27.	Forest Land Use Agreement (FLAg) No. 02-2016	DENR	June 24, 2016	June 24, 2041
28.	Forest Land Use Agreement (FLAg) No. 03-2016	DENR	June 24, 2016	June 24, 2041
29.	Forest Land Use Agreement (FLAg) No. 02-2009	DENR	May 20, 2009	May 20, 2034
30.	Wind Energy Service Contract (WESC No. 2014-06-073)	DOE	August 18, 2014	Until 25 years from Execution Date

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
31.	Wind Energy Service Contract (WESC No. 2010-02-038)	DOE	February 1, 2010 Assignment to Bayog Wind approved by DOE on December 9, 2015	25 years from February 1, 2010, upon submission of Declaration of Commerciality
32.	Revised Declaration of Commerciality	DOE	October 29, 2018	
33.	Further Revised Declaration of Commerciality	DOE	May 28, 2019	
34.	Certificate of Registration No. WESC 2010-02-038	DOE	December 9, 2015	
35.	Certificate of Registration No. WESC 2014-06-073	DOE	undated	
36.	Certificate of Registration	BIR	March 12, 2010	
37.	Amended Confirmation of Commerciality No. WCC-2013-10-010	DOE	December 23, 2019	
38.	Business Permit	Laoag City	March 6, 2020	December 31, 2020
39.	Clearance Certificate	Pag-IBIG	January 9, 2020	January 9, 2021
40.	Employer's Data Form (Pag-IBIG Employer ID Number 2059005800000)	Pag-IBIG	*Undated*	
41.	Certificate of Registration	PhilHealth	February 24, 2020	
42.	Certificate of Registration	SSS	February 17, 2020	
43.	Certificate of Registration	DOLE	November 12, 2018	

Y. SCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Articles of Incorporation	SEC	September 9, 2015	
2.	By-Laws	SEC	September 9, 2015	
3.	Business Permit	San Carlos City, Negros Occidental	February 3, 2020	December 31, 2020
4.	Water Permit	NWRB	September 21, 2005	
5.	Certificate of Registration	BIR	October 9, 2015	
6.	Registry of Establishment	DOLE	January 27, 2020	
7.	Employer Data Form	Pag-IBIG		
8.	Employer's Data Record	PhilHealth	March 7, 2018	
9.	Employer Registration	SSS	Received: March 4, 2018	

Z. Solienda Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 29, 2016	
2.	Business Permit No. BP-2020-03520-0	San Carlos, Negros Occidental	February 3, 2020	December 31, 2020
3.	Certificate of Registration	BIR	December 14, 2016	

AA. HDP Bulk Water Supply Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 20, 2017	
2.	Articles of Incorporation	SEC	October 20, 2017	
3.	By-Laws	SEC	October 20, 2017	
4.	Water Permit	NWRB	April 7, 2011	
5.	Certificate of Registration	BIR	October 20, 2017	
6.	Registry of Establishment	DOLE	Date Approved: May 17, 2018	
7.	Employer Data Form	Pag-IBIG		
8.	Employer Data Record	PhilHealth	April 23, 2018	
9.	Employer Registration	SSS	April 16, 2018	

BB. Ingrid Power Holdings, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 7, 2018	
2.	Articles of Incorporation	SEC	June 7, 2018	
3.	By-Laws	SEC	June 7, 2018	
4.	Business Permit	Makati City	January 22, 2020	December 31, 2020
5.	Certificate of Registration	BIR	September 28, 2018	
6.	ECC	DENR-EMB	February 26, 2019	
7.	Certificate of Endorsement	DOE	July 1, 2019	
8.	Certificate of Non-Overlap	NCIP	February 27, 2019	
9.	Endorsement of Barangay Malaya	Sangguniang barangay of Malaya, Pililla, Rizal	March 20, 2018	
10.	Endorsement of the Municipality of Pililla	Sangguniang Bayan of Pililla, Rizal	August 13, 2019	
11.	Facility Study	NGCP	April 12, 2019	
12.	System Impact Study	NGCP	January 24, 2019	
13.	Registry of Establishment	DOLE	January 28, 2020	
14.	Certificate of Registration	Pag-IBIG	February 14, 2020	
15.	Certificate of Registration	SSS	January 30, 2020	
16.	Certificate of Registration	PhilHealth	January 30, 2020	
17.	No Objection Certification	Rizal Provincial Government	March 9, 2020	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
18.	Certificate of Registration	BOC	March 19, 2020	March 19, 2021
19.	Sangguniang Panlalawigan Resolution (No Objection)	Rizal Provincial Government	July 6, 2020	
20.	Development Permit	Municipality of Pililla	July 28, 2020	

CC. Gigasol2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 13, 2017	
4.	Business Permit No. 46227	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 3, 2018	

DD. SolarAce1 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	
2.	Certificate of Approval of Increase of Capital Stock	SEC	October 15, 2020	
3.	Certificate of Filing of Amended Articles of Incorporation	SEC	October 15, 2020	
4.	By-Laws	SEC	March 20, 2017	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020
6.	Certificate of Registration	BIR	March 20, 2017	
7.	Barangay Certificate of No Objection	Barangay San Andres, Municipality of Alaminos, Province of Laguna	April 10, 2018	
8.	Endorsement of Barangay San Andres, Municipality of Alaminos, Province of Laguna	Barangay San Andres, Municipality of Alaminos, Province of Laguna	February 19, 2018	
9.	Endorsement of Barangay San Juan, Municipality of Alaminos, Province of Laguna	Barangay San Juan, Municipality of Alaminos, Province of Laguna	April 8, 2018	
10.	ECC No. ECC-R4A-1807-0211	DENR	July 30, 2018	[deemed expired if not implemented within five (5) years from date of issuance]

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
11.	Endorsement of the Municipality of Alaminos, Province of Laguna	Office of the Sangguniang Bayan, Municipality of Alaminos, Province of Laguna	September 9, 2019	
12.	Certificate of Registration	BIR	April 3, 2018	
13.	Certificate of Non-Overlap	NCIP	November 7, 2019	
14.	Solar Energy Service Contract	DOE	November 6, 2019	
15.	DAR Exemption Order	DAR	September 1, 2009	
16.	Certificate of Finality	DAR - Bureau of Agrarian Legal Assistance	October 26, 2009	
17.	Registry of Establishment	DOLE	January 28, 2020	
18.	Certificate of Registration	SSS	January 30, 2020	
19.	Certificate of Registration	PhilHealth	August 15, 2018	
20.	Certificate of Registration	Pag-IBIG	February 14, 2020	
21.	System Impact Study	NGCP	May 12, 2020	
22.	Interconnection Facility Study	NGCP	June 22, 2020	

EE.SolarAce2 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	
2.	Articles of Incorporation	SEC	March 20, 2017	
3.	By-Laws	SEC	March 20, 2017	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 3, 2018	

FF. Gigasol1, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 13, 2017	
4.	Certificate of Registration	BIR	April 4, 2018	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020

GG. Gigasol3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	
2.	Articles of Incorporation	SEC	March 13, 2017	
3.	By-Laws	SEC	March 31, 2017	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Endorsement of the Sangguniang Barangay of Cauyan, Palauig, Zambales	Barangay Council of Barangay Cauyan, Palauig, Zambales	August 9, 2019	
6.	Endorsement of the Sangguniang Barangay of Salaza, Palauig, Zambales	Barangay Council of Barangay Salaza, Palauig, Zambales	August 16, 2019	
7.	Endorsement of the Sangguniang Bayan of Municipality of Palauig, Zambales	Sangguniang Bayan of Municipality of Palauig, Zambales	November 13, 2019	
8.	ECC No. ECC-OL-R03-2020-0059 (50MW Solar Power Project in Palauig, Zambales)	DENR	January 27, 2020	Automatically revoked if the project is not commenced within five (5) years from the date of its issuance or if the project operation is suspended or stopped for a period of five (5) years or more
9.	Solar Energy Operating Contract (SEOC No. 2020-02-560)	DOE	February 27, 2020	February 26, 2045
10.	BOI Registration (COR No. 2020-116)	BOI	July 10, 2020	

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
11.	Certificate of Registration	BIR	April 3, 2018	
12.	Certificate of Registration	SSS	December 27, 2018	
13.	Certificate of Registration	PhilHealth	August 15, 2018	
14.	Employer Registration	Pag-IBIG		
15.	Registry of Establishment	DOLE	January 28, 2020	
16.	System Impact Study	NGCP	October 28, 2020	
17.	Certificate of Non-Overlap	NCIP	October 30, 2020	

HH. AC La Mesa Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Solar Energy Service Contract	Department of Energy	February 26, 2019	
6.	Certificate of Registration	BIR	April 13, 2018	

II. AC Subic Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 13, 2018	
6.	Solar Energy Service Contract	DOE	December 23, 2019	

JJ. AC Laguna Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	
2.	Articles of Incorporation	SEC	September 20, 2016	
3.	By-Laws	SEC	September 20, 2016	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	April 13, 2018	
6.	Solar Energy Service Contract	DOE	December 23, 2019	

KK. Bataan Solar Energy, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 27, 2016	
2.	Articles of Incorporation	SEC	July 27, 2016	
3.	By-Laws	SEC	July 27, 2016	
4.	Business Permit	Makati City	January 20, 2020	December 31, 2020
5.	Certificate of Registration	BIR	August 23, 2016	
6.	Endorsement of Barangay Batangas-II, Municipality of Mariveles, Province of Bataan	Barangay Batangas-II, Municipality of Mariveles, Province of Bataan	August 4, 2017	
7.	Certificate of Non-Overlap	NCIP	July 26, 2019	
8.	Certificate of Registration	DOE	September 14, 2017	
9.	Solar Energy Service Contract	DOE	September 14, 2017	
10.	Certificate of Non-Coverage	DENR	January 9, 2020	
11.	BOI Registration (COR No. 2020-191)	BOI	October 1, 2020	
12.	Confirmation of Commerciality	DOE	June 26, 2020	
13.	Distribution Impact Study Approval	Distribution Utility - PENELCO	May 21, 2018	

LL.Santa Cruz Solar Energy, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 13, 2016	
2.	Articles of Incorporation	SEC	July 13, 2016	
3.	By-Laws	SEC	July 13, 2016	
4.	Business Permit	San Carlos City	January 27, 2020	December 31, 2020
5.	Certificate of Registration	BIR	July 13, 2016	
6.	Solar Energy Service Contract	DOE	February 13, 2020	
7.	Employer's Data Record	PhilHealth	October 7, 2020	
8.	Environmental Compliance Certificate	DENR	September 22, 2020	

MM. Ingrid2 Power Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 14, 2019	

NN. Ingrid3 Power Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 14, 2019	

OO. Ace Shared Services, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 12, 2019	
2.	Business Permit	City Government of Makati	February 12, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	December 05, 2019	
4.	Articles of Incorporation	SEC	November 18, 2019	
5.	By Laws	SEC	November 18, 2019	
6.	Certificate of Registration	SSS	January 28, 2020	
7.	Certificate of Registration	PhilHealth	January 22, 2020	
8.	Employer Data Form	Pag-IBIG	February 13, 2020	
9.	Approved Registry of Establishment	DOLE	January 3, 2020	

PP. Amihan Renewable Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 12, 2019	
2.	Certificate of Incorporation	SEC	January 16, 2017	
3.	Articles of Incorporation	SEC	January 16, 2017	
4.	By-Laws	SEC	January 16, 2017	
5.	Mayor’s Permit	Municipality of Pagudpud	January 21, 2020	December 31, 2020

QQ. Buendia Christiana Holdings Corp

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 08, 2019	
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	August 20, 2020	
3.	Certificate of Approval of Increase of Capital Stock	SEC	August 20, 2020	
4.	Certificate of Filing of Amended By-Laws	SEC	October 27, 2020	

RR. Giga Ace 1, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	December 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 08, 2019	
5.	By-Laws	SEC	November 08, 2019	

SS. Giga Ace 2, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

TT.Giga Ace 3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorpoation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

UU. Giga Ace 4, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incoporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	
6.	Sangguninang Barangay Resolution No. 5 Series of 2020	San Andres, Alaminos Laguna Sanggunian	June 05, 2020	
7.	Certificate of Non-Overlap	National Commission on Indigenous Peoples	July 1, 2020	
8.	Environmental Compliance Certificate	DENR-EMB	September 09, 2020	
9.	Municipal Resolution	Sangguniang Bayan	July 06, 2019	
10.	Certificate of Registration	Philhealth	October 6, 2020	
11.	Registry of Establishment	DOLE	November 3, 2020	

VV. Giga Ace 5, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Artciles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

WW. Giga Ace 6, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	November 29, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	November 14, 2019	
4.	Articles of Incorporation	SEC	November 14, 2019	
5.	By-Laws	SEC	November 14, 2019	

XX. Giga Ace 7, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

YY. Giga Ace 8, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2020	
2.	Certificate of Registration	BIR	November 29, 2019	
3.	Articles of Incorporation	SEC	November 14, 2019	
4.	By-laws	SEC	November 14, 2019	
5.	Business Permit	Makati City	January 23, 2020	December 31, 2020

ZZ. Giga Ace 9, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

AAA. Giga Ace 10, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	
2.	Articles of Incorporation	SEC	November 8, 2019	
3.	By-Laws	SEC	November 8, 2019	
4.	Business Permit	City of Makati	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	November 29, 2019	

BBB. SolarAce3 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Business Permit	Makati City	January 23, 2020	December 31, 2020
5.	Certificate of Registration	BIR	October 15, 2019	

CCC. SolarAce4 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	
2.	Articles of Incorporation	SEC	October 14, 2019	
3.	By-Laws	SEC	October 14, 2019	
4.	Certificate of Registration	BIR	October 14, 2019	
5.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020

DDD. GigaWind1 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	October 14, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	October 14, 2019	
4.	Articles of Incporation	SEC	October 14, 2019	
5.	By-Laws	SEC	October 14, 2019	

EEE. GigaWind2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	October 14, 2019	
2.	Business Permit	City Government of Makati	January 23, 2020	December 31, 2020
3.	Certificate of Incorporation	SEC	October 14, 2019	
4.	Articles of Incporation	SEC	October 14, 2019	
5.	By-Laws	SEC	October 14, 2019	

FFF. San Carlos Solar Energy, Inc. (SACASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation, SEC-approved Articles of Incorporation and By-laws, and DOE 1st Endorsement	SEC	April 17, 2013	
2.	Certificate of Filing of Amended Articles of Incorporation - September 3, 2014, including the Amended Articles of Incorporation, DOE 1st Endorsement, 2014 GIS, 2013 AFS	SEC	September 3, 2014	
3.	Certificate of Filing of Amended By-laws dated September 3, 2014, including Amended By-laws	SEC	September 3, 2014	
4.	Certificate of Approval fo Increase of Capital Stock dated September 3, 2014	SEC	September 3, 2014	
5.	Certificate of Amended Articles of Incorporation dated October 5, 2015, including Amended Articles of Incorporation	SEC	October 5, 2015	
6.	Certificate of Filing of Amended By-laws dated October 5, 2015, including the Amended By-laws	SEC	October 5, 2015	
7.	Certificate of Approval of Increase of Capital Stock dated October 5, 2015	SEC	October 5, 2015	
8.	Mayor's Permit	San Carlos City	January 28, 2020	December 31, 2020
9.	Barangay Resolution	Barangay Punao, San Carlos City	February 21, 2013	
10.	Sangguniang Panlungsod Resolution	Sangguniang Panlungsod, San Carlos City	March 7, 2013	
11.	Certification	National Irrigation Administration (“**NIA**”)	February 3, 1995	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
12.	Amended Environmental Compliance Certificate	DENR	September 23, 2013	
13.	Environmental Compliance Certificate	DENR	July 11, 2013	
14.	Building Permit	San Carlos City	October 29, 2013	
15.	Letter of No Objection	Department of Public Works and Highways ("**DPWH**")	April 22, 2014	
16.	Certificate of Registration	DOE	October 29, 2013	
17.	Solar Energy Service Contract	DOE	November 4, 2013	
18.	Certificate of Endorsement	DOE	[2014]	
19.	Letter of confirmation	DOE	February 25, 2014	
20.	Confirmation of Commerciality	DOE	March 3, 2014	
21.	Letter of confirmation	DOE	May 7, 2014	
22.	Certificate of Compliance	ERC	June 9, 2019	June 8, 2024
23.	Amended Confirmation of Commerciality	DOE	January 12, 2015 [last digit illegible]	
24.	Certificate of Compliance	ERC	February 9, 2015	5 years from date of issuance
25.	Memorandum of Agreement	DOE	May 16, 2014	
26.	Confirmation of Commerciality	DOE	March 3, 2014	
27.	Amended Confirmation of Commerciality	DOE	January 12, 2015 [last digit illegible]	
28.	Certificate of Non-Overlap	NCIP	January 17, 2014	
29.	Certificate of Compliance	ERC	September 8, 2019	September 7, 2024
30.	Certificate of Compliance	ERC	April 29, 2016	5 years from date of issuance
31.	Certificate of Compliance	ERC	January 19, 2016	January 18, 2021

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
32.	Certificate of Approval to Connect	NGCP	May 7, 2014	
33.	Connection Agreement	NGCP	May 7, 2014	
34.	Letter of confirmation	DOE	May 7, 2014	
35.	Certificate of Compliance	ERC	May 28, 2019	June 8, 2024
36.	Metering Service Agreement	NGCP	July 3, 2014	
37.	Transmission Service Agreement	NGCP	June 2, 2014	
38.	Certificate of Compliance	ERC	May 28, 2019	September 7, 2024
39.	Approval of WESM Registration	PEMC	May 20, 2014	
40.	Market Participation Agreement	PEMC	March 4, 2014	
41.	Barangay Resolution	Barangay Punao, San Carlos City	July 7, 2014	
42.	Resolution of Sangguniang Panlungsod	Sangguniang Panlungsod, San Carlos City	August 14, 2014	
43.	Environmental Compliance Certificate	DENR	August 29, 2014	
44.	Confirmation of Commerciality	DOE	December 11, 2014	
45.	Solar Energy Service Contract	DOE	October 30, 2013	
46.	Certificate of Endorsement	DOE	[2015]	
47.	Confirmation of Commerciality	DOE	December 11, 2014	
48.	Amendment to Grid Interconnection Agreement	Northern Negros Electric Cooperative, Inc.	May 27, 2015	
49.	Transmission Service Agreement	NGCP	October 22, 2015	
50.	Metering Service Agreement	NGCP	November 3, 2015	
51.	Provisional Certificate of Approval to Connect	NGCP	August 18, 2015	
52.	Certificate of Compliance	ERC	May 4, 2016	5 years from date of

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
				issuance
53.	Certificate of Compliance	ERC	June 27, 2017	5 years from date of issuance
54.	Approval of WESM Registration	PEMC	September 17, 2015	
55.	BIR Certificate of Registration	BIR	June 7, 2017	
56.	Registry of Establishment	DOLE	[illegible]	
57.	Permit to Operate	DENR	April 25, 2017	November 30, 2021
58.	Certificate of Non-Overlap	NCIP	May 18, 2015	
59.	CENRO Certification that no trees will be affected	CENRO	September 7, 2015	
60.	Certificate of Non-Coverage	DENR	September 11, 2015	
61.	System Impact Study	NGCP	March 6, 2014	
62.	ECC	Province of Negros Occidental	February 13, 2020	January 25, 2021
63.	Establishment Report	Regional Tripartite Wages and Productivity Board	January 26, 2018	
64.	Certificate of Accreditation of Pollution Control Officer	DENR	October 4, 2019	October 3, 2022
65.	BIR Importer Clearance Certificate	BIR	March 20, 2015	
66.	Fire Safety Inspection Certificate	Bureau of Fire Protection	April 24, 2020	April 24, 2021
67.	Certificate of Registration	BOC	August 7, 2020	August 7, 2021
68.	Certificate of Occupancy	San Carlos City	July 30, 2015	
69.	Certificate of Filing of Amended By-laws	SEC	October 5, 2015	
70.	Certificate of Incorporation	SEC	April 17, 2013	
71.	Form No. 0605	BIR	January 31, 2019	

GGG. Negros Island Solar Power, Inc. (ISLASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1	SEC Certificate of Incorporation	SEC	November 5, 2014	
2	Articles of Incorporation	SEC	November 5, 2014	
3	Certificate of Filing of Amended Articles of Incorporation, with the Amended Articles of Incorporation	SEC	June 17, 2015	
4	Certificate of Revision of the Title of Amended By-laws	SEC	June 17, 2015	
5	Certificate of Filing of Amended Articles of Incorporation, with the Amended Articles of Incorporation	SEC	January 11, 2016	
6	Certificate of Filing of Amended By-laws, with the Amended By-laws	SEC	January 11, 2016	
7	Certificate of Approval of Increase of Capital Stock, with Amended By-laws	SEC	January 11, 2016	
8	Barangay Resolution	Barangay Cubay, City of La Carlota, Province of Negros Occidental	December 3, 2014	
9	City Resolution	Office of the Sangguniang Panlungsod, City of La Carlota	n.a.	
10	Barangay Resolution	Barangay Sta. Teresa, Municipality of Manapla, Province of Negros Occidental	May 5, 2014	
11	Barangay Resolution	Barangay Sta. Teresa, Municipality of Manapla, Province of Negros Occidental	May 5, 2015	
12	Municipality Resolution	Municipality of Manapla, Province of Negros Occidental	June 3, 2015	
13	Municipality Resolution	Municipality of Manapla	January 28, 2015	
14	Municipality Resolution	Municipality of Manapla	January 28, 2014	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
15	Environmental Compliance Certificate	DENR	April 24, 2015	
16	Letter approval of amendment of project proponent in connection with Environmental Compliance Certificate dated April 24, 2015	DENR	July 27, 2016	
17	Environmental Compliance Certificate	DENR	July 11, 2014	
18	Letter approval of amendment of area of Environmental Compliance Certificate	DENR	January 30, 2015	
19	Letter approval of amendment of area of Environmental Compliance Certificate	DENR	May 28, 2015	
20	BIR Certificate of Registration	BIR	July 2, 2015	
22	DOE Certificate of Registration	DOE	September 11, 2015	
23	DOE Approval of Assignment of Solar Energy Service Contract from SACASOL to ISLASOL	DOE	August 27, 2015	
24	DOE Certificate of Endorsement on Capital Equipment Importation under R.A. No. 9513	DOE	November 5, 2015	
25	DOE Confirmation of Commerciality	DOE	December 9, 2015	
26	Certificate of Endorsement re: Consistency of Manapla Solar Power Plant with PDP	DOE	May 19, 2016	
27	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" San Enrique Switching Station	NGCP	January 25, 2015	
28	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	February 16, 2016	
29	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	March 2, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
30	Provisional Certificate of Apprroval to Connect ISLASOL re: 27.2 MWp AC "ISLASOL II" Solar Power Plant Project	NGCP	March 4, 2016	
31	Confirmation of Commerciality	DOE	March 14, 2016	
32	Confirmation of Commerciality	DOE	November 10, 2015	
33	ERC Certificate of Compliance	ERC	June 5, 2017	Valid for 5 years
34	Connection Agreement between NGCP and ISLASOL	NGCP	[2015]	
35	Metering Service Agreement between NGCP and ISLASOL	NGCP	September 29, 2016	
36	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 5, 2016	
37	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 19, 2016	
38	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 24, 2016	
39	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	March 7, 2016	
40	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016	
41	ERC Certificate of Compliance	ERC	April 29, 2016	
42	PEMC Approval of Registration of ISLASOL	PEMC	February 29, 2016	
43	Market Participation Agreement for Direct WESM Members	PEMC	February 16, 2016	
44	Approval of WESM Registration of ISLASOL III Solar Power Plant as Additional Facility of ISLASOL	PEMC	March 2, 2016	
45	PEMC Acknowledgment of Start of WESM Participation	PEMC	October 18, 2016	
46	Connection Agreement between NGCP and ISLASOL	NGCP	May 24, 2016	
47	Metering Service Agreement between NGCP and ISLASOL	NGCP	October 7, 2016	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
48	Metering Service Agreement between NGCP and ISLASOL	NGCP	[2016]	
49	Transmission Service Agreement between NGCP and ISLASOL	NGCP	[2016]	
50	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016	
51	ERC Certificate of Compliance	ERC	July 10, 2017	
52	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	January 15, 2016	
53	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	January 16, 2016	
54	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	March 2, 2016	
55	Provisional Certificate of Approval to Connect ISLASOL II	NGCP	March 4, 2016	
56	Certificate of Approval to Connect ISLASOL II	NGCP	July 22, 2016	
57	Certificate of Approval to Connect ISLASOL	NGCP	September 16, 2016	
58	Certificate of Approval to Connect ISLASOL II	NGCP	November 8, 2016	
59	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 5, 2016	
60	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	February 19, 2016	
61	Provisional Certificate of Apprroval to Connect ISLASOL III	NGCP	February 24, 2016	
62	Provisional Certificate of Approval to Connect ISLASOL III	NGCP	March 7, 2016	
63	Certificate of Approval to Connect ISLASOL	NGCP	February 22, 2017	
64	Certificate of Approval to Connect ISLASOL III	NGCP	August 2, 2017	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
65	Certificate of Approval to Connect ISLASOL III	NGCP	January 25, 2018	
66	MARO Certification that lot is within Agro-Industrial Zone	DAR	August 19, 2015	
67	Certificate of Eligibility for Reclassification of Agricultural Lands	DAR	June 23, 2015	
68	PARO Clearance re: right of retention of landowners (Lot 321-B)	DAR	July 11, 2012	
69	PARO Clearance re: right of retention of landowners (Lot 322-B)	DAR	July 11, 2012	
70	Endorsement of Application for Land Conversion	Office of the Governor, Province of Negros Occidental	August 27, 2015	
71	MARO Letter of No Objection to Application for Conversion	DAR	August 18, 2015	
72	Endorsement of Application for Land Conversion	Office of Mayor, Municipality of Manapla	August 17, 2015	
73	PARO Letter of No Objection to Application for Conversion	DAR	August 19, 2015	
74	DAR Certification of Pending Application for Conversion	DAR	July 8, 2015	
75	BIR Certificate of Registration	BIR	July 2, 2015	
76	Certificate of Registration	Province of Negros Occidental	February 13, 2020	January 25, 2021
77	Business Permit	Municipality of Manapla	August 12, 2020	December 31, 2020
78	Fire Safety Inspection Certificate	Manapla Fire Station	July 8, 2020	1 year validity
79	Establishment Report	Regional Tripartite Wages and Productivity Board	January 26, 2018	

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
80	Audited Financial Statements for 2018	BIR	April 29, 2019	