



FINAL OFFER SUPPLEMENT

**Up to ₱6,000,000,000.00 Fixed Rate Bonds
with an Oversubscription Option of up to ₱6,000,000,000.00
Second Tranche under its ₱30,000,000,000.00 Debt Securities
Program**

**Series B: 3.9992% 4-Year Bonds Due 2025
Series C: 5.0283% 7-Year Bonds Due 2028**

Offer Price: 100% of Face Value

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

Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners for the Second Tranche:



Selling Agents

RCBC Capital Corporation

Union Bank of the Philippines

The date of this Final Offer Supplement is 12 November 2021

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE COVERING ₱30.0 BILLION OF SECURITIES. OF SUCH AMOUNT, ₱8.0 BILLION OF SECURITIES WERE ISSUED ON 16 MARCH 2021. THIS REGISTRATION STATEMENT IS ACCESSIBLE AT [HTTPS://ABOITIZPOWER.COM/WP-CONTENT/UPLOADS/ABOITIZPOWER-REGISTRATION-STATEMENT-FOR-THE-FIRST-TRANCHE-OF-BONDS.PDF](https://aboitizpower.com/wp-content/uploads/aboitizpower-registration-statement-for-the-first-tranche-of-bonds.pdf).

THE SEC HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS FINAL OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. THE COMPANY TAKES FULL RESPONSIBILITY FOR THE ACCURACY, COMPLETENESS, AND TIMELINESS OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

Final Offer Supplement



(A corporation duly organized and existing under Philippine laws)

ABOITIZ POWER CORPORATION
32nd STREET, BONIFACIO GLOBAL CITY
1634 TAGUIG CITY, METRO MANILA, PHILIPPINES
TELEPHONE NUMBER: (632) 8886-2800

This Final Offer Supplement (this “**Offer Supplement**”) relates to the offer by Aboitiz Power Corporation (“**AboitizPower**”, the “**Issuer**”, or the “**Company**”) of bonds in the principal amount of up to ₱6,000,000,000.00 (the “**Base Offer**”), with an oversubscription option of up to ₱6,000,000,000.00 (the “**Oversubscription Option**” together with the Base Offer, the “**Offer**” or the “**Second Tranche Bonds**”) to be issued as the second tranche of the Issuer’s ₱30,000,000,000.00 Debt Securities Program (the “**Debt Securities Program**”). In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period (as defined below), the Second Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under the Debt Securities Program and may be issued in tranches within three years from the date of the effectivity of the registration statement covering the Debt Securities Program (the “**Shelf Period**”), subject to any extension as may be granted by the SEC.

The Debt Securities Program was authorized by a resolution of the Board of Directors of the Company dated 14 December 2020. A registration statement covering the Debt Securities Program was filed by the Company on 18 December 2020 and was rendered effective by the Securities and Exchange Commission (“**SEC**”) through an Order of Registration and Certificate of Permit to Offer Securities for Sale, SEC MSRD Order No. 3, Series of 2021, dated 1 March 2021 (the “**Shelf Registration**”). The first tranche under the Debt Securities Program in the aggregate principal amount ₱8,000,000,000.00 was issued on 16 March 2021 with a fixed interest rate of 3.8224% per annum under a prospectus dated 26 February 2021 (the “**Prospectus**”) and a permit to sell issued by the SEC on 1 March 2021.

The Series B Second Tranche Bonds shall have a term of four (4) years from the Issue Date, or on 2 December 2025, with a fixed interest rate of 3.9992% per annum and an early redemption on the 2nd and 3rd anniversary of such Series B Second Tranche Bonds, and in each case, the immediately succeeding Banking Day if such date is not a Banking Day (the “**Series B Bonds**”). The Series C Second Tranche Bonds shall have a term of seven (7) years from the Issue Date, or on 2 December 2028, with a fixed interest rate of 5.0283% per annum and an optional redemption on the 4th, 5th, and 6th anniversary of such Series C Second Tranche Bonds, and in each case, the immediately succeeding Banking Day if such date is not a Banking Day] (the “**Series C Bonds**”). Interest on the Second Tranche Bonds shall be payable quarterly in arrear on 2 March, 2 June, 2 September, and 2 December of each year while such Second Tranche Bonds are outstanding, or the subsequent Banking Day without adjustment if such Interest Payment Date is not a Banking Day. The last Interest Payment Date shall fall on the relevant Maturity Dates of the Second Tranche Bonds (see “Description of the Offer” – “*Interest*” on page 63 of this Offer Supplement).

The Second Tranche Bonds shall be repaid at maturity at par (or 100% of face value) on the relevant Maturity Dates, unless the Company exercises its early redemption option in accordance with the conditions therefor (see “Description of the Offer” – “*Redemption and Purchase*” on pages 63-64 of this Offer Supplement).

Upon issuance, the Second Tranche Bonds shall constitute the direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all

other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by law, (ii) any obligation incurred by the Issuer pursuant to Section 4.1(k) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Second Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds (see "Description of the Offer" – "Ranking" on page 62 of this Offer Supplement).

The Second Tranche Bonds have been rated PRS Aaa with a Stable Outlook by Philippine Rating Services Corporation ("PhilRatings") on 30 September 2021. PRS Aaa is the highest rating assigned by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. A Stable Outlook means that the rating is likely to be maintained or to remain unchanged in the next twelve months.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The Second Tranche Bonds are offered to the public at face value through the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners named below with the Philippine Depository & Trust Corp. ("PDTTC") as the Registrar of the Second Tranche Bonds. The Second Tranche Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Second Tranche Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

AboitizPower intends to list the Second Tranche Bonds on a securities exchange licensed with the Securities and Exchange Commission ("SEC") and has initiated discussions with the Philippine Dealing & Exchange Corporation ("PDEX") for this purpose. However, there is no assurance that such a listing will actually be achieved either before or after the Issue Date or whether such a listing will materially affect the liquidity of the Second Tranche Bonds on the secondary market. Such listing would be subject to the Company's execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

AboitizPower expects to raise gross proceeds of ₱6,000,000,000.00 from the Base Offer and ₱12,000,000,000.00 assuming the full exercise of the Oversubscription Option. The net proceeds from the Base Offer is estimated to be ₱5,915,239,500.00, or ₱11,839,848,600.00 assuming the full exercise of the Oversubscription Option, after deducting fees, commissions, and expenses relating to the issuance. Proceeds of the Offer shall be used by the Issuer to partially fund the equity contributions for the construction of the 74-MW solar power plant in Pangasinan province, refinance the 2020 Series E Bonds maturing in 2022, and fund future renewable projects, which are discussed further in the section entitled "Use of Proceeds" on page 49 of this Offer Supplement. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall receive an aggregate fee of up to 0.45% inclusive of gross receipts tax ("GRT") on the final aggregate nominal principal amount of the Second Tranche Bonds issued, which is inclusive of underwriting fees and selling commissions to be paid.

After the close of the Offer and within three (3) years following the date on which the Debt Securities Program is rendered effective, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Bonds covered by the Debt Securities Program, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the SRC.

However, there can be no assurance in respect of: (i) whether AboitizPower would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by AboitizPower to offer such Bonds will depend on a number of factors at the relevant time, many of which are not within AboitizPower's control, including but not limited to: prevailing interest rates, the financing requirements of AboitizPower's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

All disclosures, reports, and filings of the Company and submitted to the SEC, PSE, and the PDEX pursuant to the Revised Corporation Code, the Securities Regulation Code, and the Revised Disclosure Rules of the PSE and the Disclosure Rules of the PDEX (“Company Disclosures”), and information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at: <https://abotizpower.com/wp-content/uploads/AbotizPower-Registration-Statement-for-the-First-Tranche-of-Bonds.pdf>. Investors should review all information contained in the Prospectus, this Offer Supplement, and the Company Disclosures.

AboitizPower confirms that this Offer Supplement contains all material information relating to the Company, its Subsidiaries and Affiliates, as well as all material information on the issue, offering of, and the Second Tranche Bonds as may be required by Applicable Law. No facts have been omitted that would make any statement in this Offer Supplement misleading in any material respect. AboitizPower confirms that it has made all reasonable inquiries with respect to any information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Offer Supplement. AboitizPower, however, has not independently verified any or all such publicly available information, data or analysis.

The prices of securities can and do fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the Second Tranche Bonds described in this Offer Supplement involves a certain degree of risk.

In deciding whether to invest in the Second Tranche Bonds, a prospective purchaser of the Second Tranche Bonds (a “**Prospective Bondholder**”) should, therefore, carefully consider all the information contained in this Offer Supplement, including but not limited to, several factors inherent to the Company, which includes significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in “*Risk Factors and Other Considerations*” section on page 36 of this Offer Supplement), and those risks relevant to the Philippines vis-à-vis risks inherent to the Second Tranche Bonds.

Neither the delivery of this Offer Supplement nor any sale made pursuant to the Offer shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Offer Supplement is accurate, complete or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of AboitizPower since the date of this Offer Supplement.

The contents of this Offer Supplement are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Offer Supplement acknowledges that it/he/she has not relied on the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners or any person affiliated therewith in its/his/her investigation of the accuracy of any information found in this Offer Supplement or in its/his/her investment decision. Prospective Bondholders should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial, and related aspects of the purchase of the Second Tranche Bonds, among others. It bears emphasis that investing in the Second Tranche Bonds involves certain risks. It is best to refer again to the section on “*Risk Factors and Other Considerations*” on page 36 of this Offer Supplement for a discussion of certain considerations with respect to an investment in the Second Tranche Bonds.

No person or group of persons has been authorized by AboitizPower or the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners to give any information or to make any representation concerning AboitizPower or the Second Tranche Bonds other than as contained in this Offer Supplement and, if given or made, any such other information or representation should not be relied upon as having been authorized by AboitizPower or the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

AboitizPower is organized under the laws of the Philippines. Its principal office is at 32nd Street, Bonifacio Global City, 1634 Taguig City, Metro Manila, Philippines with telephone number (+632) 8886-2800.

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

ABOTIZ POWER CORPORATION



EMMANUEL V. RUBIO
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this 12 November 2021 affiant exhibiting to me his [REDACTED]

Doc. No. 193;
Page No. 40;
Book No. XV;
Series of 2021.



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021

NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025311, January 6, 2021, Taguig City
IBP OR No. 144348, January 6, 2021
Roll No. 63289
MCLE Compliance No. VI-0011090

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FORWARD LOOKING STATEMENTS

This Offer Supplement contains certain “forward-looking statements” that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements can generally be identified by use of statements that include words or phrases such as AboitizPower or its management “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, “targets” or other words or phrases of similar import. Similarly, statements that describe AboitizPower’s objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of AboitizPower include, among others:

- General economic and business conditions in the Philippines;
- The Company’s management’s expectations and estimates concerning its future financial performance;
- The Company’s capital expenditure program and other liquidity and capital resources requirements;
- The Company’s level of indebtedness;
- Increasing competition in the industry in which the Company, its Subsidiaries and its Affiliates operate;
- Industry risk, including price and regulatory risk in the areas in which the Company, its Subsidiaries, and its Affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company, its Subsidiaries, and its Affiliates operate;
- Changes in political conditions in the Philippines;
- Inflation in the Philippines and any devaluation of the Philippine Peso; and
- The risk factors discussed in this Offer Supplement as well as other factors beyond the Company’s control.

For further discussion of such risks, uncertainties and assumptions, see “*Risk Factors and Other Considerations*” on page 36 of this Offer Supplement. Prospective Bondholders are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Offer Supplement, and AboitizPower undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

None of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners takes any responsibility for, or gives any representation, warranty or undertaking in relation to, any such forward-looking statement.

DEFINITION OF TERMS

2020 Bonds	Fixed-rate bonds issued by AboitizPower on 6 July 2020 in two series: (a) 3.125% Series E Bonds, with a term of two (2) years from issue date and in the aggregate amount of ₱9,000,000,000.00 (the “2020 Series E Bonds”); and (b) 3.935% Series F Bonds, with a term of five (5) years from issue date in the aggregate amount of ₱550,000,000.00 (the “2020 Series F Bonds”)
AA Thermal	AA Thermal, Inc.
Aboitiz Group	ACO and the companies or entities in which ACO has a beneficial interest and over which ACO, directly or indirectly, exercises management control, including, without limitation, AEV, AboitizPower, and their respective Subsidiaries and Affiliates
AboitizLand	Aboitiz Land, Inc.
AboitizPower	Aboitiz Power Corporation also referred to as the “Company”, the “Parent Company” or the “Issuer”
AboitizPower Group or the Group	AboitizPower and its Subsidiaries
Abovant	Abovant Holdings, Inc.
AC Energy	AC Energy and Infrastructure Corporation
ACI	Aboitiz Construction, Inc. (Formerly: Aboitiz Construction Group, Inc.)
ACO	Aboitiz & Company, Inc.
AdventEnergy	Adventenergy, Inc.
AESI	Aboitiz Energy Solutions, Inc.
AEV	Aboitiz Equity Ventures Inc.
AEV Group	AEV and its Subsidiaries
Affiliate	With respect to any Person, any other Person directly or indirectly Controlled, or is under common Control by such Person
Aggregator	Refers to a person or entity, engaged in consolidating electric power demand of end-users in the contestable market, for the purpose of purchasing and reselling electricity on a group basis
AFS	Available-for-Sale
Ambuklao-Binga Hydroelectric Power Plant Complex	Refers to SNAP-Benguet’s 105-MW Ambuklao HEPP located in Bokod, Benguet and 140-MW Binga HEPP in Itogon, Benguet

Anti-Money Laundering Laws of the Philippines	RA No. 9160, as amended by RA No. 9194, RA No. 10167, and RA No. 11521, and BSP Circular Nos. 251, 253, 279, 527, 564, 608, 612, and 706, and all other amendatory and implementing law, regulation, jurisprudence, notice, or order of any Government Authority body relating thereto
Applicable Law	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority
Applicant	A Person who shall duly accomplish the Application as defined herein and who shall deliver the same to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners in accordance with the Issue Management and Underwriting Agreement
Application or Application to Purchase	The form actually accomplished and submitted by the Applicant for the purchase of the Second Tranche Bonds
APX1	Aboitiz Power Distributed Energy, Inc.
APX2	Aboitiz Power Distributed Renewables Inc.
APRI	AP Renewables, Inc.
ARI	Aboitiz Renewables, Inc.
Articles of Incorporation	Document filed with the SEC by all corporations organized under the laws of the Philippines which contains the name of the corporation, its specific purpose, its principal place of business, its corporate term, details of incorporators and directors and the amounts of its authorized capital stock, amount of subscribed capital and paid-up capital stock
AS	Ancillary Services
Aseagas	Aseagas, Inc.
ASEAN	Association of Southeast Asian Nations
ASPA	Ancillary Services Purchase Agreement
Associate	Refers to an entity over which the Aboitiz Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies
Bakun AC Plant	The 74.8-MW Bakun run-of-river HEPP of LHC located in Ilocos Sur
Banking Day	Any day other than Saturday, Sunday and public holidays, on which commercial banks in Taguig City and Makati City and the Philippine Clearing House Corporation are generally open for the transaction of business; provided, that all other days otherwise specified herein shall mean calendar

days which shall be construed as successive periods of twenty-four (24) hours each

BCM	Business Continuity Management
BCQ	Bilateral Contract Quantity
BDO	BDO Unibank, Inc.
BDO Capital	BDO Capital & Investment Corporation
Balamban Enerzone	Balamban Enerzone Corporation
Binga Plant	The 140-MW Binga HEPP of SNAP-Benguet located in Itogon, Benguet
BIR	Bureau of Internal Revenue
bn	Billion
Board	The Board of Directors of AboitizPower, unless context clearly provides otherwise
Bondholder	A Person whose name appears, at the relevant time, Second Tranche Bonds in the Register of Bondholders as the registered owner of the Second Tranche Bonds
Bonds	The unsecured fixed-rate Peso-denominated retail bonds in the aggregate principal amount of ₱30,000,000,000.00 to be issued in several tranches under the Debt Securities Program
BOT	Build-Operate-Transfer
BPI	Bank of the Philippine Islands
BPI Capital	BPI Capital Corporation
Brownfield	Power generation projects undertaken to expand, rehabilitate, and/or maintain existing assets
BSP	Bangko Sentral ng Pilipinas
Bunker C	A term used to designate the thickest of the residual fuels that is produced by blending oil remaining at the end of the oil-refining process with lighter oil
BCP	Refers to business continuity plans which are plans formulated in order to address newly identified scenarios triggered by changing risks and issues that the Company faces
Business Unit	A Subsidiary or an Affiliate of AboitizPower
Bylaws	Document which contains the rules governing the internal management of a corporation

CA	Court of Appeals
CBA	Collective Bargaining Agreement
CBAA	Central Board of Assessment Appeals
CEDC or Cebu Energy	Cebu Energy Development Corporation
CFB	Circulating-Fluidized-Bed
China Bank Capital	China Bank Capital Corporation
CIPDI	Cebu Industrial Park Developers, Inc.
Cleanergy	Cleanergy, Inc., formerly the Northern Mini Hydro Corporation
COC	Certificate of Compliance
Consolidated Equity	The total stockholders' equity of the Issuer as recognized and measured in its fiscal year-end audited consolidated financial statements and quarter-end unaudited consolidated financial statements, as may be applicable and available in accordance with Applicable Law, both in conformity with PFRS
Contestable Customer	An electricity end-user who has a choice of a supplier of electricity, as may be determined by the ERC in accordance with RA No. 9136 or the EPIRA
Control	The possession, directly, or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over fifty percent (50.0%) of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person, and "Controlling" and "Controlled" have corresponding meanings
COVID-19	Novel coronavirus disease 2019
Corporation	As defined in the Revised Corporation Code, an artificial being created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incident to its existence
CORTT	Certificate of Tax Residence for Tax Treaty Relief
Cotabato Light	Cotabato Light and Power Company
CPCN	Certificate of Public Convenience and Necessity
CPPC	Cebu Private Power Corporation
CREATE Law	Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act

CSA	Corporate Sustainability Assessment
CSEE	Contract for the Supply of Electric Energy
CSP	Competitive Selection Process
CSR	Corporate Social Responsibility
Current Ratio	The ratio of total current assets over total current liabilities of the Issuer
Davao Light	Davao Light & Power Company, Inc.
Debt Securities Program or the Program	The shelf registration of AboitizPower in the aggregate principal amount of up to ₱30,000,000,000.00 filed on 18 December 2021 and rendered effective by the SEC on 1 March 2021
DENR	Department of Environment and Natural Resources
Distribution Companies or Distribution Utilities	Balamban Enerzone, Cotabato Light, Davao Light, Lima Enerzone, Malvar Enerzone, Mactan Enerzone, Subic Enerzone, SFELAPCO, and Visayan Electric
DOE	Department of Energy
DSOAR	Distribution Services and Open Access Rules
DST	Documentary Stamp Tax
DTL	Deferred Income Tax Liabilities
Early Redemption Premium	The additional amount the Issuer will pay if it prepays the Second Tranche Bonds and computed as the following amount multiplied by the outstanding amount of the Second Tranche Bonds being redeemed:

Series B Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
2 nd year from Issue Date and every Interest Payment Date thereafter before the 3 rd anniversary of the Issue Date	101.00%
3 rd year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

Series C Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
4 th year from Issue Date and every Interest Payment Date	102.00%

thereafter before the 5th anniversary of the Issue Date	
5 th year from Issue Date and every Interest Payment Date thereafter before the 6th anniversary of the Issue Date	101.00%
6 th year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

EAUC	East Asia Utilities Corporation
EBITDA	Represents net income after adding provisions for income tax, depreciation, amortization, and net financial expense, and netting out extraordinary items such as foreign exchange differential and one-off gains or losses on disposal of major assets. EBITDA is not required by, and is not a measure of performance under, PFRS. Because there are various EBITDA calculation methods, the Group's presentation of these measures may not be comparable to similarly titled measures used by other companies
ECC	Environmental Compliance Certificate
El Paso Philippines	El Paso Philippines Energy Company, Inc.
EMB	Environmental Management Bureau
Enerzone Companies	A term collectively referring to Balamban Enerzone, Lima Enerzone, Malvar Enerzone, Mactan Enerzone, and Subic Enerzone, the Distribution Utilities operating within special economic zones
EO	Executive Order
EPC	Engineering, Procurement, and Construction
EPIRA	RA No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001, as may be amended from time to time, and including the rules and regulations issued thereunder
EPPA	Energy Power Purchase Agreement
ERB	Energy Regulatory Board
ERC	Energy Regulatory Commission
ERC-IU or IU	Investigation Unit of the ERC
ESA	Energy Supply Agreement
ESG	Environment, social, and governance
Events of Default	Those events defined as such under the Trust Agreement

Evonik Steag	Evonik Steag GmbH
Forex	Foreign exchange
First Metro	First Metro Investment Corporation
FIT	Feed-in-Tariff
FIT-All	FIT-Allowance
GCGI	Green Core Geothermal Incorporated
GDP	Gross Domestic Product
Generation Companies or Generation Group	APRI, CEDC, CPPC, EAUC, GMEC, Hedcor, Hedcor Sibulan, Hedcor Sabangan, Hedcor Tudaya, Hedcor Bukidnon, LHC, PEC, SNAP-Benguet, SNAP-Magat, SPPC, STEAG Power, TSI, TVI, and WMPC
Global Formosa	Global Formosa Power Holdings, Inc.
Global Power	Global Business Power Corporation
GMEC	GNPower Mariveles Energy Center Ltd. Co. (formerly GMCP)
GMCP	GNPower Mariveles Coal Plant Ltd. Co.
GNPD or GNPower Dinginin	GNPower Dinginin Ltd. Co.
Government	The Government of the Republic of the Philippines
Government Authority	The Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the Government, and any national agency or body vested with jurisdiction or authority over any Person
GOCC	Government-owned-or-controlled corporations
Greenfield	Power generation projects that are developed from inception on previously undeveloped sites
Grid	As defined in the Implementing Rules and Regulations of the EPIRA, it is the high voltage backbone system of interconnected transmission lines, substations and related facilities located in each of Luzon, Visayas, and Mindanao or as may be otherwise determined by ERC in accordance with Section 45 of the EPIRA
GWh	Gigawatt-hour, or one mn kilowatt-hours
HEDC	Hydro Electric Development Corporation

Hedcor	Hedcor, Inc.
Hedcor Bukidnon or HBI	Hedcor Bukidnon, Inc.
Hedcor Group	Luzon Hydro Corporation, Hedcor, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, and Hedcor Tudaya
Hedcor Sabangan	Hedcor Sabangan, Inc.
Hedcor Sibulan	Hedcor Sibulan, Inc.
Hedcor Tudaya	Hedcor Tudaya, Inc.
HEPP	Hydroelectric Power Plant
IAR	Industrial All Risks insurance
IEMOP	Independent Electricity Market Operation of the Philippines, Inc.
IMEM	Interim Mindanao Electricity Market
Indebtedness	<p>(1) All indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements;</p> <p>(2) All indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and</p> <p>(3) Capitalized lease obligations of the Issuer</p>
IPO	Initial Public Offering
IPP	Independent Power Producer
IPPA	Independent Power Producer Administrator
IRR	Implementing Rules and Regulations
ISMS	Information Security Management System
ISO	International Organization for Standardization
Issue Management and Underwriting Agreement	Issue Management and Underwriting Agreement dated 10 November 2021 entered into between the Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners in relation to Second Tranche Bonds

Issue Date	2 December 2021, or the immediately succeeding Banking Day if such Issue Date is not a Banking Day, or such later date as may be mutually determined by the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners for the issuance of the Second Tranche Bonds. In the event that the original Issue Date is moved to the succeeding Banking Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date
Issue Price	At par, which is equal to the face value of the Second Tranche Bonds
ITH	Income tax holiday
Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	BDO Capital, China Bank Capital, First Metro, and SB Capital
Joint Venture	Refers to a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control
kV	Kilovolt, or one thousand volts
kW	Kilowatt, or one thousand watts
kWh	Kilowatt-hour, the standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
LBAA	Local Board of Assessment Appeals
Lima Enerzone	Lima Enerzone Corporation
LISP	Light & Industry Science Park
LGC	RA No. 7160, otherwise known as the Local Government Code, as may be amended from time to time, and including the rules and regulations issued thereunder
LGU	Local Government Unit
LHC	Luzon Hydro Corporation
Lien	With respect to any Person, any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of such Person
Lima Land	Lima Land, Inc.
LTC	Lima Technology Center

Maaraw San Carlos	Maaraw Holdings San Carlos, Inc.
Magat Plant	The Magat HEPP of SNAP-Magat located at the border of Isabela and Ifugao provinces
Majority Bondholders	At any time, the relevant Bondholders of the Second Tranche Bonds who hold, represent or account for at least fifty percent (50%) plus one peso (₱1.00) of the aggregate outstanding principal amount thereof; provided that, in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series B Bonds, holders of Series B Bonds, exclusively, will be considered for quorum and approval purposes and in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series C Bonds, holders of Series C Bonds, exclusively, will be considered for quorum and approval purposes
Malvar Enerzone	Malvar Enerzone Corporation
Master Certificates of Indebtedness	Refers to the certificates representing the Series B Bonds and Series C Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders
Material Adverse Effect	a material adverse effect on the ability of the Issuer to perform or comply with any of its material obligations, or to exercise any of its material rights, under the Trust Agreement, the Issue Management and Underwriting Agreement or the Bonds.
Maturity Date	The date at which the Series B Bonds and Series C Bonds shall be redeemed by the Issuer by paying the principal amount thereof, and which date is, for the Series B Bonds, 4 years from the Issue Date or on 2 December 2025 and, for the Series C Bonds, 7 years from Issue Date or on 2 December 2028; provided that, in the event that the Maturity Date falls on a day that is not a Banking Day, the Maturity Date shall be the immediately succeeding Banking Day, without adjustment to the amount of interest to be paid
MEPZ I	Mactan Export Processing Zone I
MEPZ II	Mactan Export Processing Zone II
Mactan Enerzone	Mactan Enerzone Corporation
MCIAA	Mactan Cebu International Airport Authority
MERALCO	Manila Electric Company
MGen	Meralco PowerGen Corporation
mn	Million
MOA	Memorandum of Agreement
MORE	Manila-Oslo Renewable Enterprise, Inc.

MSK	Matuwid na Singil sa Kuryente Consumer Alliance, Inc.
MW	Megawatt, or one mn watts
MWh or MW-h	Megawatt-hour
MWp	Megawatt-peak
MVA	Megavolt Ampere
NCR	National Capital Region of the Philippines
NEA	National Electrification Administration
Net Debt	The interest-bearing debt less cash, cash equivalents, and short-term investments of the Issuer
Net Debt to Consolidated Equity Ratio	The ratio of Net Debt to Consolidated Equity
NGCP	National Grid Corporation of the Philippines
NPC	National Power Corporation
NPPC	Naga Power Plant Complex
NREB	National Renewable Energy Board
NWRB	National Water Resources Board
Offer Period	Shall refer to the period commencing at 9:00 a.m. on 15 November 2021 and ending at 5:00 p.m. on 19 November 2021 or on such other dates as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree upon
Offer Supplement	This Offer Supplement relating to the takedown of the Second Tranche Bonds and the public offer for sale, distribution, and issuance by AboitizPower
Open Access or RCOA	Retail Competition and Open Access and as defined in EPIRA, refers to the provision of allowing any qualified user the use of transmission, and/or distribution system and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC
OT	Operational Technology
Pagbilao Plant or Pag1 and Pag2	Refers to the 700-MW (2x350 MW) coal-fired thermal power plant located in Pagbilao, Quezon
Pag 3	Refers to a third generating unit with a net capacity of 420 MW within the Pagbilao Plant facilities

PANC	Pilmico Animal Nutrition Corporation
PAO	Provisional Authority to Operate
PBR	Performance-based rate-setting regulation
PCC	Philippine Competition Commission
PCRM	Pricing and Cost Recovery Mechanism
PDEx	Philippine Dealing & Exchange Corp.
PDEx Rules	PDEx Rules for the Fixed Income Securities Market, as amended, and as the same may be revised from time to time, as well as all other related rules, guidelines, and procedures that may be issued by PDEx
PDS	Power Distribution System
PDTC	Philippine Depository & Trust Corp.
PEC	Pagbilao Energy Corporation
PEMC	Philippine Electricity Market Corporation
PEMC Board	PEMC Board of Directors
PEMC-ECO	Enforcement and Compliance Office of the Philippines Electricity Market Corporation
PERA	Personal Equity and Retirement Account
Person	An Individual, corporation, partnership, association, joint stock Company, trust, any unincorporated organization, or a government or political subdivision thereof
PEZA	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
PGC	Philippine Grid Code; promulgated by the ERC under the EPIRA, it establishes basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high-voltage backbone Transmission System in the Philippines
PGPC	Philippine Geothermal Production Company
Philippine Pesos or ₱	The lawful currency of the Philippines
PhilRatings	Philippine Ratings Services Corporation
PIPPA	Philippine Independent Power Producers Association, Inc.

PIS	Performance Incentive Scheme
PLC	Publicly Listed Company
Pmax	Maximum power point
Power Partners	Power Partners Ltd. Co.
PPA	Power Purchase Agreement
PPE	Property, Plant, Equipment
PRISM	Prism Energy, Inc.
PSA	Power Supply Agreement
PSALM	Power Sector Assets and Liabilities Management Corporation
PSC	Power Supply Contract
PSE	The Philippine Stock Exchange, Inc.
Public Offering	Refers to the random or indiscriminate offering of securities in general to anyone who will buy, whether solicited or unsolicited as per the SRC IRR
RA	Republic Act
RDWR	Rules for Setting Distribution Wheeling Rates
RE	Renewable Energy
Revised Corporation Code or RCC	RA No. 11232, otherwise known as the Revised Corporation Code of the Philippines, amending Batas Pambansa Blg. 68 (or the Corporation Code of the Philippines), and as may be further amended from time to time, and including the rules and regulations issued thereunder
Record Date	The cut-off date in determining Bondholders entitled to receive interest or principal amount due, as used with respect to any Payment Date shall mean the day which is two (2) Banking Days prior to the relevant Interest Payment Date; provided that if such day falls on a non-Banking Day, the Record Date shall be the Banking Day immediately preceding said date
Register of Bondholders	The electronic register which shows the legal title to the Second Tranche Bonds, maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement
Registrar and Paying Agent or the Registrar	Philippine Depository & Trust Corp.

Registration Statement	The Registration Statement covering the Debt Securities Program filed with the SEC on 18 December 2020, rendered effective by the SEC under MSRD Order No. 3, Series of 2021 on 1 March 2021, and expiring on 1 March 2024.
Registry and Paying Agency Agreement	Agreement dated 10 November 2021 entered into between the Company and the Registrar and Paying Agent in relation to the Second Tranche Bonds
Relevant Period	A period of 12 calendar months ending on the last day of any quarter of any of the Issuer's fiscal years for which financial statements have been disclosed in accordance with SEC regulations
Renewable Energy Act or RE Law	RA No. 9513, otherwise known as the Renewable Energy Act of 2008
REPA	Renewable Energy Payment Agreement
RES	Retail Electricity Supplier
RESA	Retail Electricity Supply Agreement
RORB	Return-on-Rate Base
RP Energy	Redondo Peninsula Energy, Inc.
RPS	Renewable Portfolio Standard
RPT	Real Property Tax
RTC	Regional Trial Court
Run-of-river hydroelectric plant	Hydroelectric power plant that generates electricity from the natural flow and elevation drop of a river
Sacasun	San Carlos Sun Power, Inc.
SBFZ	Subic Bay Freeport Zone
SBMA	Subic Bay Metropolitan Authority
SAIFI	System Average Interruption Duration Index
SAIDI	System Average Interruption Frequency Index
SB Capital	SB Capital Investment Corporation
SBU	Strategic Business Unit of the Aboitiz Group
SC	Supreme Court
SEC	The Securities and Exchange Commission of the Philippines

Second Tranche Bonds	Peso-denominated fixed-rate, Series B Bonds and Series C Bonds, comprising the second tranche of the Company's ₱30,000,000,000.00 Debt Securities Program and consisting of an aggregate principal amount of up to ₱6,000,000,000.00, with an Oversubscription Option of up to ₱6,000,000,000.00
Selling Agents	Institutions who are authorized under Philippine law to act as such and whose role is to help facilitate the sale and distribution of the Second Tranche Bonds. The Selling Agents for this Offer are each of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, RCBC Capital Corporation, and Union Bank of the Philippines.
Series B Bonds	The fixed rate bonds having a term ending four (4) years from the Issue Date, or on 2 December 2025, with a fixed interest rate of 3.9992% per annum
Series C Bonds	The fixed rate bonds having a term ending seven (7) years from the Issue Date, or on 2 December 2028, with a fixed interest rate of 5.0283% per annum
Subic Enerzone	Subic Enerzone Corporation
SFELAPCO	San Fernando Electric Light and Power Co., Inc.
SHAPES	Safety and Health Association of the Philippines Energy Sector Inc.
Shelf Period	A period of three years from the date of effectivity of the Registration Statement, subject to any extension as may be granted by the SEC, within which securities under the Debt Securities Program may be offered
SHES	Safety, Health, Environment and Security
Sibulan Project	Two run-of-river hydropower generating facilities tapping the Sibulan and Baroring rivers in Sibulan, Santa Cruz, Davao del Sur
SLA	Service Level Agreements
SN Power	SN Power Philippines, Inc.
SNAP – Benguet	SN Aboitiz Power – Benguet, Inc. (formerly, SN Aboitiz Power Hydro, Inc.)
SNAP – Magat	SN Aboitiz Power – Magat, Inc.
SN Aboitiz Power Group	Refers to the group of companies formed out of the strategic partnership between AboitizPower and SN Power; particularly, MORE and its Subsidiaries, including, SNAP-Benguet, SN Aboitiz Power-Gen, Inc., SN Aboitiz Power-RES, Inc., and SNAP-Magat
SPC	SPC Power Corporation
Spot Market Price	Price of electricity in the WESM, determined per hourly trading interval
SPPC	Southern Philippines Power Corporation

SPPC Plant	A 55-MW Bunker C-fired power plant owned and operated by SPPC
SRC	RA No. 8799, otherwise known as the Securities Regulation Code of the Philippines, as amended and may be amended from time to time, including the rules and regulations issued thereunder
SRC IRR	2015 Implementing Rules and Regulations of the SRC
STEAG Power	STEAG State Power, Inc.
Stranded Costs	As defined in the EPIRA, the excess of the contracted costs of electricity under eligible contracts over the actual selling price of the contracted energy output under such contracts. Eligible contracts are those approved by the ERB from 31 December 2000 onwards
Stranded Debt	As defined in the EPIRA, refers to any unpaid financial obligations of the National Power Corporation that have not been liquidated by the proceeds from the sale and privatization of its assets.
Subsidiary	In respect of any Person, any entity (i) over fifty percent (50.0%) of whose capital is owned directly by that Person; or (ii) for which that Person may nominate or appoint a majority of the members of the board of directors or such other body performing similar functions
Tax Code	Presidential Decree No. 1158, otherwise known as the National Internal Revenue Code, as amended and may be further amended from time to time, including the rules and regulations issued thereunder
TCIC	Taiwan Cogeneration International Corporation
TCFD	Task Force on Climate-Related Financial Disclosures
TeaM Energy	TeaM Energy Corporation
TeaM Philippines	TeaM Philippines Industrial Power II Corporation (formerly Mirant (Phils.) Industrial Power II Corp.)
THC	Tsuneishi Holdings (Cebu), Inc.
Tiwi-MakBan	Tiwi-MakBan Geothermal Complex, composed of twelve (12) geothermal plants and one (1) binary plant, located in the provinces of Batangas, Laguna and Albay
TLI	Therma Luzon, Inc.
TMI	Therma Marine, Inc.
TMO	Therma Mobile, Inc.
TPI	Therma Power, Inc.

TPVI	Therma Power-Visayas, Inc.
Transaction Date	with respect the incurrance of any loan obligation with a maturity of more than one (1) year, the date such loan obligation is incurred
Transco	National Transmission Corporation and, as applicable, NGCP, which is the Transco concessionaire
Treasury Transaction	any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer's treasury management
Trust Agreement	Trust Agreement dated 10 November 2021 entered into between the Company and the Trustee in relation to the Second Tranche Bonds
Trustee	BDO Unibank, Inc. – Trust and Investments Group
TRO	Temporary Restraining Order
TSI	Therma South, Inc.
TVI	Therma Visayas, Inc.
TWh	Terawatt-hour
ULGPP	Unified Leyte Geothermal Power Plant
US\$ or USD or U.S. dollar	The lawful currency of the United States of America
VAT	Value Added Tax
VIGC	Vivant Integrated Generation Corporation
Visayan Electric	Visayan Electric Company, Inc.
Vivant	Vivant Energy Corporation
Vivant Group	Vivant and its Subsidiaries
WESM	Philippine Wholesale Electricity Spot Market
WESM Rules	Basic rules, requirements, and procedures that govern the operation of the Philippine electricity market that are promulgated by the DOE
WMPC	Western Mindanao Power Corporation
WMPC Plant	A 100-MW Bunker C-fired power station in Zamboanga City owned and operated by WMPC
YoY	Year-on-Year

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Offer Supplement. Because it is a summary, it does not contain all of the information that a Prospective Bondholder should consider before investing. Prospective Bondholders should read the entire Offer Supplement carefully, including the section entitled “Risk Factors and Other Considerations”, and the financial statements and the related notes to those statements included in this Offer Supplement, and disclosures made available to the general public in accordance with the relevant rules of the SEC and PSE.

The Offering

AboitizPower is offering the Second Tranche Bonds in an aggregate principal amount of up to ₱6,000,000,000.00, with an Oversubscription Option of up to ₱6,000,000,000.00. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Second Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under Shelf Registration and may be issued in tranches within the Shelf Period. The Oversubscription Option is exercisable by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, with the consent of the Issuer.

Investment Thesis

AboitizPower is a diversified, and experienced industry leader, with a strong financial position. These competitive strengths allow it to pursue its robust growth initiatives to meet the country’s energy needs. Its mission is to provide reliable power, at a reasonable price, with the least possible adverse effects on its environment and host communities.

The Company

AboitizPower is a publicly listed holding company. Its controlling shareholder, Aboitiz Equity Ventures Inc. (“AEV”), is a diversified conglomerate that is listed on the PSE and has interests in power, banking and financial services, food, infrastructure, and real estate. This relationship with AEV allows the Company to draw on the extensive business networks, local business knowledge, relationships and expertise of AEV’s and the Aboitiz Group’s senior managers to identify growth opportunities at an early stage and to capitalize on such opportunities more decisively.

The power generation business of AboitizPower is among the leaders in the Philippines in terms of attributable installed capacity.¹ Moreover, AboitizPower has the second largest distribution utility, in terms of captive customer connections and energy sales², the second largest (in terms of number of customers) and third largest (in terms of share in total retail market demand) RES company.³ AboitizPower is a pioneer in building and operation of run-of-river hydropower plants in the country. Today, through its renewable energy Subsidiaries, AboitizPower has the largest installed capacity of renewable energy under its market control.⁴

For a full discussion, please refer to the section on “*The Company*” on page 80 of this Offer Supplement.

History

Incorporated in 1998, AboitizPower has grown to become a leader in the Philippine power industry with interests in a number of privately-owned generation companies and distribution utilities. AEV owns 76.88% of the outstanding capital stock of AboitizPower as of 30 September 2021.

¹ Based on ERC Resolution No. 5-2021, dated 11 March 2021

² Based on DOE’s Distribution Development Plan 2016-2025

³ ERC Competitive Retail Electricity Market Monthly Statistical Data as of November 2020

⁴ Based on ERC Resolution No. 5-2021, dated 11 March 2021

Ownership in AboitizPower was opened to the public through an initial public offering (“IPO”) of its common shares in July 2007. Its common shares were officially listed in the PSE on 16 July 2007. As of 30 September 2021, the Company’s market capitalization was at ₱228.12 bn.

For a full discussion, please refer to the section on “*The Company*” on page 80 of this Offer Supplement.

Summary of Financial Information

The summary of financial and operating information presented below as at 31 December 2020, 2019, 2018, and 2017 and for each of the four years in the period ended 31 December 2020 were derived from the consolidated financial statements of AboitizPower, audited by SyCip Gorres Velayo & Co. (“SGV”) and prepared in accordance with Philippine Financial Reporting Standards (“PFRS”). The financial and operating information presented below as of 30 June 2021 and for the six (6)-month periods ended 30 June 2021 and 2020 were derived from the unaudited interim condensed consolidated financial statements of AboitizPower prepared in compliance with Philippine Accounting Standards (“PAS”) 34, “Interim Financial Reporting”.

The Group adopted PFRS 16, *Leases*, using the modified retrospective approach with the initial date of application of 01 January 2019. Amounts presented in the balance sheets and statements of income as of, and for the years ended, 31 December 2018 and 2017 are based on 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 comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented as of, and for the years ended, 31 December 2019 and 2020. Please refer to Note 2 of the Group’s audited consolidated financial statements, which are included as an Annex to this Offer Supplement, for the effect of the adoption of PFRS 16.

Prospective Bondholders should read the summary financial information below together with AboitizPower’s audited consolidated financial statements and unaudited interim condensed consolidated financial statements, including the Notes thereto, presented as an Annex and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 156 of this Offer Supplement. The information is not necessarily indicative of the results of the future operations.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	31 December 2019 (Audited)	31 December 2018 (Audited)	31 December 2017 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents	₱41,594,818	₱38,699,545	₱37,433,929	₱46,343,041	₱35,699,631
Trade and other receivables	24,969,345	22,017,309	21,747,422	21,721,776	17,359,828
Derivative assets	1,253,963	0	–	71,583	228,644
Inventories	7,588,846	6,308,200	6,632,029	6,690,453	5,643,607
Property held for sale	–	–	–	675,819	–
Other current assets	10,100,689	10,479,648	11,083,405	13,205,935	9,029,886
Total Current Assets	85,507,661	77,504,702	76,896,785	88,708,607	67,961,596
Noncurrent Assets					
Investments and advances	₱63,391,862	₱61,828,801	₱60,878,541	₱34,334,126	₱31,248,595
Property, plant and equipment	201,038,310	203,451,243	209,521,466	207,110,412	204,025,303
Intangible assets	44,800,144	44,279,386	46,712,501	46,165,494	46,344,658
Derivative assets – net of current portion	0	0	82,327	221,245	113,297
Available for sale investments	0	0	–	–	102,999
Financial assets at fair value through profit or loss (FVTPL)	3,906	3,906	3,906	101,441	–
Net pension assets	50,410	50,410	68,209	126,977	56,400
Deferred income tax assets	1,406,993	1,539,020	2,786,310	2,233,695	1,406,796
Other noncurrent assets	8,778,826	9,271,556	13,519,312	10,660,179	10,217,355
Total Noncurrent Assets	319,466,545	320,420,416	333,572,572	300,953,569	293,515,403
TOTAL ASSETS	₱404,974,206	₱397,925,118	₱410,469,357	₱389,662,176	₱361,476,999
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term loans	₱11,503,528	₱11,743,413	₱10,335,420	₱11,546,560	₱4,717,300
Current portions of:					
Long-term debts	25,571,412	17,254,213	10,386,311	8,697,404	20,692,751

Lease liabilities	7,501,571	7,104,181	5,486,745	4,131,059	3,316,165
Long-term obligation on power distribution system	40,000	40,000	40,000	40,000	40,000
Derivative liabilities	233,004	787,273	2,255,736	159,926	47,577
Trade and other payables	21,595,733	18,371,798	22,376,120	21,801,288	19,852,383
Income tax payable	525,150	722,715	510,137	438,783	646,115
Total Current Liabilities	₱66,970,398	₱56,023,593	₱51,390,469	₱46,815,020	₱49,312,291

Noncurrent Liabilities

Noncurrent portions of:

Long-term debts	₱153,294,779	₱160,067,119	₱167,585,311	₱149,360,287	₱131,360,749
Lease liabilities	28,982,139	32,158,796	39,302,899	42,763,296	45,909,089
Long-term obligation on power distribution system	154,484	143,436	159,350	173,496	186,071
Derivative liabilities – net of current portion	654,021	1,001,529	212,588	–	–
Customers' deposits	7,036,471	6,798,845	6,521,469	6,008,364	6,094,690
Decommissioning liability	5,112,476	5,008,033	3,567,492	3,678,810	2,959,060
Deferred income tax liabilities	601,948	745,214	848,471	858,290	912,601
Net pension liabilities	294,086	294,086	426,047	244,857	361,228
Other noncurrent liabilities	577,129	1,099,394	6,812,250	3,183,089	402,756
Total Noncurrent Liabilities	₱196,707,533	₱207,316,452	₱225,435,877	₱206,270,489	₱188,186,244
Total Liabilities	₱263,677,931	₱263,340,045	₱276,826,346	₱253,085,509	₱237,498,535

Equity Attributable to Equity Holders of the Parent

Paid-in capital	₱19,947,498	₱19,947,498	₱19,947,498	₱19,947,498	₱19,947,498
Net unrealized loss on AFS investments	–	–	–	–	-625
Share in net unrealized valuation gain on fair value through other comprehensive income (FVOCI) of an associate	98,602	98,602	101,727	101,727	124,121
Cumulative translation adjustments	466,041	-2,446,773	-994,253	525,916	113,637
Share in cumulative translation adjustments of associates and joint ventures	-348,316	-684,042	-153,485	321,139	-144,507
Actuarial losses on defined benefit plans	-1,239,184	-1,239,612	-923,833	-587,267	-601,461

Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures	7,676	8,748	-14,299	29,729	4,963
Acquisition of non-controlling interests	-6,321,325	-6,321,325	-6,321,325	-259,147	-259,147
Excess of cost of investments over net assets	-421,260	-421,260	-421,260	-421,260	-421,260
Loss on dilution	-433,157	-433,157	-433,157	-433,157	-433,157
Retained earnings					
Appropriated	20,060,000	33,660,000	33,660,000	34,060,000	34,060,000
Unappropriated	102,468,835	84,989,900	81,095,377	74,427,738	63,006,308
	₱134,285,410	₱127,158,579	₱125,542,990	₱127,712,916	₱115,396,370
Non-controlling Interests	7,010,865	7,426,494	8,100,021	8,863,751	8,582,094
Total Equity	141,296,275	134,585,073	133,643,011	136,576,667	123,978,464
TOTAL LIABILITIES AND EQUITY	₱404,974,206	₱397,925,118	₱410,469,357	₱389,662,176	₱361,476,999

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Six Months Ended June 30		Years Ended December 31			
	(Unaudited)		(Audited)			
	2Q 2021	2Q 2020	2020	2019	2018	2017
OPERATING REVENUES	₱60,351,117	₱53,031,854	₱110,376,649	₱125,635,157	₱131,572,084	₱119,391,303
OPERATING EXPENSES	₱47,270,654	₱41,996,330	₱83,496,762	₱96,779,283	₱95,075,402	₱85,217,574
FINANCIAL INCOME (EXPENSES)						
Interest income	191,675	405,295	653,076	1,291,703	880,085	927,012
Interest expense and other financing costs	-7,112,742	-7,197,123	-14,253,528	-14,047,646	-12,082,158	-11,247,780
	-₱6,921,067	-₱6,791,828	-₱13,600,452	-₱12,755,943	-₱11,202,073	-₱10,320,768
OTHER INCOME (EXPENSES)						
Share in net earnings of associates and joint ventures	5,229,505	979,818	2,675,136	3,813,962	4,356,825	4,697,864
Other income (expenses) – net	450,658	1,427,716	4,928,563	3,483,387	-1,292,311	-1,704,000
	₱5,680,163	₱2,407,534	₱7,603,699	₱7,297,349	₱3,064,514	₱2,993,864

INCOME BEFORE INCOME TAX	11,839,559	6,651,230	20,883,134	23,397,280	28,359,123	26,846,825
PROVISION FOR INCOME TAX	901,973	1,882,509	6,061,912	3,215,498	2,925,623	3,858,398
NET INCOME	₱10,937,586	₱4,768,721	₱14,821,222	₱20,181,782	₱25,433,500	₱22,988,427
ATTRIBUTABLE TO:						
Equity holders of the parent	₱10,133,749	₱3,736,940	₱12,577,676	₱17,322,677	₱21,707,603	₱20,416,442
Non-controlling interests	803,837	1,031,781	2,243,546	2,859,105	3,725,897	2,571,985
	₱10,937,586	₱4,768,721	₱14,821,222	₱20,181,782	₱25,433,500	₱22,988,427
EARNINGS PER COMMON SHARE						
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱1.38	₱0.51	₱1.71	₱2.35	₱2.95	₱2.77

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Six Months Ended June 30		Years Ended December 31			
	(Unaudited)		(Audited)			
	2Q 2021	2Q 2020	2020	2019	2018	2017
NET INCOME						
ATTRIBUTABLE TO:						
Equity holders of the parent	₱10,133,749	₱3,736,940	₱12,577,676	₱17,322,677	₱21,707,603	₱20,416,442
Non-controlling interests	803,837	1,031,781	2,243,546	2,859,105	3,725,897	2,571,985
	₱10,937,586	₱4,768,721	₱14,821,222	₱20,181,782	₱25,433,500	₱22,988,427
OTHER COMPREHENSIVE INCOME (LOSS)	3,366,494	-1,530,841	-2,823,607	-2,615,179	1,060,998	378,492
TOTAL COMPREHENSIVE INCOME	₱14,304,080	₱3,237,880	₱11,997,615	₱17,566,603	₱26,494,498	₱23,366,919
ATTRIBUTABLE TO:						
Equity holders of the parent	₱13,381,645	₱2,601,801	₱10,298,742	₱14,947,290	₱22,602,094	₱20,617,187
Non-controlling interests	922,435	636,079	1,698,873	2,619,313	3,892,404	2,749,732
	₱14,304,080	₱3,237,880	₱11,997,615	₱17,566,603	₱26,494,498	₱23,366,919

For a full discussion, please refer to the section on “Financial and Other Information” beginning on page 222 of this Offer Supplement.

Competitive Strengths

The Company believes that its principal strengths are the following:

- Strong track record in both power generation and distribution
- Ability to take advantage of expected strong power market fundamentals
- Power generation contracts that provide steady and predictable cash flow
- Benefits from renewable energy sources
- Dependable and growing sources of income from its power distribution businesses
- Strong financial position and the ability to obtain limited recourse and corporate level financing
- Established relationships with strategic partners
- Strong and experienced management team

For a full discussion, please refer to the section on “*Competitive Strengths*” on page 84 of this Offer Supplement.

Business Strategy

The Company’s business strategy is to increase shareholder value by developing new generation projects, selectively acquiring existing generating facilities, expanding its electricity-related services and continuing to improve the operational efficiency of its existing generation and distribution facilities. More specifically, the Company’s strategy includes the following:

- Expand the Company’s generation portfolio
- Contract the bulk of the Company’s attributable net sellable capacity and leverage the generating portfolio mix
- Expand the scope of the Company’s distribution business and continue to improve the operational efficiency of its existing distribution assets
- Maintain a high level of social responsibility in the communities in which the Company operates

For a full discussion, please refer to the section on “*Business Strategy*” beginning on page 86 of this Offer Supplement.

Risks of Investing

An investment in the Second Tranche Bonds involves a certain degree of risk. A Prospective Bondholder should carefully consider the following factors, in addition to the other information contained in this Offer Supplement, in deciding whether to invest in the Second Tranche Bonds.

Risks related to the Company’s business:

- Project Risk
- Regulatory Risk
- Reputation Risk
- Information Security Risk
- Business Interruption Due to Force Majeure, Natural Calamities, and Critical Equipment Breakdown
- Financial Risk
- Competition Risk
- Talent Risk
- Pandemic Risk
- Stranded Asset Risk
- Emerging Risk

Risks Related to the Philippines:

- A slowdown in the Philippines’ economic growth could adversely affect the Company
- Any political instability in the Philippines may adversely affect the Company

- Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business development

Risks Related to the Offer:

- Liquidity Risk
- Reinvestment Risk
- Pricing Risk
- Retention of Ratings Risk
- Suitability of Investment
- Bonds have no preference under Article 2244(14) of the Civil Code

For a full discussion, please refer to the section on “*Risk Factors and Other Considerations*” on page 36 of this Offer Supplement.

This Offer Supplement contains forward-looking statements that involve risks and uncertainties. AboitizPower adopts what it considers conservative financial and operational controls and policies to manage its business risks. AboitizPower’s actual results may differ significantly from the results discussed in the forward-looking statements. See section “*Forward-Looking Statements*” on page 2 of this Offer Supplement. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of AboitizPower, in particular, and those that pertain to the overall political, economic, and business environment, in general.

CAPITALIZATION

The table below presents a summary of the short-term debts, long-term debts, and capitalization of the Group as of 30 June 2021 and as adjusted to reflect the issue of the Second Tranche Bonds. The net proceeds from the Offer are estimated to be ₱5,915,239,500.00, or ₱11,839,848,600.00 assuming the full exercise of the Oversubscription Option, after deducting fees, commissions, and expenses relating to the issuance. The proceeds of the Offer will be used by the Issuer to refinance the 2020 Series E Bonds maturing in 2022, partially fund the equity contributions for the construction of the 74-MW solar power plant in Pangasinan province, and fund future renewable projects.

	As of 30-Jun-21	As adjusted for the Base Offer of ₱6 bn	As adjusted for the Base Offer and the Oversubscription Option in the aggregate amount of ₱12 bn
	(in ₱ mns)		
Short-term debt			
Short-term loans	11,504	11,504	11,504
Current portions of:			
Long-term debt	25,571	25,571	25,571
Lease liabilities	7,502	7,502	7,502
Total short-term debts	44,577	44,577	44,577
Long-term debts – net of current portion			
Non-current portions of:			
Long-term debt	153,295	153,295	153,295
Lease liabilities	28,982	28,982	28,982
The issue of Second Tranche Bonds	–	5,915	11,840
Total long-term debts	182,277	188,192	194,117
Equity			
Equity attributable to equity holders of the parent	134,285	134,285	134,285
Non-controlling interests	7,011	7,011	7,011
Total Equity	141,296	141,296	141,296

Total Capitalization

368,150

374,065

379,990

SUMMARY OF THE OFFERING

This Offer Supplement and the Offer relate to the second tranche of the Bonds under the Debt Securities Program with an Offer of up to ₱6,000,000,000.00 with an Oversubscription Option of up to ₱6,000,000,000.00 (the “Second Tranche Bonds”). The following summary offer does not purport to be complete, is taken from, qualified in its entirety by, and should be read in conjunction with the more detailed information appearing elsewhere in the Offer Supplement to which it relates. The Second Tranche Bonds will be issued as the second tranche under the Debt Securities Program of the Issuer.

Issuer	: Aboitiz Power Corporation
Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners	: BDO Capital & Investment Corporation China Bank Capital Corporation First Metro Investment Corporation SB Capital Investment Corporation
Trustee	: BDO Unibank, Inc. – Trust and Investments Group
Registrar and Paying Agent	: Philippine Depository & Trust Corp.
Issue / Issue Amount	: SEC-registered fixed rate, Peso-denominated bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of the Issuer in the amount of up to ₱6,000,000,000.00 (the “Base Offer”) with an oversubscription option of up to ₱6,000,000,000.00 (the “Oversubscription Option”), under the Issuer’s Debt Securities Program. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Second Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under the Shelf Registration and may be issued in tranches within Shelf Period. The Oversubscription Option is exercisable by the Joint Lead Underwriters with the consent of the Issuer. The Issuer has the discretion to allocate the Issue Amount between the Series B Bonds and Series C Bonds, or depending on prevailing market conditions, to fully allocate the entire Issue Amount to just one series, or not to allocate the Base Offer to any of these series, based on bids received from the book building process of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.
Use of Proceeds	: Partially fund the equity contributions for the construction of the 74-MW solar power plant in Pangasinan province, refinance the 2020 Series E Bonds maturing in 2022, and fund future renewable projects, as more described in the section entitled “Use of Proceeds” on page 49 of this Offer Supplement.
Issue Price	: 100% of face value
Manner of Distribution	: Public Offering

Offer Period	: The Offer shall commence at 9:00 a.m. on 15 November 2021 and end at 5:00 p.m. on 19 November 2021, or on such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree upon.
Issue Date	: 2 December 2021, or the immediately succeeding Banking Day if such Issue Date is not a Banking Day, or such later date as may be mutually determined by the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners for the issuance of the Second Tranche Bonds. In the event that the original Issue Date is moved to the succeeding Banking Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.
Maturity Date or Redemption Date	: Series B Bonds: 4 years from Issue Date or 2 December 2025. Series C Bonds: 7 years from Issue Date or 2 December 2028. provided that, in the event that such Maturity Date falls on a day that is not a Banking Day, the Maturity Date shall be the immediately succeeding Banking Day, without adjustment to the amount of interest to be paid. Except when the Early Redemption Option (as defined below) is exercised, the Second Tranche Bonds will be redeemed at par (or 100% of face value) on the relevant Maturity Date.
Interest Rate	: Series B Bonds: 3.9992% per annum Series C Bonds: 5.0283% per annum
Interest Payment Date	: The Interest shall be paid quarterly in arrear on 2 March, 2 June, 2 September, and 2 December of each year commencing on 2 March 2022, until and including the relevant Maturity Date (each, an "Interest Payment Date"), or the next Banking Day if such dates fall on a non-Banking Day without any adjustment in the amount of interest as originally computed. The last Interest Payment Date shall fall on the relevant Maturity Date, or the immediately succeeding Banking Day if such date is not a Banking Day, without any adjustment to the amount due. Interest on the Second Tranche Bonds shall be calculated on a 30/360-day basis.
Form and Denomination	: The Second Tranche Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in multiples of ₱10,000.00 thereafter.
Early Redemption	: The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), the outstanding Second Tranche Bonds (the "Early Redemption Option"), on any of Interest Payment Dates specified below (any such date, the "Early Redemption Date") or the immediately succeeding Banking Day if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer ("Early Redemption Price") shall be calculated based on the principal amount of the

Second Tranche Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount (total outstanding principal amount of the relevant Second Tranche Bonds) and the applicable Early Redemption Price (as set out below) in accordance with the following schedule:

Series B Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
2 nd year from Issue Date and every Interest Payment Date thereafter before the 3 rd anniversary of the Issue Date	101.00%
3 rd year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

Series C Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
4 th year from Issue Date and every Interest Payment Date thereafter before the 5 th anniversary of the Issue Date	102.00%
5 th year from Issue Date and every Interest Payment Date thereafter before the 6 th anniversary of the Issue Date	101.00%
6 th year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice to the Bondholders through the Trustee of its intention to redeem the Second Tranche Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption on the Early Redemption Date stated in such notice. For the avoidance of doubt, notice to the Trustee shall be considered notice to the Bondholders.

Redemption for Taxation Reasons : The Issuer may redeem any series of the Second Tranche Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than fifteen (15) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under the Second Tranche Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes on the income of the Bondholders, which shall be for the account of the Bondholders.

Redemption by Reason of Change in Law or Circumstance

If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Second Tranche Bonds for the events contemplated in (a), (b) or (c) below or the Majority Bondholders for the events contemplated in (d) below (and with written notice to the Trustee), and be continuing for a period of thirty (30) Banking Days with respect to the events contemplated in (a) or (c) below:

- a. Any law, Government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Second Tranche Bonds which shall be modified in a manner which, while not constituting an Event of Default, will result in a Material Adverse Effect, or shall be withdrawn or withheld;
- b. Any provision of the Trust Agreement or any of the related documents is or becomes invalid, illegal or unenforceable by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents;
- c. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and
- d. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Second Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty that is imposed under an Early Redemption, anything in the Trust Agreement or in the Second Tranche Bonds contained to the contrary notwithstanding, subject to the notice requirements under Section 10.2 of the Trust Agreement, provided that, such notice shall not be deemed either caused by a default under Section 9.1, or a notice of default under Section 10.2 under the same Trust Agreement. The Issuer shall also have the option to redeem in whole, but not in part, the Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, by giving not more than sixty (60) nor less than thirty (30) (or such shorter period prescribed by Applicable Law, if any) days' notice.

Negative Pledge : The Second Tranche Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under Section 5.2 (a) of the Trust Agreement.

Purchase and Cancellation : The Issuer may at any time purchase any of the Second Tranche Bonds at any price in the open market or by tender or by contract, in accordance with PDEX Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Second Tranche Bonds pro-rata from all Bondholders. The Second Tranche Bonds so purchased will be redeemed and cancelled, and may no longer be reissued.

Upon listing of the Second Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

Status of the Second Tranche Bonds : The Second Tranche Bonds shall constitute the direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank pari passu and rateably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by law; (ii) any obligation incurred by the Issuer pursuant to Section 5.2 (a) of the Trust Agreement or as may be allowed by the Trust Agreement; and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Second Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the Second Tranche Bonds.

Rating : The Second Tranche Bonds are rated PRS Aaa by PhilRatings.

Listing : The Issuer intends to list the Second Tranche Bonds in the PDEX on Issue Date.

- Non-Reliance : Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.
- Own Risk : Bondholders understand and acknowledge that investment in the Second Tranche Bonds is not covered by the Philippine Deposit Insurance Corporation (“PDIC”) and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Second Tranche Bonds and the regular conduct of the Trustee’s trust business shall be for the account of the Bondholder.
- Contact Details of the Trustee : BDO Unibank, Inc. – Trust and Investments Group
Attention: Rosie R. Palaran / Rachele Ann C. Mendiola
Subject: Aboitiz Power Corporation Bonds Due 2025/2028
Address: 14th Floor, BDO Towers Valero, 8741 Paseo De Roxas, Makati City
Facsimile: (632) 8840-7040
E-mail: palaran.rosie@bdo.com.ph / rcm@bdo.com.ph

RISK FACTORS AND OTHER CONSIDERATIONS

An investment in the Second Tranche Bonds described in this Offer Supplement involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Offer Supplement, including the risk factors described below before deciding to invest in the Second Tranche Bonds.

This section entitled “Risk Factors and Other Considerations” does not purport to disclose all the risks and other significant aspects of investing in these securities. This section discusses additional risks to those stated in the Prospectus. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information found in the Prospectus. Investors should undertake independent research and study the trading of these securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those high-risk securities. Investors may request publicly available information on the Second Tranche Bonds and the Company from the SEC.

The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

RISKS RELATED TO THE COMPANY’S BUSINESS

An integral part of AboitizPower’s Enterprise Risk Management process is to anticipate, understand, and mitigate the risks that the Company may encounter in its generation, distribution, and retail electricity supply businesses.

Project Risk

AboitizPower has identified project risks as a top risk as it continues to grow its power generation portfolio. Project risks are largely driven by delays in commissioning and testing, commercial operations, as well as late completion and delivery of the government-owned transmission assets that will enable full dispatch of the plants in the pipeline. COVID-19-related travel restrictions, mandatory quarantine protocols, and on-site infections have also significantly affected the project milestones in 2020 and are anticipated to persist given the more virulent COVID-19 variants. The Company’s External Relations team and the Compliance teams of AboitizPower’s Business Units have all been closely coordinating with the Department of Foreign Affairs, the COVID-19 Inter-Agency Task Force (IATF), and airport authorities, among others, to ensure unhampered movement of services and goods.

Project risk management plans are thoroughly defined and regularly reviewed for each project to track issues related to quality, safety, compliance, schedule, and resources. These plans ensure that identified risk control measures and recovery actions are implemented. Appropriate project insurance coverage, as well as periodic performance reviews of selected partners, reputable contractors, and third-party suppliers, are also in place.

To further mitigate project risks, delivery of transmission assets is closely coordinated with the NGCP. Operational readiness reviews are performed to ensure that new generating units are ready for commercial operations prior to going on-line. Project post-mortem reviews are also conducted to determine key learnings that can be applied to ongoing and future projects.

To address challenges in land procurement, conversion, permitting, right-of-way, and other land-related issues, project stakeholder management plans are also developed to ensure that partners, contractors, regulatory agencies, host communities, LGUs, and other key stakeholders are aligned with project execution timelines.

The COVID-19 pandemic also affected the construction of the GNPower Dinginin project. It is now in the initial stages of commissioning but continues to face challenges due to the COVID-19 pandemic. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. Due to said circumstances, the AboitizPower Group is constantly evaluating the timing of the project's commercial operations date. A team of commissioning experts is taking an active role in the commissioning of the units to avoid further delays in the project delivery.

Regulatory Risk

The electric power industry is characterized by a constantly evolving regulatory environment. Any shortcoming in regulatory compliance poses negative consequences in both the net income and reputation of each Business Unit and the Group. Further, the Company's results of operations and cash flow could be adversely affected by the 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 results of operations and cash flow. The Company's business could also be adversely affected by any changes in laws or regulations, or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, could adversely affect the Company's business, including, but not limited to:

- (a) adverse changes in tax laws;
- (b) changes in the timing of tariff increases or in the calculation of tariff incentives;
- (c) change in existing subsidies or incentive schemes and other changes in the regulatory determinations under the relevant concessions;
- (d) other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or
- (e) 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 Group's results of operations.

For renewable assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. Business Units that are subject to regulated tariffs bear the risk. To the extent that operating costs rise above the level approved in the tariff, the Business Units 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 Business Unit or the Group, financial condition, results of operations and prospects.

To anticipate and proactively respond to changes in regulations, the Regulatory Affairs and External Relations teams of AboitizPower constantly collaborates with the DOE and the ERC to work towards a sound and sustainable regulatory and policy environment. Similarly, the AboitizPower SHES Team keeps abreast with environmental laws and coordinates with DENR on matters pertaining to environmental compliance.

These teams, among others, actively participate in consultative processes and public consultations to provide feedback and positions on proposed laws and regulations. The Company's participation likewise ensures that its interpretation of such laws and regulations is aligned with the regulators. This is done in cooperation with organized power industry groups such as the Philippine Independent Power Producers Association (PIPPA) and Philippine Electric Plant Owners Association (PEPOA). Regular dialogues are conducted with host communities, media, non-government organizations, and the academe, to educate and update various groups about the power industry.

AboitizPower has likewise transitioned its Legal Team to strategically focus on compliance and to continually align with the Aboitiz Group's overall compliance processes. The Company is institutionalizing a compliance

framework across the different business and corporate support units, and is formalizing compliance reporting requirements among the Group's compliance officers. AboitizPower has also implemented the Aboitiz Unified Compliance Management System, an Aboitiz Group-wide initiative that is based on the Governance, Risk and Compliance framework.

Reputation Risk

AboitizPower recognizes that its reputation is its single most valuable asset, a competitive advantage that allows the Company to earn, maintain, and strengthen the trust of its stakeholders. The Company knows that its reputation today took generations to build and sustain; hence, the need to protect and enhance it progressively is imperative.

Today's operating environment is characterized by increasing corporate governance standards, heightened public consciousness due to social media, and greater scrutiny from key stakeholders. Reputation risks result from the occurrence of, or failure to, mitigate other risks.

AboitizPower continues to strengthen stakeholder engagement activities with all its stakeholders, including its customers, employees, shareholders, lenders and insurers, regulators, host communities, and LGUs. One of the key engagement channels is ER 1-94 which allows host communities to reap financial benefits for their contribution to power plants situated in their localities. AboitizPower's assumption of the fund's administration functions has hastened fund remittance and utilization for local electrification, development and livelihood, and environment enhancement projects of host communities. Due to the COVID-19 pandemic, DOE Department Circular 2020-04-0008 dated 6 April 2020 rationalized the utilization by host LGUs of ER 1-94 funds for COVID-19 response instead. As of mid-November 2020, over 80% of the total available ER 1-94 funds have been released by DOE and AboitizPower to around 90% of the Company's host beneficiaries.

For the past four years, AboitizPower has been recognized as a constituent company in the FTSE4Good Index Series. This Index Series was created by global index provider FTSE Russell and measures the performance of companies demonstrating strong ESG practices. The Company's recent Corporate Sustainability Assessment by the highly regarded Robeco SAM group, now part of S&P Global, showed marked improvements in its ESG performance. The absolute score of AboitizPower improved the company's score in this year's FTSE4Good Index Series climbed by 24% to 3.1 from 2.5 due to improvements in its health and safety initiatives, and its campaigns on diversity, equity, and inclusion, among others. Meanwhile, the Company retained its rating of BB from the MSCI ESG Rating.

Moving forward, AboitizPower will continue to focus on addressing gaps in various risk areas of ESG. Furthermore, the Company's growth strategy remains aligned with the energy trilemma of energy security, energy equity, and environmental sustainability, but will be characterized by a strategic shift from ensuring low-cost energy to also providing energy from more sustainable sources in the next decade.

Information Security Risks

AboitizPower recognizes the vulnerabilities of global information security breaches and the increasingly complex challenges of digital transformations. Management acknowledges that information security threats should be addressed to prevent targeted and non-targeted attacks which can adversely disrupt operations and customer services, and result in serious impacts to the Company's bottom line and reputation.

In 2019, AboitizPower further strengthened its protection protocols against security threats with the implementation of the ISMS following the ISO 27001:2015 standard. In 2020, the Company's Generation and Distribution Business Groups rolled out a uniform, Company-wide Operational Technology (OT) Security Minimum Standard.

AboitizPower aligns with the Aboitiz Group-wide Cyber Security Program, specific governance, standards, training and culture-building, and Operational Technology Security projects. OT Security projects in generation and distribution facilities are also ongoing through phased implementation until 2022. The ISMS discipline will continue to be embedded in all three pillars of Information and Operational Systems Security: People, Process, and Technology.

In efforts to achieve the desired Level 4 in Cyber Security Maturity and build an information security risk-aware culture within the Company, business continuity plans (BCP) on loss of technology scenarios are in place, annually tested, reviewed, and continually improved. AboitizPower keeps pace with current information security threat landscape, solutions, and best practices to further strengthen prevention, detection, and comprehensive response to information security threats. Information risks, including cyber security risks, will remain on top of the agenda of the Board Risk Committee for the coming years.

Loss due to Force Majeure, Natural Calamities, and Critical Equipment Breakdown

The loss of, and/or damage to, facilities caused by natural calamities such as earthquakes, typhoons, and floods may result in significant business interruptions within AboitizPower. Interruptions may also be caused by other factors such as critical equipment breakdown, Information Technology (IT) and OT security breaches, fires and explosions, hazardous waste spills, workplace injuries and fatalities, terrorism, and other serious risks.

Planned maintenance and overall outage management of AboitizPower's generation facilities and its critical equipment and OT infrastructure and systems are governed by asset management standards based on global best practice. All of AboitizPower's generation facilities have achieved asset management certifications based on ISO 55001:2014 standard. Recently commissioned plants will also be lined up for certification.

On the other hand, distribution network availability and reliability targets have consistently been aligned with the performance bond standards set by the ERC as part of the RDWR.

All Business Units have also achieved OSHAS 18001 certification, a British standard which is focused on controlling occupational health and safety hazards. AboitizPower companies are also transitioning to the ISO 45001 standard to drive a risk-based culture with more proactive approaches toward mitigating risks before they happen. To further reinforce industrial fire safety, annual in-house training program on Fixed Fire Fighting Systems of the U.S. National Fire Protection Association is conducted for operations, maintenance, and safety personnel.

Group insurance programs that leverage on the Company's portfolio of generation and distribution assets, supported by risk modelling and quantification, are also in place and regularly reviewed. AboitizPower ensures that its Business Units have the right insurance solutions to achieve the optimal balance between retaining or transferring risks versus lowering the Total Cost of Insurable Risk. As such, business interruption insurance is procured to cover any potential loss in gross profits that may result from a major damage to critical assets. AboitizPower is embarking on a major initiative to look for alternative risk transfer strategies to optimize loss indemnity and risk retention.

Business Units periodically review, test, develop, update, and improve their BCP to ensure that they remain relevant with current business conditions, and address the uncertainties and issues faced by the Company.

Some of these enhancements include: (a) typhoon preparedness; (b) regular emergency drills and simulation exercises on various scenarios related to other natural and man-made calamities; and (c) post-event evaluations to ensure that employees are able to respond effectively and safely as planned. AboitizPower is looking to expand business continuity strategies on a geographic regional scale for better coordination among several plants.

To further improve its existing BCM framework and practices, AboitizPower has rolled out a three-year roadmap of Business Continuity initiatives, which conforms to ISO 22301:2012 standards and requirements.

Financial Risk

In the course of its operations, AboitizPower and its Subsidiaries are exposed to the following financial risks:

- (a) The growing multi-sectoral negative action against coal has led many financial institutions to restrict investments in coal projects. The following are important considerations of the Company's existing

portfolio and strategic project pipeline, where coal concentration will significantly be reduced by the year 2030:

- i) Financing and refinancing risks in terms of the Company's inability to borrow money to fund future coal projects. While banks are still willing to lend, the cost of project financing tends to be more expensive;
 - ii) Difficulty in insurance procurement or renewal, where insurers' policy on coal underwriting and investing are also aligned with the same global trends on sustainability and ESG issues. While insurers are still willing to cover coal plants, the resulting impact is significantly higher premium rates for coal insurance year on year. Inability to fill up 100% capacity due to the reluctance or withdrawal of some insurance markets to insure coal plants has prompted the Company to resort to self-insurance. Other noteworthy risk drivers are the hardening of the insurance market aggravated by the global economic impact of the COVID-19 pandemic, and any significant losses on damage to critical assets and related business interruptions; and
 - iii) Regulatory pressure, which is increasing with the recent DOE Memorandum dated 22 December 2020 re: *"Advisory on the Moratorium on Endorsements for Greenfield Coal-Fired Power Projects in line with Improving the Sustainability of the Philippines' Electric Power Industry"*, effective 27 October 2020;
- (b) Refinancing and liquidity risks arising from balloon / bullet payments for existing loans;
 - (c) Interest rate risks resulting from the increasing cost to borrow money as a result of inflation; and
 - (d) Forex risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions, and borrowings. This risk is currently driven by the global COVID-19 crisis, given the impact it has on general currency markets; and the amount of natural hedge flows which may decline.

Aside from the negative impact to the Group's net income, these risks would also constrain any expansion and growth projects. Furthermore, defaulting on existing loans and other financial obligations will consequently put the Company's reputation at risk.

To address these risks, the Company carries out the following actions:

- (a) Regular monitoring of the Company's cash position;
- (b) Maintaining good relationships with the banks;
- (c) Exploring alternative risk transfer strategies and operationalizing self-retention strategies to develop a more cost-effective loss indemnity cover; and
- (d) Implementing the Group's Financial Risk Management Framework, which is a collaboration of the Group Risk and Treasury teams and designed to ensure a consistent approach in identifying, assessing, quantifying, and mitigating financial risks across the Group.

Competition Risk

Increasingly competitive market conditions create downward pressure on contract rates and increasing levels of commercial risk, to wit: (a) generation companies are required to participate in a transparent and competitive bidding of power supply requirements of distribution utilities and electric cooperatives through the CSP; and (b) spot prices are expected to continue to be volatile. As such, fixed pricing may potentially increase exposure to fuel and forex risk, while the inability to contract at favorable rates and commercial terms may result in further exposure to higher levels of spot market volatility.

As AboitizPower endeavors to market and contract project capacities from investments ahead of time, as well as renew expiring contracts from existing capacities, it also maximizes energy trading opportunities in the spot market. Striking this balance requires a combination of portfolio pricing and contracting strategies, and hedging of coal and forex exposure on fixed contracts. This is to ensure that plant operations are optimized, and that revenue and cash flow streams are managed.

Talent Risk

AboitizPower gears for further growth by shifting towards renewable energy sources and increasing its presence in the international market, while ensuring the availability and reliability of existing power plants. Both growth and operational excellence thrusts demand for organic subject matter experts of critical assets.

The risk on availability, readiness, and retention of talents for critical posts is inevitably increasing. Thus, talent attraction, optimization, and retention strategies are of utmost importance. In 2019, the Company integrated Strategic and Operational Workforce Planning into the Organizational Planning processes to enable the identification of current and future talent needs. This helped shape the people strategy of AboitizPower. In 2020, key human capital initiatives to holistically address talent management risks including employer branding; building targeted talent communities; succession management and talent mapping, blended development programs linked to competency and performance requirements (i.e., critical position understudy program, leadership and technical development and career pathing); purposive employee engagement programs; and a mental wellness initiative as part of the Company's COVID-19 business continuity plan were implemented.

Pandemic Risk

In December 2019, the COVID-19 outbreak began 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 25 September 2021, the Department of Health ("DOH") reported 2,470,175 COVID-19 cases nationwide with 37,405 deaths.

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers 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 on the AboitizPower Group's suppliers' ability to deliver, which could delay the construction of certain projects.

In a move to contain the COVID-19 outbreak, the Office of the President issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. Presidential Proclamation No. 929 was issued the next day, 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. On 24 March 2020, Congress passed Republic Act No. 11469, known as the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which conferred emergency powers on the President. On 25 June 2020, measures under the Bayanihan Act were implemented to address the pandemic in the Philippines that expired without extension or replacement.

On 11 September 2020, 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."

Since President Duterte's declaration of the State of Public Health Emergency and, consequently, the various community quarantine guidelines on public transportation, social distancing, international travel bans, health protocols, and mandatory quarantines, the Company has been implementing flexible work arrangements, including: (a) maximizing work-from-home set-up for support employees and selected essential employees; (b) 14-day-cycle of facility lockdown duty of generation facilities; and (c) special protocols for distribution line gangs and customer centers. This is to primarily ensure the health and safety of its sites and employees while continuing to serve its customers and other stakeholders, as well as to address any constrained mobility of employees brought about by the community quarantines.

For the AboitizPower Group, the primary impact of the COVID-19 pandemic was the decrease in demand for electricity as business activities were hampered by the government-enforced community quarantines. These quarantines also resulted in reduced mobility to and from the Power Group's existing facilities, and new facilities being constructed.

The AboitizPower Group continued to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities. To address the challenges posed by the pandemic, the AboitizPower Group developed a program that combines the best of work-from-home, two-week workshifts, and remote plant operations. This will ensure that the AboitizPower Group keeps the lights on for the country. It also assessed the current and future modes of operations. This led to the necessity of doing an organizational restructuring, allowing for resiliency and enabling the Power Group to remain efficient, competitive, and sustainable. It is in the planning stages of a return to the workplace program, but will advance with caution. The COVID-19 pandemic also impacted the construction of the GNPowr Dinginin project. Construction has slowed down because of the preventive measures taken to ensure the safety of workers on-site. GNPD started the construction of Unit 1 in September 2016, the commissioning and testing of which is currently on-going, with delivery thereof targeted to take place by the fourth quarter of 2021. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017 with expected target delivery thereof around the third quarter of 2022. Both units are in the final stages of construction but continue to face challenges due to the COVID-19 pandemic and travel restrictions. Due to said circumstances, the AboitizPower Group is constantly evaluating the timing of the project's commercial operations date.

To date, all AboitizPower power generation facilities and power distribution utilities have normalized operations. BCPs have been successfully implemented to ensure the adequate and reliable supply and distribution of electricity. These BCPs are continually and promptly updated to adhere to the health and other community quarantine protocols and guidelines issued by the DOE, ERC, DOH, DOLE, IATF, and the LGUs. Covid-19 vaccination of employees and contractors are at a high rate due to company initiated vaccination programs.

The curtailed economic activity brought about by the shutdown and/or scaled down operations of energy-intensive industries have resulted in significant drops in electricity demand and consumption, which in turn has affected the revenue targets of AboitizPower's generation, distribution, and retail electricity supply businesses. The Company collaborates with its customers and key stakeholders to minimize the impact of the pandemic to its PSAs for all concerned parties. Distribution Utilities have also maximized the use of social media and digital platforms to deliver customer services.

The Bayanihan 2 Act also imposed a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty. It further provided that payments may be settled on a staggered basis in no fewer than three monthly installments. The Company is compliant with DOE circulars and ERC advisories on the grant of extension of payment to electricity consumers for bills falling due in the original and extended community quarantines, and the amortization of the cumulative amount of such electricity bills in four equal installments payable in the four succeeding billing months following the end of the community quarantines. The resulting increase in credit and collection risks have posed a challenge to the Company's cash flows.

The said circulars also provide that all private and public corporations in the power sector shall be given a similar grace period for their obligations without interest, penalties, fees and charges, as well as the same four-month amortized payment arrangement for all unpaid balances on obligations within the same period. This directive has eased the impact and helped manage the cash flow of AboitizPower Subsidiaries, with respect to payments due to NGCP, PSALM, IEMOP, IPPs, and suppliers of oil and steam.

The Company ensures that the supply chains for its power plants and Distribution Utilities remain stable. It also ensures that supply of coal, critical spare parts, and services from outside the country continues through a number of options, including alternative local suppliers and service providers. Close coordination with LGUs and key government agencies by AboitizPower External Relations and its Business Unit's Legal and Compliance teams facilitate the unimpeded delivery of energy-related goods and services.

Several operational areas have been seriously impacted by the COVID-19 pandemic, and may continue to do so until a vaccine reaches the Philippines. The Company continues to enable the organization to anticipate and respond accordingly as the COVID-19 situation may require, including defining the New Normal and the changes in management processes around transitioning and adapting to it.

Stranded Asset Risk

Stranded assets are investments that are not able to sustain a viable economic return and/or which are likely to see their economic life curtailed due to a combination of technology, regulatory and/or market changes. There can be no assurance that the adoption of new safety, health, mining and environmental laws and regulations, new interpretations of existing laws, increased governmental scrutiny of safety, health, mining and environmental laws or other developments in the future will not result in the Company and its Subsidiaries from being required to upgrade, supplement or relocate its facilities and having to incur additional capital expenditures or operating expenses to address the risk of potential stranded generation assets. In the event that future laws are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, certain capital expenditures or operating expenses or financing costs may not be fully recoverable.

The Philippines is a party to the 2015 Paris Agreement signed by almost 200 nations, which aims to keep the increase in global average of temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change. As a party to the agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions, requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy. Recently promulgated implementing rules and regulations by the DOE on “Renewable Portfolio Standards” also mandate electric power industry participants (such as generation companies, distribution utilities and electric cooperatives) to source or produce a portion of their electricity requirements from eligible renewable energy resources and undertake competitive selection processes (“CSP”) in sourcing renewable energy. A significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of the Company to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

The Company is cognizant of the regulatory and market drivers in the shift towards green and sustainable business transformations. AboitizPower and its Subsidiaries are guided by its sustainability framework that looks into environmental, social and governance risks including climate-related risks of its value chains. The Company’s strategy has long considered environmental sustainability as one of its key pillars and, to date, together with its partners, the Company is the largest private renewable energy operator in the country with 1,544 MW in installed capacity.

AboitizPower’s growth strategy remains aligned with the energy trilemma – balancing the three pillars of energy security, energy equity, and environmental sustainability. Over the last decade, the growth in energy demand has necessitated a focus on energy security and energy equity - the provision of reliable, and affordable energy for a growing economy. Having addressed energy security and energy equity via the presence of sufficient baseload capacity, AboitizPower has begun to shift focus back to environmental sustainability, and rebalancing its energy portfolio. This transition is included in the Company’s sustainability agenda, with the Company targeting a mix of 50% thermal and 50% renewable energy capacity by 2030 from its current mix of 73% thermal (which are conventional or combustion power plants such as coal or fuel fired plants), and 27% renewable (which do not rely on fossil fuels).

Further, to properly assess the potential and extent of the above-mentioned risks, AboitizPower, through its holding company, AEV, signed up to become the first Philippine supporter of the international Task Force on Climate-Related Financial Disclosures (“TCFD”) in early 2020. This is a voluntary commitment to adopt a defined governance structure on identifying and addressing physical and transition risks associated with climate change, as well uncovering opportunities, and improving disclosures to provide clear and reliable information to stakeholders. Under SEC Memorandum Circular No. 4, series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies (“PLCs”), there is a three-year period under which PLCs can comply, which includes the adoption of the TCFD reporting template.

Emerging Risks

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. These are newly developing risks that cannot yet be fully assessed (due to high uncertainty) but could have a

major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal facets surrounding the Company's operations.

For AboitizPower, one such major risk is that of climate change. While the Company has recognized that the availability of insurance and long-term financing for coal plants has become more and more challenging, these are being addressed by an overall sustainability strategy that is manifested by its portfolio mix changing towards sustainable energy sources over the long term. Active engagements with stakeholders to clarify AboitizPower's ESG strategy are undertaken to clarify the Company's positions and plans to achieve its sustainability goals in the context of the Philippine energy and growth plans.

Such risks are captured and validated in the semi-annual risk assessment process and during the environmental scans of the strategic planning and annual organizational planning process of AboitizPower, and are subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

RISKS RELATED TO THE PHILIPPINES

A slowdown in the Philippines' economic growth could adversely affect the Company

Historically, results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy, with demand for power historically being tied to the level of economic activity in the Philippines. As a result, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso, and the imposition of exchange controls.

From mid-1997 to 1999, the economic crisis in Asia adversely affected the Philippine economy, causing a significant depreciation of the Philippine Peso, increases in interest rates, increased volatility and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. These factors had a material adverse impact on the ability of many Philippine companies to meet their debt-servicing obligations. Over the last several years, the Government instituted several reforms in the fiscal and banking sectors, among others, that strengthened the country's economic fundamentals.

In 2018 and 2019, the Philippine GDP grew by 6.2% and 5.9%, respectively. As identified in the Philippine Development Plan 2017-2022, Philippine GDP growth is expected to strengthen at 7% to 8% in the medium term, making the Philippines one of the faster growing economies of the ASEAN region. However, the Philippines is currently experiencing an economic downturn following the Taal volcano eruption in January and the COVID-19 pandemic and the resultant quarantine restrictions. The country's GDP contracted 0.2% in the first quarter of 2020 and dropped by 11.5% in the third quarter when quarantine restrictions continued in many areas and economic activities were constrained. A global recession is ongoing as the economic effects of COVID-19 pandemic are felt in other countries, which also adversely affect the Philippine economy.

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

The sovereign credit ratings of the Philippines also directly affect companies that are residents in the Philippines, including AboitizPower. The Philippines enjoys investment grade credit ratings from the following major agencies:

- Fitch Ratings - BBB (negative) on 12 July 2021, to reflect the increasing risks to the credit profile from the impact of the COVID-19 pandemic and its aftermath on policy-making
- Standard & Poor's - BBB (positive) which was granted April 2018 and affirmed last 27 May 2021
- Moody's Investors Service - Baa2 (stable), which was affirmed last July 2021

There is no assurance that Fitch Ratings, Standard & Poor's, or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. 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 AboitizPower, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Historically, the demand for power for the past 10 years, has shown an increasing trend. This has been the case despite the volatility in the economic, financial, and political conditions of the country. It may be attributable to the inelasticity of electricity at certain levels wherein essential appliances and industries need to operate. The rising population and remittances from overseas workers will likewise contribute to the growth in the demand for power.

The foregoing notwithstanding, and as mentioned in the previous section on Pandemic Risk, a series of quarantine measures have been implemented throughout the Philippines to contain the spread of COVID-19. While the outbreak has had a negative impact on the Philippine economy, the Government has implemented certain monetary and fiscal tools to counter potential adverse economic fallout.

Any political instability in the Philippines may adversely affect the Company

The Philippines has from time to time experienced political, social, and military instability. In the past decade, there has been political instability in the Philippines, including alleged extrajudicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, the removal of two chief justices of the Supreme Court of the Philippines, hearings on graft and corruption issues against various officials of the Government, and public and military protests arising from alleged misconduct by previous administrations. An unstable political environment may also arise from the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. Likewise, no assurance can be given that the future political or social environment in the Philippines will be stable.

In May 2016, the Philippines elected Rodrigo M. Duterte as its new president, winning 38.5% of the votes cast. Mr. Duterte's term of office is until June 2022. The Duterte administration unveiled its "10-point plan" where it committed, among others, to "continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies." The Government continues to advocate for its reform agenda, including the shift to a federal form of government. As of January 2020, the House of Representatives, the committee on constitutional amendments of the House of Representatives had included in its proposed amendments to the 1987 Constitution of the Philippines the shift to a federal form of government.

On 27 July 2018, President Rodrigo Duterte signed RA No. 11054, approving the Bangsamoro Basic Law which was renamed to Bangsamoro Organic Law. The Bangsamoro Organic Law established an autonomous political entity known as the Bangsamoro Autonomous Region in Muslim Mindanao ("Bangsamoro Autonomous Region"), replacing the Autonomous Region in Muslim Mindanao ("ARMM") created under RA No. 6734. A plebiscite was held on 21 January 2019 and 6 February 2019, with the majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created.

There is no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

In May 2019, the Philippine legislative and local elections were held. Majority of the senatorial candidates endorsed by the administration won the 2019 elections. The senators elected in the 2019 elections joined the senators elected in the 2016 elections. There were allegations of fraud and voter disenfranchisement in the conduct of the 2019 elections. The next Philippine Presidential elections will be held in May 2022.

In July 2020, the application for franchise renewal of ABS-CBN was denied by the House Committee on Legislative Franchises. ABS-CBN repeatedly applied for the renewal of their congressional franchise since 2014 but these

remained pending in the House of Representatives until its congressional franchise expired in May 2020 and the network was ordered to cease and desist from operating all of its free TV and radio broadcasting. Various advocacy groups and the international press have labeled the franchise denial as a direct attack to press freedom and Philippine democracy. The franchise denial has resulted in the closure of some of ABS-CBN's business operations and the retrenchment of thousands of workers. There is no assurance that any political instability will affect any governmental and regulatory processes and that opposition from public officials will not affect the Company and its operations.

In general, political or social instability in the Philippines could negatively affect the general economic conditions and business environment in the Philippines, which could have a material adverse effect on the business, operations, and financial position of the Company. The Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or Government policies in the Philippines. In addition, perceptions over human rights and geopolitical issues may affect the overall sentiment on the Philippines and the business environment.

Territorial disputes involving the Philippines and its neighboring countries may adversely affect its economy and business environment

Competing and overlapping territorial claims by the Philippines, China, and several Southeast Asian nations (such as Vietnam, Brunei, Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. The West Philippine Sea covers more than three million square kilometers in terms of area and is home to some of the biggest coral reefs of the world. It is also believed that under the seabed lies vast unexploited oil and natural gas deposits. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at The Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea ("UNCLOS"). In July 2016, the tribunal rendered a decision stating that "as between the Philippines and China, Mischief Reef and Second Thomas Shoal (in the West Philippine Sea/South China Sea) form part of the exclusive economic zone and continental shelf of the Philippines" and that the "nine-dash line" claim of China is invalid. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case. China was reported to conduct land reclamation activities in the disputed territories, which was completed in 2016. News reports indicate increased Chinese activity in the contested waters, including the installation of missile systems and the deployment of bomber planes. Several countries have conducted Freedom of Navigation operations in the contested waters to challenge China's militarization of artificial features in the West Philippine Sea. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and results of operations.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has repeatedly announced that it will not honor said ruling. In such an event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

RISKS RELATED TO THE OFFER

Liquidity Risk

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

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Second Tranche Bonds on the relevant Early Redemption Dates (see “*Description of The Offer – Early Redemption*” on page 63 of this Offer Supplement). In the event that the Company exercises this early redemption option, the relevant series of the Second Tranche Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Second Tranche Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Pricing Risk

The market value of bonds moves (either up or down) depending on the change in interest rates. The Second Tranche Bonds when sold in the secondary market are worth more if interest rates decrease since the Second Tranche Bonds have a higher interest rate relative to the market. Conversely, if the prevailing interest rate increases, the Second Tranche Bonds are worth less when sold in the secondary market. Therefore, an investor faces possible loss if he decides to sell when the prevailing interest rate has increased.

Retention of Ratings Risk

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

Suitability of Investment

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

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

The Master Certificates of Indebtedness, which represent the Second Tranche Bonds, shall not be notarized and, thus, will not be deemed a public instrument under Article 2244 (14) of the Civil Code. As such, the Second Tranche Bonds shall not enjoy preference under Article 2244 (14) of the Civil Code, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extends such preference to the Second Tranche Bonds. This is consistent with the status of the Second Tranche Bonds as being direct, unconditional, unsecured, and unsubordinated Peso denominated obligations of the Issuer.

RECENT DEVELOPMENTS

On 27 September 2021, JERA Asia Pte. Ltd. (“Jera”) entered into Share Purchase Agreements with each of AEV and ACO for the purchase of approximately 25.01% and 1.99% respectively, or a total of 27% stake in Aboitiz Power Corporation. The total cash consideration for the 25.01% stake is USD 1,463,196,136.00. The transaction is subject to customary closing conditions including, among others: (i) approval by the PSE of a special block sale application to allow the crossing of the sale shares on the PSE trading platform; (ii) completion of any applicable PCC process; and (iii) approval and ratification by the AEV shareholders.

Jera is Japan’s largest power generation company that was established in 2015 as a joint venture between two Japanese electric power companies namely TEPCO Fuel & Power Incorporated and Chubu Electric Power Company. Jera provides energy solutions in large-scale renewable energy centered on offshore wind power generation and LNG value chains.

AboitizPower and Jera expect that following completion of the transaction, the potential areas for collaboration may cover multiple fronts including; joint development of LNG-to-Power projects; the fuel sourcing and management of LNG; potential participation in aspects of plant O&M; and exploration of the use of new generation technologies.

USE OF PROCEEDS

The Issue Price shall be at par, which is equal to the face value of the Second Tranche Bonds. AboitizPower expects that the net proceeds of the Second Tranche Bonds shall amount to approximately ₱5,915,239,500.00 for a ₱6,000,000,000.00 Issue Size or ₱ 11,839,848,600.00 for an Issue Size of ₱12,000,000,000.00, and after deducting fees, commissions and expenses.

Based on an Issue Size of ₱6,000,000,000.00

Documentary Stamp Tax	45,000,000
Issue Management and Underwriting fees	27,000,000
Other Professional Fees	9,408,000
SEC Registration Fee (remaining payable)	1,612,500
Credit Rating Fees	1,350,000
Other Expenses (e.g. Trustee Fee, Listing fee, etc.)	390,000
Estimated net proceeds:	5,915,239,500

Based on an Issue Size of ₱12,000,000,000.00 (assuming the full exercise of the Oversubscription Option)

Documentary Stamp Tax	90,000,000
Issue Management and Underwriting fees	54,000,000
Other Professional Fees	9,836,400
SEC Registration Fee	3,225,000
Credit Rating Fees	2,700,000
Other Expenses (e.g. Trustee Fee, Listing Fee, etc.)	390,000
Estimated net proceeds	11,839,848,600

Aside from the foregoing one-time costs, AboitizPower expects the following annual expenses related to the Second Tranche Bonds:

1. Aside from the Listing Application Fee, the Issuer will be charged by PDEX with an annual maintenance fee of ₱150,000.00, with the first payment to be paid in advance upon the approval of the Listing;
2. The Issuer will pay a yearly retainer fee to the Trustee amounting to ₱180,000.00 per annum;
3. After the Issue, a Paying Agency fee equivalent to 5 basis points of the amount to be paid with a maximum of ₱100,000.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Second Tranche Bonds and the number of Bondholders; and
4. The Issuer will pay an annual monitoring fee to Philratings amounting to ₱280,000.00 (VAT inclusive). Philratings charges the annual monitoring fee to the Company in relation to all of its outstanding bonds.

The allocation of the proceeds of the Base Offer, in the order of priority, and the schedule of disbursements shall be as follows:

Use of Proceeds	Amount	Timing of Disbursement
Partially fund the equity contributions for the construction of the 74 MW Solar power plant in Pangasinan province	1.0 bn	2022
Refinancing of the 2020 Series E Bonds Maturing in 2022	4.9 bn	July 2022
Total*	5.9 bn	

The allocation of the proceeds of the Offer, assuming the full exercise of the Oversubscription Option, in the order of priority, and the schedule of disbursements shall be as follows:

Use of Proceeds	Amount	Timing of Disbursement
Partially fund the equity contributions for the construction of the 74 MW Solar power plant in Pangasinan province	1.0 bn	2022
Refinancing of the 2020 Series E Bonds Maturing in 2022	9.0 bn	July 2022
Fund future renewable projects	1.8 bn	2022
Total*	11.8 bn	

* Sum figures will differ due to rounding effect

Partially fund the equity contributions for the construction of PV Sinag Power, Inc.'s 74-MW Solar power plant in Pangasinan province

AboitizPower's investments and interests in various renewable energy projects, including geothermal, large hydro, run-of-river hydro, and solar projects, are held primarily through its wholly-owned Subsidiary, ARI and ARI's investments in power generation companies. AboitizPower is proceeding with the construction of the 74MW Cayanga solar project located in Cayanga, Bugallon, Pangasinan through PV Sinag Power, Inc. ("PV Sinag"). PV Sinag is wholly-owned by ARI, which is in turn wholly-owned by AboitizPower. PV Sinag issued a notice to proceed ("NTP") for the construction of its access road on 15 September 2021 and progress on this construction was 11.33% complete as of 30 September 2021. Tendering for the EPC contractor for the power plant and transmission is ongoing and NTP is expected to be issued within November 2021. Issuance of NTP signifies that the EPC contractor can start with its scope of work, which usually begins with the EPC contractor's issuance of a standby letter of credit, PV Sinag's payment of the advance payment, and other activities needed to start construction, such as the mobilization of personnel and equipment to site. The total project cost is estimated at ₱3.7 bn and will be funded through project finance and equity contributions. The project is expected to commence commercial operations by December 2022, in line with PV Sinag's power supply agreement with a retail customer. The proceeds of the Second Tranche Bonds allocated for the construction of PV Sinag's 74-MW solar power plant will be infused by the Company through additional investments in the equity capital of ARI, which ARI will in turn infuse to PV Sinag. Such capitalization by AP of its relevant subsidiaries will be in the form of equity, from which the Company may ultimately receive a return by way of dividends as the relevant boards of directors may deem appropriate, subject to compliance with applicable law.

Redemption of the 2020 Series E Bonds Maturing in 2022

On 6 July 2020, AboitizPower issued fixed-rate bonds (the "2020 Bonds"), Series "E" and Series "F" bonds, with a base amount of ₱6 bn and an oversubscription option ₱3.55 bn which was fully exercised. The Series "E" bonds in the aggregate amount of ₱9 bn have an interest rate of 3.125% per annum, and will mature in 2022, while the Series "F" bonds in the aggregate amount of ₱0.55 bn have an interest rate of 3.935% per annum, and will mature in 2025. The net proceeds raised from the issuance of the 2020 Series E and F bonds were used by AboitizPower to partially fund its equity contributions to GNPowder Dinginin Ltd. Co. in relation to the construction of its 2x668 MW supercritical coal-fired power plant located in Mariveles, Bataan and for general corporate purposes.

Fund Future Renewable Projects

Net proceeds amounting to approximately ₱1.8 bn will be used for the following capital expenditures relating to the construction of the plants for the renewable projects with corresponding details below:

General description	Entity	Est. Project Cost	Target NTP	Target COD
130MW Solar project in Pangasinan	PV Sinag	₱6.5 bn	Q1 2022	Q3 2023
40MW Run of river hydro project in Benguet and La Union	Hedcor Benguet, Inc.	₱4.5 bn	Q1 2022	Q2 2024

The net proceeds amounting to approximately ₱1.8 bn will primarily be used for the 130MW solar project in Pangasinan and the excess, if any, will be used for the abovementioned 40MW run of river hydro project. Construction on the 40MW run of river hydro project has not yet commenced. Subject to the Green Energy Auction Program of the DOE or Feed-in Tariff, Hedcor Benguet, Inc. is targeting to issue the NTP in March 2022. Hedcor Benguet, Inc., which was incorporated in 2009, is wholly-owned by ARI, which is in turn wholly-owned by AboitizPower. The proceeds of the Second Tranche Bonds allocated for the construction of the 40MW run of river hydro project will be infused by AboitizPower through additional investments in the equity capital of ARI, which ARI will in turn infuse to Hedcor Benguet, Inc. Such capitalization by AboitizPower of its relevant subsidiaries will be in the form of equity, from which the Company may ultimately receive a return by way of dividends as the relevant boards of directors may deem appropriate, subject to compliance with applicable law.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event there is any change in the Company's current plans, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds at the discretion of Management. In the event of any material deviation, reallocation or adjustment in the planned use of proceeds, the Company shall inform the SEC and issue all appropriate disclosures within thirty (30) days prior to its implementation. Any material or substantial adjustment to the use of proceeds, as indicated above, shall be approved by the Board and shall be publicly disclosed through the SEC, PSE, and PDEX.

Pending the above use of proceeds, the Company shall invest the net proceeds from the Offer in short-term liquid investments including but not limited to short-term government securities, bank deposits, and money market placements which are expected to earn at prevailing market rates.

In the event that the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds and/or available bank lines to the extent the proceeds of the Offer are insufficient to fund the aforementioned use of proceeds.

No amount of proceeds shall be used to reimburse any officer, director, employee, or stockholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise. Except for the underwriting fees, issue management fees and expenses related to the Second Tranche Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligation to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

DETERMINATION OF THE OFFERING PRICE

The Series B Bonds and the Series C Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

PLAN OF DISTRIBUTION

The Offer

The Second Tranche Bonds are offered by the Company as the Second Tranche of the Bonds under the Company's ₱30,000,000,000.00 Debt Securities Program. The Company shall issue the Second Tranche Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. The Offer does not include an international offering.

Pursuant to the Registration Statement rendered effective on 1 March 2021 and the corresponding certificate of permit to offer securities for sale to be issued by the SEC, the Offer will consist of the primary offer of an aggregate principal amount of up to ₱6,000,000,000.00 with an Oversubscription Option of up to ₱6,000,000,000.00. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Second Tranche Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under shelf registration and may be issued in tranches within the Shelf Period. The Oversubscription Option is exercisable by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, with the consent of the Issuer.

The Issuer has the discretion to allocate the Bonds between the Series B Bonds and Series C Bonds, or depending on prevailing market conditions, to fully allocate the Bonds in just one series, based on the book building process conducted by the Joint Lead Underwriters.

Shelf Registration of Securities Not Covered by the Offer

Following the close of the Offer and assuming the full exercise of the Oversubscription Option, AboitizPower will have issued a total of ₱20,000,000,000.00 in aggregate principal amount of bonds under its Debt Securities Program, with ₱10,000,000,000.00 remaining unissued. After the close of the Offer and within the Shelf Period, AboitizPower may, at its sole discretion, offer any or all of such remaining balance of the aggregate principal amount of the Bonds in subsequent tranches, including any amount remaining if the Oversubscription Option is partly exercised or not exercised at all. Any such subsequent offering requires the submission by AboitizPower of the relevant updates and amendments to the Registration Statement and the issuance of the corresponding permit to sell by the SEC. As a listed company, AboitizPower regularly disseminates such updates and information in its disclosures to the SEC, PDEx, and PSE.

However, there can be no assurance in respect of: (i) whether AboitizPower would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of such issuance. Any decision by AboitizPower to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within AboitizPower's control, including but not limited to: prevailing interest rates, the financing requirements of AboitizPower's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

Underwriting Obligations of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners

BDO Capital, China Bank Capital, First Metro, and SB Capital pursuant to the Issue Management and Underwriting Agreement with AboitizPower dated 10 November 2021, have agreed to act as Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners for the Offer and as such, distribute and sell the Second Tranche Bonds at the Issue Price. Subject to the satisfaction of certain conditions provided in the Issue Management and Underwriting Agreement and in consideration for certain fees and expenses, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have committed jointly and not solidarily, to underwrite the following amounts on a firm basis:

Joint Issue Managers and Joint Lead Underwriters	Commitment
BDO Capital	₱1,500,000,000.00
China Bank Capital	₱1,500,000,000.00
First Metro	₱1,500,000,000.00
SB Capital	₱1,500,000,000.00
Total	₱6,000,000,000.00

The Oversubscription Option is exercisable by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, with the consent of the Issuer.

The Issue Management and Underwriting Agreement may be terminated in certain circumstances prior to payment being made to AboitizPower of the net proceeds of the Offer. In case the Issue Management and Underwriting Agreement is terminated, the Company shall notify SEC of the termination and its subsequent course of action.

BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and SB Capital Investment Corporation are the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners for the Offer.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall receive an aggregate fee of up to 0.45% inclusive of GRT on the final aggregate nominal principal amount of the Series B and Series C Bonds issued, which is inclusive of underwriting fees, issue management fees and selling commissions to be paid to the Selling Agents. There are no other discounts and commissions to be paid to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners in connection with the Offer.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of securities. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for AboitizPower.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have no direct relations with AboitizPower in terms of ownership by either of their respective majority shareholder/s and have no right to designate or nominate any member of the Board.

BDO Capital, one of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners is a subsidiary of BDO Unibank, Inc. which serves as the Trustee.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners have no contract or other arrangement with the Company by which it may return to the Company any unsold Second Tranche Bonds.

BDO Capital is a leading investment bank in the Philippines and was incorporated in the Philippines on 8 September 1998 as a wholly owned subsidiary of BDO Unibank, Inc. BDO Capital presently conducts business as a full-service investment house with the following functions, among others: securities underwriting and trading; loan syndication; financial advisory; and private placement of debt and equity. As of 30 June 2021, on an unaudited basis, it had total assets of ₱3.5 bn, total liabilities of ₱3.0 bn and total equity of ₱0.5 bn.

China Bank Capital Corporation is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions, which include arranging, managing, and underwriting bond offerings corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as structuring, valuation, and execution of M&A deals, joint ventures and other corporate transactions.

First Metro is a leading investment bank in the Philippines with over fifty years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution. As of 30 June 2021, it had total consolidated assets of ₱30.33 bn, and its capital base amounted to ₱14.99 bn.

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

Sale and Distribution

The distribution and sale of the Second Tranche Bonds shall be undertaken by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners who shall sell and distribute the Second Tranche Bonds to third party buyers/investors. The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are authorized to organize a syndicate of soliciting dealers, co-lead underwriters, and/or selling agents for the purpose of the Offer; provided, however, that the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall remain severally, but not jointly responsible to the Issuer in respect of its obligations under the Issue Management and Underwriting Agreement entered into by them with the Issuer and the Issuer shall not be bound by any of the terms and conditions of any agreement entered into by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners with such other parties. Nothing herein shall limit the rights of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners from purchasing the Second Tranche Bonds for its respective accounts.

There are no persons to whom the Second Tranche Bonds are allocated or designated. The Second Tranche Bonds shall be offered to the public at large and without preference.

Term of Appointment

The engagement of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall subsist so long as the SEC permit to sell remains valid, unless otherwise terminated pursuant to the Issue Management and Underwriting Agreement.

Manner of Distribution

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall, at its discretion but with written notice to AboitizPower, determine the manner by which proposals for applications for purchase and issuances of the Second Tranche Bonds shall be solicited, with the primary sale of the Second Tranche Bonds to be effected only through the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, with the consent of the Issuer, shall agree on the process for allocating the Second Tranche Bonds and the manner of accepting the Applications to Purchase (the "Allocation Plan"). Consistent with bank procedures (if applicable) and the Allocation Plan, each of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall be responsible for determining who are eligible Bondholders from the Applicants and for establishing the *bona fide* identity of each in accordance with the Anti-Money Laundering Laws of the Philippines, as well as its own internal policies and arrangements under acceptable standards and policies regarding "know-your-customer" and anti-money laundering.

Offer Period

The Offer Period shall commence on 15 November 2021 and end on 19 November 2021 or such other date as may be mutually agreed by the Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

All applications for the purchase of the Second Tranche Bonds shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed specimen signature cards authenticated by the Corporate Secretary with respect to corporate and institutional investors, and shall be accompanied by the payment in full of the corresponding purchase price of the Second Tranche Bonds applied for, by check or by appropriate payment instruction, and the required documents which must be submitted to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners.

Corporate and institutional purchasers must also submit a certified true copy of its SEC Certificate of Registration, its latest Articles of Incorporation and By-laws, or such other relevant organizational or charter documents, and the duly notarized certificate of the Corporate Secretary attesting to the resolution of the board of directors and/or committees or bodies authorizing the purchase of the Second Tranche Bonds and designating the authorized signatory/ies therefore, including his or her specimen signature. Individual Applicants must also submit a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank, which must be valid as of the date of the Application.

An Applicant who is exempt from or is not subject to withholding tax, or who claims preferential tax treaty rates shall, in addition, be required to submit the following requirements to the relevant Selling Agent (together with their applications) who shall then forward the same to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:

- a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
 - i. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof;
 - ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
 - iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) GOCC; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and
 - iv. For entities claiming tax treaty relief – original or certified true copies of the following documents:

General requirements:

- 1) Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;

- 2) Original and duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer's authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

- 3) Authenticated copy of the Bondholder's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- 4) For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- 5) For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional requirements for entities:

- 6) Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
- 7) List of owners/beneficiaries of the Bondholder;
- 8) Proof of ownership of the Bondholder; and
- 9) TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCC 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for subsequent interests due and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

- b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and
- c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar and Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b) and (c) above, as may be applicable, will result in the application of the regular income tax rate provided under the Tax Code.

Completed Applications to Purchase and corresponding payments must reach the relevant Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners prior to the end of the Offer Period, or such earlier date as may be specified by the relevant Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. Acceptance

by each Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners of the completed Application to Purchase shall be subject to the availability of the Second Tranche Bonds and the approval by AboitizPower and the relevant Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically cancelled and any prior acceptance of the Application to Purchase is deemed revoked.

Minimum Purchase

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

Allotment of the Second Tranche Bonds

If the Second Tranche Bonds are insufficient to satisfy all Applications to Purchase, the available Second Tranche Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice subject to AboitizPower's exercise of its right of rejection.

Acceptance of Applications

AboitizPower and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners reserve the right to accept or reject applications to subscribe in the Second Tranche Bonds, and in case of oversubscription, allocate the Second Tranche Bonds available to the applicants in a manner they deem appropriate. If any Application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner.

Refunds

In the event an Application is rejected or the amount of the Second Tranche Bonds applied for is scaled down, the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, upon receipt of such rejected and/or scaled down applications, shall notify the Applicant concerned that his application has been rejected or the amount of Second Tranche Bonds applied for is scaled down, and refund the amount paid by the Applicant with no interest thereon. With respect to an Applicant whose application was rejected, refund shall be made without interest by the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner by making the check payment of the Applicant concerned available for his retrieval. With respect to an Applicant whose application has been scaled down, refund shall be made without interest by the issuance by the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner of its own check payable to the order of the Applicant and crossed "Payees' Account Only" corresponding to the amount in excess of the accepted Application. All checks shall be made available for pick up by the Applicant concerned at the office of the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner to whom the rejected or scaled down Application was submitted within ten (10) Banking Days after the last day of the Offer Period. The Issuer shall not be liable in any manner to the Applicant for any check payment corresponding to any rejected or scaled-down application which is not returned by the relevant Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner; in which case, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall be responsible directly to the Applicant for the return of the check or otherwise the refund of the payment.

Secondary Market

AboitizPower intends to list the Second Tranche Bonds at the PDEX. AboitizPower may purchase the Second Tranche Bonds at any time, in the open market or by tender or by contract, in accordance with PDEX Rules, which may be amended from time to time, without any obligation to make pro rata purchases of Bonds from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Second Tranche Bonds on the PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

Register of Bondholders

The Second Tranche Bonds shall be issued in scripless form and will be eligible for trading under the scripless book-entry system of PDTC. Master Certificates of Indebtedness representing the Series B Bonds and Series C Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Second Tranche Bonds shall be shown in the register of bondholders ("Register of Bondholders") to be maintained by the Registrar. Second Tranche AboitizPower will cause the Register of Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Second Tranche Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders.

Initial placement of the Second Tranche Bonds and subsequent transfers of interests in the Second Tranche Bonds shall be subject to applicable prevailing Philippine selling restrictions.

DESCRIPTION OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Second Tranche Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in the Offer Supplement, the Trust Agreement, the Issue Management and Underwriting Agreement, the Registry and Paying Agency Agreement and other agreements relevant to the Offer.

A registration statement covering the Thirty Billion Pesos (₱30,000,000,000.00) aggregate principal amount of debt securities (the “Debt Securities Program”) was filed by Aboitiz Power Corporation (“AboitizPower”, the “Issuer”, or the “Company”) on 14 December 2020 and rendered effective by the Securities and Exchange Commission (“SEC”) by its order dated 1 March 2021 (the “Shelf Registration”). The first tranche of the Debt Securities Program with a principal amount of Eight Billion Pesos (₱8,000,000,000.00) of fixed-rate bonds was issued on 16 March 2021 under a Prospectus dated 26 February 2021. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the Second Tranche Bonds will be in the form of fixed-rate bonds, with an aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) (the “Second Tranche Bonds” or the “Offer”) under the Prospectus and this Offer Supplement. The Oversubscription Option is exercisable by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, with the consent of the Issuer.

The Second Tranche Bonds shall be constituted by a Trust Agreement executed on 10 November 2021 (the “Trust Agreement”) entered into between the Issuer and BDO Unibank Inc. - Trust and Investments Group (the “Trustee”), which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement. The description of the terms and conditions of the Second Tranche Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

A registry and paying agency agreement executed on 10 November 2021 (the “Registry and Paying Agency Agreement”) in relation to the Second Tranche Bonds among the Issuer, Philippine Depository & Trust Corporation as paying agent (the “Paying Agent”) and as registrar (the “Registrar”).

The Second Tranche Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Fifty Thousand Pesos (₱50,000.00) and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

The Series B Bonds shall mature on 2 December 2025, while the Series C Bonds shall mature on 2 December 2028 unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment below.

The Registrar and Paying Agent has no interest in or relation to AboitizPower which may conflict with its role as Registrar for the Offer. The Trustee has no interest in or relation to AboitizPower which may conflict with the performance of its functions as Trustee.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. The holders of the Second Tranche Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

FORM AND DENOMINATION

The Second Tranche Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each as a minimum and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

TITLE

Legal title to the Second Tranche Bonds shall be shown in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Second Tranche Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Second Tranche Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Second Tranche Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

BOND RATING

The Second Tranche Bonds have been rated PRS Aaa with a Stable Outlook by Philratings. PRS Aaa is the highest rating assigned by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. A Stable Outlook means that the rating is likely to be maintained or to remain unchanged in the next twelve months.

PhilRatings identified the following key rating factors in the assignment of the rating: a) diversified portfolio with good growth prospects; b) experienced management team; c) improved financial performance in the first half of 2021 (1H2021); and d) healthy cash flows and adequate liquidity. PhilRatings also considered that the power industry is seen to be relatively more stable amidst increasing economic uncertainty caused by the COVID-19 pandemic, given that electricity is an essential need.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

TRANSFER OF BONDS

Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Second Tranche Bonds held by them and of all transfers of Second Tranche Bonds shall be entered into the Register of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder, in the mode elected by such Bondholder in the Application to Purchase or the Registration Form, a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Second Tranche Bonds that is effected in the Registrar's system (at the cost of the relevant Bondholder). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfers of the Second Tranche Bonds may be made during the period intervening between and commencing on the Record Date as defined in the section on "*Interest Payment Date.*"

Transfers: Tax Status

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the Second Tranche Bonds, including the settlement of any documentary stamp taxes, if any, arising from subsequent transfers, shall be settled directly between the transferee and/or the transferor Bondholders.

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a Banking Day. Restricted transfers include, but are not limited to, transfers between taxable and non-taxable entities, between taxable entities of different tax categories (where tax-withheld entities with different final withholding tax rates (e.g., 20%, 25%, 30%) are considered as belonging to different tax categories), or between parties who claim the benefit of a tax treaty; provided, however, that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax rate to ensure that the computation is based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as belonging to the same tax category as its taxable counterpart for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Registry and Paying Agency Agreement upon submission of the account opening documents to Registrar. Transfers taking place in the Register of Bondholders after the Second Tranche Bonds are listed on PDEX shall be allowed between tax-exempt and non-tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions, and guidelines of PDEX and PDTC.

Secondary Trading of the Second Tranche Bonds

The Issuer intends to list the Second Tranche Bonds at PDEX for secondary market trading or such other securities exchange as may be licensed as such by the SEC. Secondary market trading in PDEX shall follow the applicable PDEX rules, conventions, and guidelines governing trading and settlement between bondholders of different tax status and shall be subject to the relevant fees of PDEX and PDTC. Upon listing of the Second Tranche Bonds with PDEX, investors shall course their secondary market trades through PDEX Brokering Participants for execution in the PDEX Trading Platform in accordance with PDEX Trading Rules, Conventions and Guidelines, and shall settle such trades on a Delivery versus Payment (“DvP”) basis in accordance with PDEX Settlement Rules and Guidelines. The PDEX rules and conventions are available on the PDEX website (www.pds.com.ph). An Investor Frequently Asked Questions (“FAQ”) discussion on the secondary market trading, settlement, documentation and estimated fees are also available on the PDEX website.

Market Information on Other Debt Securities

While there are already listed debt securities of AboitizPower on PDEX, these securities have maturities that may be different from the Second Tranche Bonds, and were priced at a time when benchmark rates were likely different. As such, the listed price of the said securities may not necessarily be directly comparable with the Second Tranche Bonds.

RANKING

The Second Tranche Bonds shall constitute the direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and rateably in priority of payment without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section 5.2 (a) of the Trust Agreement or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of Issue Date. The Second Tranche Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower’s secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244 (14) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the Second Tranche Bonds.

INTEREST

Interest Payment Dates

The Second Tranche Bonds bear interest on its principal amount from and including Issue Date at the rate of 3.9992% per annum for the Series B Bonds, and 5.0283% per annum for the Series C Bonds, payable quarterly in arrear starting on 2 March 2022 for the first interest payment date, and 2 March, 2 June, 2 September, and 2 December of each year while the Second Tranche Bonds are outstanding (each an “Interest Payment Date”), or the immediately succeeding Banking Day, if such Interest Payment Date is not a Banking Day, without any adjustment in the amount due. The last Interest Payment Date shall fall on the relevant Maturity Date, or the immediately succeeding Banking Day if such day is not a Banking Day, without any adjustment to the amount due.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be the day two (2) Banking Days prior to the relevant Interest Payment Date (the “Record Date”), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Second Tranche Bonds; provided, that if such day falls on a non-Banking Day, the Record Date shall be the Banking Day immediately preceding said date. No transfers of the Second Tranche Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

Interest Accrual

The Series B and Series C Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on “*Final Redemption*,” unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*”) shall apply.

Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

REDEMPTION AND PURCHASE

Final Redemption

Unless previously purchased and cancelled, the Second Tranche Bonds shall be redeemed at par or 100% of face value on the relevant Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment, on the succeeding Banking Day if the Maturity Date is not a Banking Day.

Early Redemption

Prior to the relevant Maturity Dates of the Series B and Series C Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding the Series B and Series C Bonds on the Early Redemption Dates, as provided below, or the immediately succeeding Banking Day if such date is not a Banking Day (the “Early Redemption Date”), without any adjustment on the principal or interest accruing.

The amount payable to the Bondholders in respect of the Early Redemption exercise (the “Early Redemption Price”) shall be calculated based on the principal amount of the Series B and Series C Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount and the applicable Early Redemption Price in accordance with the following schedule:

Series B Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
2 nd year from Issue Date and every Interest Payment Date thereafter before the 3 rd anniversary of the Issue Date	101.00%
3 rd year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

Series C Bonds	
Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
4 th year from Issue Date and every Interest Payment Date thereafter before the 5 th anniversary of the Issue Date	102.00%
5 th year from Issue Date and every Interest Payment Date thereafter before the 6 th anniversary of the Issue Date	101.00%
6 th year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice to the Bondholders through the Trustee of its intention to redeem the Series B and Series C Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B and Series C Bonds on the Early Redemption Date stated in such notice. For the avoidance of doubt, notice to the Trustee shall be considered notice to the Bondholders.

Redemption for Taxation Reasons

The Issuer may redeem any series of the Second Tranche Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than fifteen (15) days' notice to the Trustee) at par plus accrued interest, subject to the requirements of Applicable Law, if payments under any series of the Second Tranche Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes, which shall be for the account of the Bondholders.

The Trustee, upon receipt of written notice of redemption delivered by the Issuer, shall declare the principal of the Series B and Series C Bonds, including all accrued interest, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty that is imposed under an optional redemption, anything in the Trust Agreement or in the Series B and Series C Bonds contained to the contrary notwithstanding.

Redemption by Reason of Change in Law or Circumstance

If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Second Tranche Bonds for the events contemplated in (a), (b) or (c) below or the Majority Bondholders for the events contemplated in (d) below (and with written notice to the Trustee), and be continuing for a period of thirty (30) Banking Days with respect to the events contemplated in (a) or (c) below:

- e. Any law, Government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Second Tranche Bonds which shall be modified in a manner which, while not constituting an Event of Default, will result in a Material Adverse Effect, or shall be withdrawn or withheld;
- f. Any provision of the Trust Agreement or any of the related documents is or becomes invalid, illegal or unenforceable by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents;
- g. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and
- h. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer, may declare the principal of the Second Tranche Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any pre-payment penalty that is imposed under an Early Redemption, anything in the Trust Agreement or in the Second Tranche Bonds contained to the contrary notwithstanding, subject to the notice requirements under Section 10.2 of the Trust Agreement, provided that, such notice shall not be deemed either caused by a default under Section 9.1, or a notice of default under Section 10.2 under the same Trust Agreement. The Issuer shall also have the option to redeem in whole, but not in part, the Bonds at par (or 100% of face value) and paid together with the accrued interest thereon, by giving not more than sixty (60) nor less than thirty (30) (or such shorter period prescribed by Applicable Law, if any) days' notice.

Purchase

The Issuer may at any time purchase any of the Second Tranche Bonds at any price in the open market or by tender or by contract in accordance with PDEX Rules, which may be amended from time to time, without any obligation to purchase Second Tranche Bonds pro-rata from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Second Tranche Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

Payments

The principal of, interest on, and all other amounts payable on the Second Tranche Bonds shall be paid to the Bondholders by crediting the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Second Tranche Bonds shall be payable in Philippine Pesos, net of final taxes and fees (if any). AboitizPower shall ensure that so long as any of the Second Tranche Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Second Tranche Bonds. AboitizPower may terminate the appointment of the Paying Agent, as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, AboitizPower shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Payment of Additional Amounts - Taxation

Interest income on the Second Tranche Bonds is subject to final withholding tax at rates depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided below or in the Trust Agreement, and without prejudice to the right of the Issuer to exercise its option to redeem the Series B and Series C Bonds for taxation reasons, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

1. The applicable final withholding tax applicable on interest earned on the Series B and Series C Bonds prescribed under the Tax Code, as amended and its implementing rules and regulations as may be in effect from time to time. Without prejudice to any new or additional requirements as may be required under new or amendatory regulations, an investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:
 - a. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
 - i. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30 (H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than three (3) years since the date of issuance thereof;
 - ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
 - iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) GOCC; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and
 - iv. For entities claiming tax treaty relief – original or certified true copies of the following documents:

General requirements:

- 1) Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- 2) Original duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer's authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

- 3) Authenticated copy of the Bondholder's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- 4) For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- 5) For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional requirements for entities:

- 6) Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
- 7) List of owners/beneficiaries of the Bondholder;
- 8) Proof of ownership of the Bondholder; and
- 9) TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for subsequent interests due and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

- b. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and
- c. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar and Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (a), (b), and (c) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

2. Any applicable taxes on other income due to any Bondholder arising from the Series B and Series C Bonds, including but not limited to the Early Redemption Premium, if and when applicable;
3. Gross Receipts Tax under the Tax Code;
4. Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
5. Value Added Tax (“VAT”) under the Tax Code, as amended.

Documentary stamp tax for the primary issue of the Second Tranche Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer’s account.

FINANCIAL RATIOS

The Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the Transaction Date, after giving effect to the incurrence of such loan obligation, and any other such cumulative obligations, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt, as at the last day of the Relevant Period immediately preceding the Transaction Date, to Consolidated Equity, in respect of the Relevant Period immediately preceding the Transaction Date, will exceed 3:1.

There are no other regulatory ratios that the Issuer is required to comply with.

For the schedule of the Issuer’s relevant consolidated financial ratios as of 30 June 2021, 31 December 2020, 31 December 2019, 31 December 2018, and 31 December 2017, please refer to the table below as well as the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section beginning on page 156.

	30 June 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Interest Coverage Ratio ⁵	Not measured on an interim basis	2.54	2.83	3.53	3.60
Return on Common Equity ⁶	Not measured on an interim basis	11%	14.50%	20.20%	21.00%
Current Ratio ⁷	1.28	1.38	1.53	1.89	1.38
Debt to Equity Ratio ⁸	1.87	1.96	2.07	1.85	1.92

EVENTS OF DEFAULT

Each of the following events constitutes an Event of Default.

1. **Payment Default.** The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the Bonds, provided that such non-payment shall not constitute an Event of Default if such failure to pay is remedied within seven (7) Banking Days from due date thereof.

The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is

⁵ Earnings Before Interest and Taxes divided by Interest Expense

⁶ Net Income after Tax divided by Total equity adjusted for cash dividends

⁷ Current Assets divided by Current Liabilities

⁸ Total liabilities divided by total stockholders’ equity

expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due. These other amounts include Penalty Interest, insofar as the payment of such interest is concerned.

2. **Representation Default.** Except for clerical or typographical error, any representation or warranty made by the Issuer in the Trust Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.
3. **Other Provisions Default.** The Issuer fails to perform or comply with any other term, obligation, or covenant contained in the Trust Agreement or in any other document or instruments related or otherwise in connection therewith in any material respect and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of ninety (90) days for financial covenants and sixty (60) days for all other covenants from the date after written notice thereof shall have been given by the Trustee; Provided, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default.
4. **Cross Default.** The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within thirty (30) Banking Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of at least two-thirds (2/3) of the Bondholders, adversely and materially affect the performance by the Issuer of its obligations under the Trust Agreement and the Bonds. Provided, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is in excess of five percent (5%) of the Fair Market Value of Assets of the Issuer, based on the relevant parent-only financial statements of the Issuer.
5. **Insolvency Default.** The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs, or any other proceeding analogous in purpose and effect; Provided, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the a court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof or such longer period as the Majority Bondholders may approve.
6. **Closure Default.** The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days, except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a Closure Default.
7. **Judgment Default.** Any final judgment, decree, order, or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer's Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, agreement, or award and any extension thereof, shall have expired without

being satisfied, discharged, or stayed within (i) ninety (90) calendar days after the date when payment is due under such judgment, decree, order, or award, or (ii) the relevant period provided by Applicable Law.

8. **Writ and Similar Process Default.** Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within sixty (60) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

CONSEQUENCES OF DEFAULT

Declaration by the Trustee or the Bondholders

1. If any one or more of the Events of Default shall occur and be continuing, the Trustee, upon the written direction of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Second Tranche Bonds, by notice in writing delivered to the Issuer, may declare the principal of the Second Tranche Bonds then outstanding, including all interest accrued and unpaid thereon and all amounts due thereunder, to be due and payable immediately, anything contained in the Trust Agreement or in the Second Tranche Bonds to the contrary notwithstanding.
2. The provision above, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders, by written notice to the Issuer and to the Trustee, may rescind and annul such declaration made by the Trustee pursuant to a consequence of default and its consequences, upon such terms, conditions and agreements, if any, as they may determine, including, in connection with a Cross Default, the fact that the non-payment of the obligation is contested in good faith by the Issuer; provided, that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereto. Any such waiver shall be conclusive and binding upon all the Bondholders and upon all future holders and owners of such Second Tranche Bonds, or of any Second Tranche Bond issued in lieu thereof or in exchange therefor, irrespective of whether or not notation of such waiver is made upon the Second Tranche Bonds.
3. At any time after an Event of Default shall have occurred, the Trustee may:
 - a. by notice in writing to the Issuer, the Registrar and Paying Agent, require the Registrar and Paying Agent to:
 - i. hold all sums, documents and records held by them in respect of the Second Tranche Bonds on behalf of the Trustee; and/or
 - ii. deliver all evidence of the Second Tranche Bonds and all sums, documents and records held by them in respect of the Second Tranche Bonds to the Trustee or as the Trustee shall direct in such notice; provided, that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any Applicable Law; and
 - b. by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Second Tranche Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

Notice of Default

The Trustee shall, within ten (10) days after the occurrence of an Event of Default give to the Bondholders written notice of any such Event of Default known to it unless the same shall have been cured before the giving of such notice; provided, that, in the case of a Payment Default, the Trustee shall, upon written notice from the Paying Agent of the Issuer's failure to pay any amount of principal or interest which the Issuer is obligated to

pay the Bondholders under the Trust Agreement and the Second Tranche Bonds, immediately notify the Bondholders upon the occurrence of such Payment Default. The existence of a written notice required to be given to the Bondholders under this Section shall be published in two (2) newspapers of general circulation in Metro Manila, Philippines for two (2) consecutive days, indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Second Tranche Bonds at the principal office of the Trustee as indicated in the Trust Agreement upon presentation of sufficient and acceptable identification to the Trustee.

Subject to Applicable Law, in case of the occurrence of an Event of Default, the Issuer shall authorize the Registrar to provide the Trustee with the list of Bondholders containing the names and addresses of the Bondholders, the amount of the Second Tranche Bonds held by them, and such other information as may be agreed upon between the Registrar and the Issuer or a confirmation stating that the relevant Bondholder is included in the list of Bondholders in the Register of Bondholders.

Penalty Interest

In case any amount payable by the Issuer under the Second Tranche Bonds, whether for principal, interest, fees due to the Trustee, Registrar and Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty fee on the defaulted amount(s) at the rate of 2.0% per annum (the "Penalty Interest") from the time the amount fell due until it is fully paid.

Payments in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer will pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Second Tranche Bonds with interest at the rate borne by the Second Tranche Bonds on the overdue principal and with Penalty Interest, where applicable, and in addition thereto the Issuer will pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred in furtherance of the Trust Agreement and without negligence or bad faith by the Trustee hereunder.

Upon the occurrence of an Event of Default and in accordance with the requirements of the Trust Agreement, the Bondholders shall have the right, but not the obligation, to require the Issuer to redeem the Second Tranche Bonds in full, by payment of the amounts stated above, plus the principal amount, by delivery of the relevant evidence of the Second Tranche Bonds to the Trustee.

Application of Payments

Any money collected by the Trustee and any other funds held by it through the Registrar and Paying Agent or any other agent appointed by the Trustee in connection with the Second Tranche Bonds, which shall be delivered to the Paying Agent, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Trustee in the order of preference as follows:

First: To the payment of the costs, expenses, fees and other charges of collection, including reasonable compensation to the Trustee, Registrar and Paying Agent, and each such Person's agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursement made by the Trustee and the Registrar without bad faith and with the requisite diligence.

Second: To the payment of Penalty Interest.

Third: To the payment of the interest, in the order of the maturity of such interest.

Fourth: To the payment of the principal amount of the outstanding Second Tranche Bonds due and payable.

Fifth: The remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Registrar and Paying Agent in relation to the Second Tranche Bonds shall require the conformity of the Trustee. The Registrar and Paying Agent shall render a monthly account of such funds under its control.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extrajudicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement.

No delay or omission by the Trustee or by any Bondholder to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto, and every power and remedy given in the Trust Agreement to the Trustee or to the Bondholder may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless all of the following conditions have been fulfilled: (1) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Second Tranche Bonds, and (2) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action or proceeding in its own name, and (3) the Trustee for sixty (60) days after receipt of such notice and request shall have neglected or refused to institute any such suit, action or proceeding, unless such failure was due to any circumstance beyond its control, and (4) no directions inconsistent with such written request or waiver of default by the Bondholders shall have been made, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Bondholders. For the protection and enforcement of the provisions of this Section, each and every Bondholder and the Trustee shall be entitled to such relief as can be given under the Applicable Law.

Waiver of Default by Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default except the Payment Default, Cross Default, Insolvency Default, and Closure Default, and its consequences. In case of any such waiver, written notice of which shall be given to the Trustee, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Second Tranche Bonds.

MEETINGS OF BONDHOLDERS

Meetings

A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Section for the purpose of taking any action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of Second Tranche Bonds under any other provisions of the Trust Agreement or under Applicable Law and such other matters related to the rights and interests of the Bondholders under the Second Tranche Bonds. The Issuer shall authorize the Registrar and Paying Agent to provide the Trustee with the list of Bondholders for purposes of calling a meeting of the Bondholders.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the Majority Bondholders may direct in writing the Trustee to call a meeting of the Bondholders, to take any action specified herein, to be held at such time and at such place or mode as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and the place or mode of such meeting and the purpose of such meeting in reasonable detail, shall be issued by the Trustee and sent by the Trustee to the Issuer and to each of the registered Bondholders and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting, including the cost of the venue and other related expenses for the meeting, shall be advanced by or reimbursed by the Issuer within ten (10) days from receipt of the duly supported statement of account.

Failure of Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its Board, or the requisite number of Bondholders shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, the notice of such meeting within fifteen (15) Banking Days after receipt of such request, then the Issuer or such Bondholders may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof, and the costs thereof shall be chargeable to the Trustee, except when such failure is beyond the control of the Trustee.

Quorum

The presence of the Majority Bondholders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The Trustee shall rely on the records provided by the Registrar and Paying Agent and shall be held free and harmless for such reliance.

Procedure for Meetings

The Trustee shall preside at all the meetings of the Bondholders unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting from among the Bondholders then present or represented during the meeting.

Any meeting of the Bondholders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Second Tranche Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

In the event consent/s are requested from the Bondholders, the Bondholders' records with the Registrar as of the immediately preceding month-end prior to the date of the request shall be used by the Trustee until the results of the exercise is completed. Transfers or changes to ownership during any exercise shall be disregarded by the Trustee. Notwithstanding the foregoing, if the Registrar determines the record date of Bondholders according to its Agreement then such listing shall prevail and the Trustee shall rely on such records

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of the Second Tranche Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of such meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representative of the Issuer and its legal counsel.

Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the Bondholders present or represented in a meeting at which there is a quorum, except as otherwise provided in the Trust Agreement.

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Second Tranche Bonds, the appointment of proxies by registered holders of the Second Tranche Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit. The minutes of each meeting and any resolution made thereat shall be taken by the Trustee.

Evidence Supporting Bondholders' Action

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Second Tranche Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders. The Trustee shall rely on the Registrar to authenticate all Bondholders' signatures at all times.

Duties and Responsibilities of the Trustee

The Trustee shall act as trustee for and in behalf of the Bondholders and as such shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the Issuer's observance of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters to be taken up with the Issuer.

In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon, as to the truth of the statements and the correctness of the opinion expressed in, any certificate or opinion furnished to the Trustee conforming to the requirements of the Trust Agreement.

The Trustee shall report regularly to the Bondholders any non-compliance by the Issuer with the Trust Agreement and, to the best of Trustee's knowledge, any development with respect to the Issuer based on official disclosures to the PDEX, PSE, SEC, or other regulatory agencies and that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have knowledge based on official disclosures to the PDEX, PSE, SEC, or other regulatory agencies; provided, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Second Tranche Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification and Registrar's confirmation.

The Trustee shall have custody of and hold in its name, for and in behalf of the Bondholders, the Master Certificates of Indebtedness for the total issuance of the Second Tranche Bonds.

The Trustee shall promptly and faithfully carry out the instructions or decisions of the Bondholders issued or reached in accordance with Section 11 of the Trust Agreement.

The Trustee may, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the Second Tranche Bonds and the Trust Agreement, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the Second Tranche Bonds and the Trust Agreement.

The request shall be reasonable, made not less than seventy-two (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended as stated in the request, provided such limitation shall not apply if in conflict with the duties and responsibilities of the Trustee under any provision of the Trust Agreement.

The Trustee shall, prior to the occurrence of an Event of Default or after curing or waiver of any Event of Default which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of an Event of Default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances. The Trustee may appoint agents to perform or institute the necessary actions in the exercise of such rights and powers.

The Trustee shall inform the Bondholders of any event, breach of representations and warranties, and Event of Default within a reasonable period from the time that the Trustee learns or is informed of such event.

As to the Bondholders, the Trustee may presume that no Event of Default has occurred and the Issuer has complied with all its representations, warranties and covenants until it has received notice or has actual knowledge thereof.

Upon written request by the Issuer no later than 11:30 a.m. on a Banking Day, the Trustee shall send notice of any matter to the Bondholders, other than those matters notice of which is specifically required to be given to the Bondholders by another party under the Trust Agreement. If required, a copy of such notice shall be sent to the Registrar.

The Trustee shall perform such other powers and functions as provided for elsewhere under the Trust Agreement.

Amendment or Supplemental Agreements

With the written consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its Board, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, however, that no such supplemental agreement shall:

1. Without the consent of each Bondholder affected thereby:
 - a. extend the fixed maturity of the relevant Series B and Series C Bonds, or
 - b. reduce the principal amount of the relevant Series B and Series C Bonds, or
 - c. reduce the rate or extend the time of payment of interest and principal thereon;
2. Affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders; or
3. Reduce the percentage required to be obtained of the Bondholders to consent to or approve any supplemental agreement or any waiver provided for in the Trust Agreement without the consent of all the Bondholders.

The Issuer and the Trustee may amend or waive any provisions of the Transaction Documents and it shall not be necessary to send a prior notice to, or obtain the consent of, the Bondholders under this Section for the purpose of:

- i. approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof; and
- ii. any such amendment or waiver that is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, without prior notice to or the consent of the Bondholders provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

Any consent given shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Second Tranche Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement, the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

MISCELLANEOUS PROVISIONS

Waiver of Preference

In the event that a primary obligation for payment shall arise out of the Trust Agreement, such as to constitute the Trust Agreement as a contract for the payment of an indebtedness or a loan, then it is understood and expressly agreed by the parties hereto that the obligation created under the Trust Agreement shall not enjoy any priority, preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that the Trust Agreement may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced.

Notice

Any notice or demand authorized by the Trust Agreement to be given to the Issuer and the Trustee must be in writing and will be deemed to have been duly given only if (a) (i) delivered personally, or (ii) mailed through a

reputable overnight courier service (postage prepaid) to the parties at the following addresses and addressed to the individuals names below; provided, that in either case, such notice, request or other communication be also sent via email; or (b) emailed to the parties at the following email addresses and addressed to the individuals named below:

If to the Issuer:

Aboitiz Power Corporation
Attention: Maria Veronica C. So
Subject: AboitizPower Bonds Due 2025 and 2028
Address: 32nd Street, Bonifacio Global City,
1634 Taguig City, Metro Manila
Telephone No. +639178180008
E-mail: veronica.so@abotiz.com
With copy to: aev.tsg@abotiz.com

If to the Trustee:

BDO Unibank, Inc. Trust and Investments Group
Attention: Rosie R. Palaran / Rachele Ann C. Mendiola
Subject: AboitizPower Bonds Due 2025 and 2028
Address: 14th Floor, BDO Towers Valero, 8741 Paseo De Roxas Makati City

Facsimile: 8878-4001 / 8878-4237
E-mail: palaran.rosie@bdo.com.ph / rcm@bdo.com.ph

All notices to the Issuer and the Trustee shall be deemed served or given when sent via email; provided, that no bounce mail, error or send failure notification is received by the sender.

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) reputable surface mailing service; (iii) reputable overnight courier service (postage prepaid); (iv) electronic mail; (v) by one-time publication in a newspaper of general circulation in the Philippines; (vi) personal delivery to the address of record in the Register of Bondholders; or (vii) disclosure through the online disclosure system of the PDEX. The Trustee shall rely on the Register of Bondholders provided by the Registrar and Paying Agent in determining the Bondholders entitled to notice.

All notices to Bondholders shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing if transmitted by a reputable surface mailing service; (iii) upon the next Banking Day, if sent by reputable overnight courier service; (iv) on the date of transmission, if transmitted by electronic mail; provided, that no bounce mail, error or send failure notification is received by the sender; (v) on date of publication; (vi) on date of delivery, for personal delivery; or (vii) on the date of posting through the online disclosure system of PDEX, as applicable.

Binding and Conclusive Nature

Except as provided under the Trust Agreement, all notifications, opinion, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence of willful default, bad faith or manifest error) no liability to the Issuer, the Registrar and Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement, resulting from the Trustee's reliance on the foregoing.

SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and shall be enforceable against the Issuer, the Trustee and the Bondholders and their respective successors and assigns; provided, however, that the Issuer shall not have the right to transfer or assign any and all of its rights or obligations herein without the prior written consent of the Bondholders representing at least two-thirds (2/3) of the aggregate outstanding principal amount of the Second Tranche Bonds.

VALIDITY OF PROVISIONS

If any provision, term or condition hereof or the application thereof to any Person or circumstance is declared invalid, the other provisions, terms or conditions hereof or the application hereof to any Person or circumstance shall not be affected and shall continue to be in full force and effect.

Venue

Any legal action or proceeding arising out of, or in connection with, the Trust Agreement and the Second Tranche Bonds and any and all related documents and papers, shall be brought in the proper courts of Makati City or Taguig City, Metro Manila, Philippines, at the option of the complaining party, to the exclusion of any other court.

Dispute Settlement

In case any dispute shall arise between the Issuer, the Trustee or any of the Bondholders in respect of the Trust Agreement, or other related agreements or arrangements, the Issuer, the Trustee or any of the Bondholders shall attempt to resolve the same amicably by agreement which shall be in writing. However, if no such agreement is concluded within thirty (30) Banking Days from the time the dispute arose, or such period as may be reasonable under the circumstances, the parties may have recourse to the usual judicial action that may be obtained under the circumstances.

No Right to Set-Off

The Trustee shall have no right to apply funds or money of the Issuer on deposit with or in the custody of the Trustee or any of its branches, subsidiaries, or affiliates on reduction of amounts past due under the Trust Agreement.

Non-Reliance

Each Bondholder represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or willful misconduct.

Non-coverage of PDIC

The Bondholders understand and acknowledge that investments in the Second Tranche Bonds are not covered by the Philippine Deposit Insurance Corporation ("PDIC") and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Second Tranche Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

Governing Law

The Second Tranche Bonds issued hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the Republic of the Philippines.

THE COMPANY

The Aboitiz Group's power generation, distribution and retail electricity supply business is operated through AboitizPower and its Subsidiaries (collectively, the "AboitizPower Group" or the "Group"). AboitizPower's Generation Group is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements (each, an "ASPA") and for trading in the WESM. The Distribution Utilities are engaged in the distribution and sale of electricity to end-users through its various distribution utilities, while the RES and Others segment includes retail electricity sales to various off-takers that are considered eligible contestable customers ("Contestable Customers") and provision of electricity related services, such as installation of electrical equipment.

Based on ERC Resolution No. 05-2021 dated 11 March 2021, the power generation business of AboitizPower is among the leaders in the Philippines in terms of attributable installed capacity. Moreover, AboitizPower has the second largest distribution utility in terms of captive customer connections and energy sales (based on the DOE's Distribution Development Plan 2019-2028). AboitizPower's Subsidiaries engaged in the supply of retail electricity account for the second largest in terms of customers and in terms of share in total retail market demand (based on share in total retail market demand presented in the ERC Competitive Retail Electricity Market Monthly Statistical Data as of July 2021). AboitizPower is a pioneer in the building and operation of run-of-river mini hydropower plants in the country. Today, through its renewable energy Subsidiaries, AboitizPower has the largest installed capacity of renewable energy under its market control⁹. AboitizPower is listed on the PSE and as of 30 September 2021, AboitizPower had a market capitalization of ₱228.12 bn, with a common share price of ₱31.00 per share.

⁹ Based on ERC Resolution No. 5-2021, dated 11 March 2021

BRIEF HISTORY OF ABOITIZPOWER AND ITS SIGNIFICANT SUBSIDIARIES

Aboitiz Power Corporation Conglomerate Map of 30 June 2021



** Joint Operations
*** Engages in retail electricity supply business

BUSINESS DEVELOPMENT

AboitizPower is a publicly-listed holding company incorporated on, and has been in business since, 13 February 1998. AboitizPower was incorporated as a holding company for the Aboitiz Group’s investments in power generation and distribution. Ownership in AboitizPower was opened to the public through an initial public offering of its common shares and its common shares were officially listed in the PSE on 16 July 2007. Through its Subsidiaries and Affiliates, AboitizPower is a well-positioned leader in the Philippine power industry being one of the leading companies in power generation, distribution, and retail electricity supply.

The Company’s controlling shareholder, AEV, is a diversified conglomerate that is listed in the PSE, and has interests in power, banking and financial services, food, infrastructure, and land. This relationship with AEV allows the Company to draw on AEV’s strong foundation for sustained growth by being the Philippines’ second oldest family-led business group, with an experienced management team, right partners and robust talent management, strong financial position, proactive risk and insurance management, and Global Reporting Initiative-certified sustainability reporting system to support the Company’s robust growth initiatives. As of 30 September 2021, AEV owns 76.88% of the outstanding capital stock of AboitizPower.

The Aboitiz Group’s involvement in the power industry began when members of the Aboitiz family acquired 20% ownership interest in Visayan Electric in the early 1900s. The Aboitiz Group’s direct and active involvement in the power distribution industry can be traced to the 1930s when ACO acquired Ormoc Electric Light Company and its accompanying ice plant, Jolo Power Company, and Cotabato Light. In July 1946, the Aboitiz Group strengthened its position in power distribution in the Southern Philippines when it acquired Davao Light, now one of the largest privately-owned electric utilities in the Philippines in terms of customers and annual GWh sales.

In December 1978, ACO divested its ownership interests in Ormoc Electric Light Company and Jolo Power Company to focus on the more lucrative franchises held by Cotabato Light, Davao Light, and Visayan Electric.

In response to the Philippines’ pressing need for adequate power supply, the Aboitiz Group became involved in power generation, becoming a pioneer and industry leader in hydroelectric energy. In 1978, the Aboitiz Group incorporated Hydro-Electric Development Corporation (“HEDC”). HEDC carried out feasibility studies (including hydrological and geological studies), hydroelectric power installation and maintenance, and also developed hydroelectric projects in and around Davao City. On 26 June 1990, the Aboitiz Group also incorporated Northern Mini-Hydro Corporation (now Cleanergy, Inc.), which focused on the development of mini-hydroelectric projects in Benguet province in northern Luzon. By 1990, HEDC and Cleanergy had commissioned and were operating 14 plants with a combined installed capacity of 36 MW. In 1996, the Aboitiz Group led the consortium that entered into a Build-Operate-Transfer (“BOT”) agreement with the NPC to develop and operate the 70-MW Bakun AC hydroelectric plant in Ilocos Sur.

The table below sets out milestones in AboitizPower’s development since 1998:

Year	Milestones
1998	Incorporated as a holding company for the Aboitiz Group’s investments in power generation and distribution.
2005	Consolidated its investments in mini-hydroelectric plants in a single company by transferring all of HEDC’s and Cleanergy’s mini- hydroelectric assets to Hedcor.
2007	Entered into a share swap agreement with AEV in exchange for AEV’s ownership interest in the following distribution utilities: <ul style="list-style-type: none"> (i) An effective 55% equity interest in Visayan Electric; (ii) 100% equity interest in each of Davao Light and Cotabato Light; (iii) An effective 64% ownership interest in SEZ; and (iv) An effective 44% ownership interest in SFELAPCO. As part of the reorganization of the power-related assets of the Aboitiz Group, the Company: <ul style="list-style-type: none"> (i) Acquired 100% interest in Mactan Enerzone and 60% interest in Balamban Enerzone from AboitizLand; and

	<p>(ii) Consolidated its ownership interests in Subic Enerzone by acquiring the combined 25% interest in Subic Enerzone held by AEV, SFELAPCO, Okeelanta Corporation, and Pampanga Sugar Development Corporation.</p> <p>These acquisitions were made through a Share Swap Agreement, which involved the issuance of the Company's 170,940,307 common shares issued at the initial public offering (IPO) price of ₱5.80 per share in exchange for the foregoing equity interests in Balamban Enerzone, Mactan Enerzone, and Subic Enerzone.</p> <p>Together with its partner, Statkraft Norfund Power Invest AS of Norway, through SNAP-Magat, acquired possession and control of the Magat Plant following its successful bid in an auction by PSALM.</p> <p>Formed Abovant with the Vivant Group as the investment vehicle for the construction and operation of a coal-fired power plant in Toledo City, Cebu (the "Cebu Coal Project"). Abovant entered into a MOA with Global Power of the Metrobank group for the acquisition of a 44% equity interest in Cebu Energy.</p> <p>TPI, its wholly-owned Subsidiary, entered into a MOA with TCIC for the Subic Coal Project, an independent coal-fired power plant in the Subic Bay Freeport Zone. RP Energy was incorporated as the project company.</p> <p>Acquired 50% of EAUC from El Paso Philippines Energy Company, Inc. and 60% of CPPC.</p> <p>Purchased 34% equity ownership in STEAG Power from Evonik Steag GmbH in August 2007.</p> <p>Purchased Team Philippines Industrial Power II Corporation Industrial Power II Corp.'s 20% equity in SEZ, bringing AboitizPower's total equity in Subic Enerzone to 100%.</p>
2008	<p>SNAP-Benguet submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Plant Complex.</p> <p>Acquired Tsuneishi Holdings (Cebu), Inc.'s 40% equity ownership in Balamban Enerzone, bringing AboitizPower's total equity in Balamban Enerzone to 100%.</p>
2009	<p>APRI acquired and took over the ownership and operations of the 234 MW Tiwi geothermal power facility in Albay and the 449.8 MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the "Tiwi-MakBan Geothermal Facilities").</p> <p>TLI became the IPPA for the 700-MW contracted capacity of the Pagbilao Plant, becoming the first IPPA of the country.</p>
2010	<p>TMI acquired ownership over Mobile 1 (Power Barge 118) and Mobile 2 (Power Barge 117) from PSALM.</p>
2011	<p>MGen, TCIC, and TPI entered into a Shareholders' Agreement to formalize their participation in RP Energy. MGen took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally.</p> <p>TMO acquired four barge-mounted floating power plants from Duracom Mobile Power Corporation and EAUC, including their respective operating facilities. In the same year, the barges underwent rehabilitation and started commercial operations in 2013.</p>
2013	<p>AESI won 40 strips of energy corresponding to 40 MW capacity of ULGPP. The contract between AESI and PSALM with respect to the ULGPP capacity was terminated on 26 October 2019.</p>
2014	<p>TPI entered into a joint venture agreement with TPEC Holdings Corporation to form PEC to develop, construct, and operate the 400 MW coal-fired Pag 3.</p> <p>TPVI was declared the highest bidder for the privatization of the NPPC. SPC, the other bidder, exercised its right-to-top under the Naga Power Plant Land-Based Gas Turbine Land Lease Agreement, and PSALM declared SPC as the winning bidder. After protracted legal proceedings, TPVI accepted the turn-over for the NPPC plant on 16 July 2018.</p> <p>Acquired 100% of LEZ, from Lima Land, a wholly-owned Subsidiary of AboitizLand.</p> <p>TPI entered into a Shareholders' Agreement with Vivant Group, for the latter's acquisition of 20% issued and outstanding shares in TVI.</p>
2015	<p>Aboitiz Renewables formed a joint venture company, San Carlos Sun Power, Inc. (SacaSun), with SunEdison Philippines to explore solar energy projects.</p> <p>TSI commences full commercial operations of its Unit 1.</p>

2016	TSI commences full commercial operations of its Unit 2.
	TPI acquired 66% ultimate beneficial ownership interest in GMEC (formerly GNPowder Mariveles Coal Plant Ltd. Co. or GMCP) and 50% ultimate beneficial ownership interest in GNPD.
	Through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines.
2017	AboitizPower International completes its acquisition of SunEdison Philippines, and consolidates ownership of Sacasun.
2018	Aseagas permanently ceased operations of its 8.8-MW biomass plant in Lian, Batangas
	Pag 3 began commercial operations.
	TPVI accepted the turnover of the Naga Power Plant Complex from PSALM.
2019	TVI commenced commercial operations of Unit 1.
	TMO signed a PSA with Meralco, after the facility went into preservation mode on 05 February 2019.
	TMO re-registered with IEMOP on 22 April 2019 and commenced delivery of power to Meralco on 26 April 2019.
2020	AboitizPower acquired 49% voting stake and a 60% economic stake in AA Thermal.
	TPVI started commercial operations.

AboitizPower plans to expand the rooftop solar business through APX and expand the renewable energy portfolio under its Cleanergy brand. AboitizPower's Cleanergy portfolio includes its geothermal, run-of-river hydro, and large hydropower facilities. AboitizPower first ventured into the solar market in 2016 with Sacasun. The Company is pushing for a balanced mix strategy – maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

Neither AboitizPower nor any of its Subsidiaries has been the subject of any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Developments in the Past Three (3) Years

Maris Main Canal 1

This project, undertaken by SNAP-Magat, was inaugurated in January 2018. The 8.5MW Maris plant has been operating under the Feed-In Tariff (“FIT”) System at a rate of ₱5.8705 kWh starting from its commercial operations date on 20 November 2017.

Naga Power Plant Complex

On 16 July 2018, the Naga Power Plant Complex (“NPPC”) was physically turned over and accepted by Therma Power-Visayas, Inc. (“TPVI”) from PSALM. TPVI embarked on the rehabilitation of the 44-MW diesel plant right after, which DOE has endorsed as a committed power project. The plant started commercial operations on 07 August 2020 and was first dispatched based on an offer into the WESM on 26 August 2020.

Pagbilao Unit III

In March 2018, the 420-MW Pagbilao Unit III commenced commercial operations. Pagbilao Unit III is owned by PEC, the joint venture company with TPEC Holdings Corporation. Pagbilao Unit III (Pag 3) is located in the same site as the existing 700-MW Pagbilao Units I (Pag 1) and II (Pag 2) coal-fired thermal power plant in Pagbilao, Quezon.

Issuance of Fixed-Rate Corporate Retail Bonds

On 14 December 2020, the Board of Directors approved the issuance of fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn for which a registration statement was filed by the Company on 18 December 2020 and was rendered effective by the Securities and Exchange Commission (“SEC”) through an Order of Registration and Certificate of Permit to Offer Securities for Sale, SEC MSRD Order No. 3, Series of 2021, dated 1 March 2021 (the “2021 Bonds”). The first tranche of the 2021 Bonds in the aggregate principal amount

₱8,000,000,000.00 maturing on 16 March 2026, rated "PR3 Aaa" with Stable Outlook, was issued on 16 March 2021 with a fixed interest rate of 3.8224% per annum. These bonds are listed and traded with PDEX.

Ownership Interests in GMEC and GNPD

On 26 September 2018, the Company entered into a share purchase agreement with Arlington Mariveles Netherlands Holding BV, an affiliate of AC Energy, and a shareholders' agreement with AC Energy, a wholly-owned subsidiary of Ayala Corporation, for the proposed acquisition of a 49% voting stake and 60% economic stake in AA Thermal, AC Energy's thermal platform in the Philippines.

Through the acquisition of AA Thermal, which holds interests in GMEC (formerly GMCP), the owner and operator of an operating 2x316 MW coal plant in Mariveles, Bataan and in GNPD, the developer and owner of a 2x668 MW supercritical coal plant project in Dinginin, Bataan, which is currently under construction, AboitizPower's economic interests in GMEC and GNPD have been increased to 78.3% and 70%, respectively.

On 02 May 2019, with the satisfaction of all conditions precedent (including the PCC approval) under the share purchase agreement with Arlington Mariveles Netherlands Holding BV, the Company completed its acquisition of interests in AA Thermal.

SNAP-Magat Floating Solar Project

In June 2019, SNAP-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of the SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. The SNAP-Magat floating solar project has proven its viability, both technical and commercial. On 21 October 2020, the Board of SNAP-Magat approved for the project to proceed to engineering design for 67 MW. SNAP is working on the renewable energy service contract (RESC) application with the Department of Energy (DOE). Since the National Irrigation Administration (NIA) is the government agency in charge of dams and reservoirs, SNAP secured an extension of the memorandum of understanding with NIA on the conduct of the feasibility study, with ongoing discussions regarding the agreement for use of the reservoir.

TMI and SNAP-Magat BESS Projects

In November 2020, AboitizPower announced its two battery projects. The TMI Hybrid BESS project ("TMI BESS") is located in Maco, Compostela Valley. It has a storage capacity of 49 MWh and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with Therma Marine's Maco oil barge. The TMI BESS project is targeted to commence commercial operations in 2022. The SNAP-Magat BESS project ("SNAP BESS") is located in Ramon, Isabela. It has a storage capacity of 20 MWh and will be used to provide ancillary services. Early works activities have been completed, including site surveys and basic engineering design. Coordination is ongoing with the National Grid Corporation of the Philippines (NGCP) on transmission, particularly the Magat-Santiago 230 kV transmission line reconductoring/upgrading. The benefit of this upgrade is to ensure full dispatch of the Magat power plant capacity, battery energy storage system, and proposed expansion in floating solar. The addition of BESS complements the rise of variable renewable energy in the country, increasing frequency variability to the grid which requires a more balanced power supply in the system.

Cayanga Solar Power Project

AboitizPower is proceeding with the construction of the 74MW Cayanga solar project located in Cayanga, Bugallon, Pangasinan through its PV Sinag Power, Inc. entity. NTP for Access Roads was issued on 15 September 2021 while NTP to the EPC contractor for the power plant and transmission will be issued in November 2021. The project is expected to be completed by December 2022. Majority of the solar plant's capacity will be contracted for retail electricity supply.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

Strong track record in both power generation and distribution.

Power generation. AboitizPower's generation group has developed some of the largest private power producers in the Philippines, having a well-balanced portfolio of renewable (hydro, geothermal and solar) and non-renewable (coal and oil) energy sources across 48 generation facilities since 1978. AboitizPower's hydro group, Hedcor, has played an integral role in the power generation business by emerging as a pioneer in the development of small-to medium-sized hydroelectric plants in the Philippines. The Company currently has the largest installed capacity of renewable energy in the country. The Company ensures that its operations at existing power plants remain at par with globally recognized standards and best practices. AboitizPower's Business Units continue to earn multiple certifications for quality, safety, environmental, asset management, business continuity, and information security management from the ISO. Furthermore, the RES group of AboitizPower has been a leading player in the country's retail market since its inception in 2013.

Power distribution. The Aboitiz Group entered the power distribution business in 1918 when the Aboitiz family bought a 20% equity stake in Visayan Electric, which at that time was an integrated power business (i.e., had both generation and distribution assets). AboitizPower's power distribution business is currently composed of nine distribution utilities, two of which serve the second- and third-largest markets in the Philippines: Cebu City and Davao City, and their surrounding areas. These two are Visayan Electric and Davao Light, which are among the first few in the country to be certified with an ISO 14000:2015 and ISO 45000:2018 for Occupational Health and Safety, and Environmental Management. AboitizPower continues to invest to improve reliability and increase efficiency by instituting standardised operating systems and processes. AboitizPower's ownership interests in the Distribution Companies are expected to continue providing stable sources of revenue. The Company believes it is well-positioned to benefit from the stable electricity demand growth rate in the country, as economic activity in two of the largest electricity markets, Cebu City and Davao City, increases.

Ability to take advantage of expected strong power market fundamentals.

According to the NGCP, for the period from 2020 to 2040, growth in demand for electricity in the Luzon, Visayas, and Mindanao grids is expected to increase at an average annual growth rate of 5.97%, 7.18% and 7.42% respectively. Despite the effects of the pandemic on the country's recent economic growth, AP's critical role remains. As an established and reputable operator of IPPs, the Company believes that its portfolio of generation facilities located in strategic points across the three grids will allow it to support and benefit from the country's economic recovery and continued economic development. The Company is well-positioned to provide a number of energy-related services, such as baseload, peaking, and reserve power requirements.

Power generation contracts that provide steady and predictable cash flow.

As of the first half of 2021, over 80% of the Company's power generation net sellable capacity was covered by bilateral contracts. These bilateral contracts provide steady cash flows from a variety of offtakers, including distribution utilities and contestable customers under the Retail Competition and Open Access ("RCOA") regime. In particular, the Generation Companies have existing bilateral contracts that require offtakers to either pay for available capacity (in the case of the majority of the Company's baseload and oil plants), or pay for all the electricity generated by the relevant plant (in the case of the bulk of the Company's run-of-river hydropower plants). A number of plants also have contracts that do not assume fuel risk because of direct pass-through mechanisms in their respective PPAs or fuel is supplied by their offtakers. For contracts with no direct pass-through mechanisms, the fuel risk is hedged.

Benefits from renewable energy sources.

Operating leverage. Since the Company's run-of-river hydroelectric power generation facilities rely on natural water flow to generate electricity, they are not exposed to market fluctuations in the price of hydrocarbon fuels. Further,

hydroelectric plants, such as the 388 MW Magat plant and 245 MW Ambuklao-Binga Hydroelectric Power Plant Complex, have relatively quick ramp-up and ramp-down capabilities. The Company's Magat and Ambuklao-Binga plants can provide multiple ancillary services to the Luzon Grid, such as frequency regulation, acting as a spinning reserve and providing back-up power.

Other benefits from renewable energy. Sales from generating facilities using renewable energy sources, such as the Company's hydroelectric, geothermal and solar-powered facilities, are "zero-rated" for purposes of VAT. This means that such Generation Companies are not required to include the VAT as part of the rates they charge off-takers. While the RE Generation Companies are allowed to claim as tax credit the amount of VAT charged or passed on to their suppliers, the process has allowed the Company to claim, albeit with a lot of effort and is continuously being challenged by the BIR.

Further, because the Company has a number of run-of-river hydroelectric facilities located in different regions of the Philippines, the Company believes it has a natural hedge against the risk of hydrological conditions in one area of the Philippines affecting all of the Company run-of-river facilities.

RA No. 9513, or the Renewable Energy Act, is intended to give additional incentives to the RE Generation Companies, which will in turn translate to lower operating costs. The law provides fiscal and non-fiscal incentives, including income tax holiday ("ITH") for a period of seven (7) years, ten percent (10%) corporate income tax after the lapse of the ITH, duty-free importation, and special rates on real property taxes among others. See the section entitled "*Renewable Energy Act of 2008*" on page 263 of the Prospectus.

The above-mentioned tax holidays are affected by the CREATE Bill. See the section entitled "*Effects of Existing or Probable Government Regulations on the Business*" on page 125 of the Prospectus.

Dependable and growing sources of income from its power distribution businesses.

The Company's ownership interests in the Distribution Companies are expected to continue providing stable sources of revenues. With Visayan Electric and Davao Light, the second and third largest privately-owned distribution utilities in the Philippines in terms of both customers and annual GWh sales, forming part of the Company's distribution utilities portfolio, the Company is well-positioned to benefit from a stable electricity demand growth rate in the country, as economic activity in two of the largest electricity markets increases.

Strong financial position and the ability to obtain limited recourse and corporate level financing.

The Company believes that its strong financial position enables it to implement its strategy of expanding its generation portfolio through selective acquisitions and Greenfield projects, while at the same time improving the operation performance and efficiency of the Distribution Companies. The Company's strong balance sheet supports its growth plans. The Company has also consistently been able to secure bank financing from leading Philippine and multinational banks.

Established relationships with strategic partners.

The Company has established a strategic partnership to own and operate the Magat, Maris, and Ambuklao-Binga hydroelectric plants with SN Power. Aside from this, AboitizPower has also established partnerships with the likes of STEAG GmbH, AC Energy, Global Power, Meralco, and TeaM Energy, which are reputable names in their respective industries. The Company remains open to strategic partnerships in the pursuit of exploratory projects.

The Company believes that it can build on its relationships with these partners to enhance its ability to compete for, develop, finance and operate future power generation projects.

Strong and experienced management team.

The Company is led by a seasoned management team with a track record of hands-on management in the complex power generation and distribution business. The management team is not only tenured but has in depth technical and financial expertise to meet the challenges of this fast-growing business. In line with this, further domain expertise has been integrated in plant operations, trading, energy economics, assets and contracts management,

business development, environmental and construction management, among others. As a result, AboitizPower posts sustained positive growth and an equally strong financial performance.

As a leader of this industry, the Company's management team is in constant collaboration and communication with regulatory bodies such as the DOE and ERC. Hand in hand with various energy stakeholders on a national and local level, the management team works to promote good business practices and the interests of the public. With over 100 years in business, the Aboitiz Group knows that the strength of the business not only rests in operational expertise but in its reputation as it meets its obligations to its various stakeholders.

AboitizPower is committed to becoming a critical enabler in the country's development.

BUSINESS STRATEGY

The Company's business strategy is to increase shareholder value by undertaking the following steps:

1. Expand the Company's generation portfolio

Despite the anticipated economic impact to GDP of the COVID-19 pandemic in the Philippines, the economy is expected to recover and continue its positive growth momentum in the coming years, according to the International Monetary Fund. To sustain this growth, the Philippines will require a sufficient amount of competitively priced power to meet the country's increasing energy needs. AboitizPower is strategically constructed to meet this increasing demand. The Company seeks to provide the country with reliable power at a reasonable cost and in a responsible manner. Furthermore, AboitizPower has a strong pipeline which features a generation portfolio of multi-fuel technologies. The Company has been increasing its generation portfolio since 2007 and expects to continue optimising the Company's current business to drive cost-efficient growth. It remains committed to growing its attributable capacity, which the Company expects to come from a portfolio of renewables and selective baseload builds, including gas. In terms of renewable energy, the Company aims to maximize opportunities coming from the implementation of the RPS by DOE. It will significantly grow Cleanergy (renewable capacity) by 3,700 MW, and bring its renewables portfolio to 4,600 MW by 2030. The Company is currently planning to double its net attributable capacity by the end of the decade, with a target of 9,200 MW by 2030. It will achieve a 50:50 balance between its renewable ("Cleanergy") and thermal capacities without new coal builds.

Supporting its developmental efforts, acquisitions like GNPD are expected to play a critical role in the Company's pursuit of growth. Baseload power has a critical role in the country's energy mix, so the Company is on the constant lookout for the most competitively priced baseload fuel at every stage, employing best in class technologies to manage environmental impact.

2. Contract the bulk of the Company's attributable net sellable capacity and leverage the generating portfolio mix

In view of changing market dynamics, the goal of the Company is to contract the bulk of its attributable net sellable capacity into an optimal mix of bilateral contracts, ancillary services, and spot market sales, based on a portfolio optimization strategy. The bilateral contract mix of capacity and energy-based contracts comprise more than 80% of the Company's net sellable capacity, and provides steady and predictable cash flows. At the same time, this allows the Company to capitalize on opportunities in the ancillary and spot markets.

3. Expand the scope of the Company's distribution business and continue to improve the operational efficiency of its existing distribution assets

To protect AboitizPower's core business and ensure stable growth, the Company's major plans include expanding the Power Distribution business and improving the performance of Distribution Utilities by aligning its operations to world-class standards. AboitizPower intends to explore opportunities to expand its portfolio of distribution companies by either acquiring additional distribution utilities or electric cooperatives, or by entering into agreements to manage distribution utilities or systems. AboitizPower also expects to focus on improving the Distribution Utilities' level of service and lowering their operating costs by maximising synergies with the Generation Companies and across the Distribution Utilities and by investing in new systems that will allow the distribution utilities to be more efficiently managed. AboitizPower believes that a strong distribution business of sufficient scale

will continue to provide a springboard for AboitizPower's strategies in electricity generation and electricity-related services.

4. Maintain a high level of social responsibility in the communities in which the Company operates.

The Company aims to conduct its business operations consistent with the highest standards of social responsibility and sustainable development, particularly in terms of environmental responsibility. The Company has actively participated in the development of the communities where its projects are located, which contribute to social and political stability in the areas where the Company operates. The Company also contributes a portion of its revenues to LGUs to fund community development activities in the areas of education, health care, rural electrification and environmental protection. By continuing to strengthen its relationships with the local communities where it does business and build support and goodwill among the residents, non-governmental organizations, LGUs and other stakeholders, the Company believes that it increases the likelihood that it will benefit from political and social stability in the areas where it operates, and get the continued support and patronage of its key stakeholders.

PRINCIPAL PRODUCTS

Generation of Electricity

The Company has accumulated interests in a portfolio of power generating plants, using renewable and non-renewable sources.

The table below summarizes the Company's power generation companies and key information as of 30 September 2021:

Plant Name	Installed Capacity ¹⁰	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Management Company	Off-takers
Ambuklao	105	105	52.5	SNAP-Benguet	WESM
Bakun AC	74.8	74.8	74.8	Luzon Hydro Corporation	NPC (2026)
Benguet 1-11	53.92**	52.7	52.7	Hedcor, Inc	FIT / Bilaterals
Binga	140	140	70	SNAP-Benguet	WESM / ASPA
Davao 1-5	4.5	4.5	4.5	Hedcor, Inc.	Bilaterals
Magat	380	388	194	SNAP-Magat	WESM / Coops / ASPA
Manolo Fortich	73.3	68.8	68.8	Hedcor Bukidnon	FIT
Sibulan (A, B and Tudaya A)	52.15	49.1	49.1	Hedcor Sibulan	Distribution Utility
Sabangan	14.1	14	14	Hedcor Sabangan	FIT
Maris Main Canal 1	8.5	8.5	4.3	SNAP-Magat	FIT
Tudaya (B)	8.1	7	7	Hedcor Tudaya	FIT
Tiwi - Makban	627.8	290	290	APRI	Bilaterals/WESM
Sacasun (San Carlos)	46.8	46.8	46.8	San Carlos Sun Power, Inc.	WESM
STEAG Power Plant (Mindanao)	210	210	71.4	STEAG Power	NPC (2031)
Mariveles Project	632	632	495	GMEC	Bilaterals/WESM
TSI Plant (Davao)	301.4	260	260	TSI	Bilaterals

¹⁰ Based on ERC Resolution No. 05, Series of 2021, A Resolution Setting the Installed Generating Capacity and Market Share Limitation Per Grid and the National Grid for 2021.

Pagbilao	700	700	700	TLI	Bilaterals / WESM
Pag3	420	388.4	194.2	PEC	TLI
Cebu Energy (Toledo)	246	216	57	CEDC	Bilaterals/WESM
TVI Plant (Cebu Coal)	353.9	300	240	TVI	Bilaterals/WESM
CPPC Plant (Cebu Oil)	64	64	38.4	CPPC	Distribution Utility (Visayan Electric)
Bunker Cotabato	4	4.5	4.5	Cotabato Light	Distribution Utility (Cotabato Light)
SPPC Plant (General Santos)	61.72**	55	11	SPPC	NPC (2016)
EAUC Plant (Mactan)	43.5	43.5	43.5	EAUC	Bilaterals
Power Barge Mobile 1	96	96	96	TMI	Bilaterals/ASPA
Power Barge Mobile 2	96	96	96	TMI	Bilaterals/ASPA
Power Barge Mobile 3-6	202.2	200	200	TMO	ASPA/WESM
Naga	40.61	39.3	39.3	TPVI	WESM
WMPC (Zamboanga)	107	100	20	WMPC	Bilaterals
Total	5,167.3*	4,653.8*	3,494.7*		

*Sum figures will differ due to rounding effect

**Based on Certificate of Compliance

AboitizPower's power generation portfolio includes interests in both renewable and non-renewable generation plants. AboitizPower conducts its power generation activities through the Subsidiaries and Affiliates listed in the table below.

The table below summarizes the Generation Companies' operating results as of 30 June 2021 and full year 2020 compared to the same period in 2019 and 2018:

Generation Companies	Energy Sold				Revenue			
	6M 2021	FY 2020	FY 2019	FY 2018	6M 2021	FY 2020	FY 2019	FY 2018
	(in GWh)				(in million Pesos)			
APRI	1,355	3,055	2,968	2,857	5,441	11,253	12,545	12,518
Sacasun	31	44	49	41	158	250	269	197
Hedcor	38	161	226	172	219	697	881	694
LHC	50	266	262	291	133	761	787	970
Hedcor Sibulan	130	201	191	213	965	1,399	1,282	1,385
Hedcor Tudaya	21	33	29	32	120	261	172	191
Hedcor Sabangan	18	49	51	53	103	395	300	315
Hedcor Bukidnon	108	261	284	115	857	1,418	1,605	573
SNAP-Magat	969	1,891	2,054	2,379	3,145	5,352	6,608	7,182
SNAP-Benguet	980	1,936	1,975	2,085	3,022	5,668	6,065	6,070
TLI	3,706	6,686	6,812	6,808	14,526	20,505	25,410	26,603
TSI	940	1,531	1,393	1,959	4,818	8,276	9,099	11,141
TVI	1,212	2,232	1,710	269	5,095	8,490	6,254	702
Cebu Energy	1,008	2,025	1,900	1,978	3,935	7,719	8,578	9,728
STEAG Power	917	1,845	1,840	1,840	1,810	4,022	4,791	4,373
GMEC	889	5,003	3,909	5,498	7,791	17,821	19,373	23,492
WMPC	394	819	638	438	722	1,390	1,158	1,393
SPPC	0	0	0	161	0	0	0	161

CPPC	277	540	550	551	887	998	1,685	1,253
EAUC	182	226	383	368	577	571	1,013	819
TMI	609	743	1,200	1,432	592	990	1,865	2,016
TMO	667	381	938	814	615	672	1,970	1,694
TPVI*	18	3			232	30		
Davao Light** (decom-missioned)	0	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral	Revenue Neutral

*The TPVI plant started commercial operations on 7 August 2020 and was first dispatched based on an offer into the WESM on 26 August 2020.

**Plants are operated as stand-by plants and are revenue neutral, with costs for operating each plant recovered by Davao Light and Cotabato Light, as the case may be, as approved by ERC. The Davao Light plant has been decommissioned since November 2018.

Renewable Energy

Aboitiz Renewables, Inc. ("ARI")

AboitizPower has been committed to developing expertise in renewable energy technologies since commencing its operations in 1998.

As of 30 September 2021, AboitizPower's renewable energy portfolio comprised attributable net sellable capacity of approximately 939.62MW in operation, divided into 46.0 MW of solar, 591.62 MW of hydro, and 302 MW of geothermal.

AboitizPower's investments and interests in various renewable energy projects, including geothermal, large hydro, run-of-river hydro, and solar projects, are held primarily through its wholly-owned Subsidiary, ARI and its Subsidiary power generation companies. AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

Generation Company	Percentage of Ownership	Plant Name (Location)	Plant Name (Location)	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Offtakers
APRI	100%	Tiwi – Makban (Luzon)	Geothermal	290	290	WESM/ Bilaterals
Hedcor	100%	Benguet (Luzon): La Trinidad, Bineng 3, Ampohaw, FLS, Labay, Lonooy, Irisan 1 and 3, and Salangan	Run-of-river hydro	52.7	52.7	FIT/ Bilaterals
		Davao (Mindanao): Talomo 1, 2, 2A, 2B, and 3	Run-of-river hydro	4.5	4.5	Bilaterals
Hedcor Bukidnon	100%	Manolo Fortich 1 and 2 (Mindanao)	Run-of-river hydro	68.8	68.8	FIT
Hedcor Sabangan	100%	Sabangan (Luzon)	Run-of-river hydro	14	14	FIT
Hedcor Sibulan	100%	Sibulan (A, B and Tudaya A) (Mindanao)	Run-of-river hydro	49.1	49.1	Distribution utility
Hedcor Tudaya	100%	Tudaya B (Mindanao)	Run-of-river hydro	7	7	FIT
Luzon Hydro Corporation	100%	Bakun (Ilocos Sur, Luzon)	Run-of-river hydro	74.8	74.8	NPC (2026)
San Carlos Sun Power, Inc.	100%	SacaSun (Visayas)	Solar	46.8	46.8	Bilateral
SNAP-Benguet	60%**	Ambuklao (Benguet, Luzon)	Large hydro	105	52.5	WESM
		Binga (Luzon)	Large hydro	140	70	WESM/ASPA
SNAP-Magat	60%**	Magat (Luzon)	Large hydro	388	194	WESM/ Coops/ ASPA

		Maris Main Canal 1 (Luzon)	Run-of-river hydro	8.5	4.3	FIT
Total				1,249.2*	928.4*	

*Sum figures will differ due to rounding effect

**The 60% equity is owned by MORE.

Run-of-River Hydros

During 2020, the Hedcor Group across the country generated a total 956 GWh of Cleanergy, which is lower as compared to 2019's 964 GWh. Over 60% of the decrease was attributable to the insufficient water supply caused by an extended El Niño season. Approximately 40% of the decline was due to planned and unplanned outages. Hedcor also recorded a Weighted Unplanned Outage Factor at 0.73% in 2020, which is Hedcor's lowest figure over the past five years. This means that Hedcor's hydropower facilities have been steadily improving plant reliability as the group monitored the lowest record of unprecedented shutdown of hydropower units.

On 18 November 2020, Hedcor inaugurated its first-ever Regional Control Center. With this, all nine plants in Southern Mindanao, composed of the five hydro facilities in Davao City and four hydro facilities in Davao del Sur owned by Hedcor, Hedcor Sibulan, and Hedcor Tudaya, respectively, can be operated remotely in a single control room. This is a significant milestone as part of the organization's multi-year digitization and integration projects which aims to connect all of Hedcor's hydro facilities to a single National Operations Control Center by 2024.

On 22 June 2021, the National Commission on Indigenous Peoples in the Cordillera Administrative Region ("NCIP-CAR") issued a cease and desist order ("CDO") to Hedcor's three run-of-river hydropower plants in Bakun Benguet due to alleged irregularities regarding the Free Prior Informed Consent-Memorandum of Agreement between Hedcor and the Bakun Indigenous Tribes Organization, which was signed on 15 October 2019. The CDO ordered Hedcor to cease operations of the Lower Albay Hydro, FLS Hydro, and Lon-oy Hydro five days after receipt of the CDO. The total affected net sellable capacity is 12.15MW, which is approximately 0.3% of AboitizPower's total net sellable capacity. On 25 June 2021, the DOE sent a letter to Hedcor, directing it to continue operating its FLS Hydro, Lon-oy Hydro, and Lower Labay Hydro Plants citing the "shortage of available capacity from the grid."

On 30 June 2021, members of the Bakun local government unit ("Bakun LGU"), together with representatives from the NCIP-CAR and the Bakun Indigenous Tribes Organization physically implemented a forced shutdown of Hedcor's Lower Labay, Lon-oy, and FLS hydropower plant facilities in Bakun citing instructions of the NCIP Regional Office in relation to the CDO.

AboitizPower believes that this is in breach of the standing Status Quo Ante Order issued by the Regional Trial Court of Bugulas, following mutual commitment between Hedcor and the Bakun LGU to maintain uninterrupted operations of the plants. In the interest of the safety of its employees, Hedcor decided to close its Lower Labay, Lon-oy, and FLS hydropower plant facilities until further notice.

On 1 July 2021, the DOE sent another letter to Hedcor directing it to reconnect to the grid as soon as possible to ensure reliable and stable electric power supply especially since the Luzon grid is experiencing Yellow and Red Alert status.

On 28 July 2021, Hedcor's FLS Hydro, Lon-oy Hydro, and Lower Labay Hydro have resumed operations and synchronized to the Luzon grid. This is following the successful conduct of a negotiation participated in by Hedcor, the Bakun Indigenous Tribe Organization (BITO), together with the Local Government officials of Bakun last 27-28 July -2021.

Luzon Hydro Corporation ("LHC")

LHC, a wholly-owned Subsidiary of ARI, owns, operates, and manages the run-of-river Bakun AC hydropower plant with a total installed capacity of 74.8 MW located in Amilongan, Alilem, Ilocos Sur (the "Bakun AC Hydro Plant").

Hedcor, Inc. ("Hedcor")

Cleanergy is Hedcor's brand for clean and renewable energy. Hedcor owns, operates, and manages run-of-river hydropower plants in Northern Luzon and Davao City, with an increased combined net sellable capacity of 57.25 MW, attributed to the addition of the La Trinidad Hydro which started operations in July 2019.

The electricity generated from Hedcor's hydropower plants are taken up by Adventenergy, AESI, and Hedcor Sibulan, Inc. pursuant to PPAs with the said off-takers. Irisan 1 Hydro sells energy under the Feed-in-Tariff ("FIT")

mechanism through a Renewable Energy Payment Agreement (“REPA”) with the National Transmission Corporation (“Transco”). The remaining electricity is sold through the WESM.

Hedcor Sibulan, Inc. (“Hedcor Sibulan”)

Hedcor Sibulan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the hydropower plants composed of three cascading plants (the “Sibulan Project”) with a total installed capacity of 49.24 MW, located in Santa Cruz, Davao del Sur. The Sibulan Project consists of: Sibulan A Hydro, Tudaya 1 Hydro, and Sibulan B Hydro. ERC issued a Provisional Authority to Operate for Tudaya 1 Hydro on 5 March 2019, for Sibulan A Hydro in February 2020, and for Sibulan B Hydro in November 2020.

Hedcor Tudaya, Inc. (“Hedcor Tudaya”)

Hedcor Tudaya, a wholly-owned Subsidiary of ARI, owns, operates, and manages the run-of-river hydropower plant with an installed capacity of 8.1 MW, located in Santa Cruz, Davao del Sur (the “Tudaya 2 Hydro Plant”).

Hedcor Sabangan, Inc. (“Hedcor Sabangan”)

Hedcor Sabangan, a wholly-owned Subsidiary of ARI, owns, operates, and manages the run-of-river HEPP in Sabangan, Mountain Province with a net sellable capacity of 14.96 MW (the “Sabangan Plant”).

Hedcor Bukidnon, Inc. (“Hedcor Bukidnon”)

Hedcor Bukidnon, a wholly-owned Subsidiary of ARI, owns, operates, and manages the mini hydropower plants with a combined net sellable capacity of 72.8 MW located in Manolo Fortich, Bukidnon (the “Manolo Fortich Plant”).

The Manolo Fortich Plant is composed of the 45.9-MW Manolo Fortich 1 Hydro and the 27.39-MW Manolo Fortich 2 Hydro. Both plants harness the power of the Tanaon, Amusig, and Guihean rivers.

Persistent rains in the locality that occurred during the second half of 2020 caused soil saturation, erosion, and mudslides resulting in pipe dislocations, pipe bursts, and damage to the high head penstock line of Manolo Fortich 1.

Hedcor Bukidnon remains operational at a derated generating capacity, with restoration expected to be completed by the third quarter of 2021.

The Manolo Fortich Plant is selling under the FIT mechanism through RESAs with various Mindanao cooperatives and private distribution utilities.

Large Hydros

SNAP-Magat, Inc. (“SNAP-Magat”)

SN Aboitiz Power-Magat owns and operates the Magat Plant with a nameplate capacity of 360 MW located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao (the “Magat Plant”), and the 8.5-MW run-of-river Maris Main Canal 1 HEPP located in Brgy. Ambatali in Ramon, Isabela (the “Maris Plant”). The Maris Plant, which is composed of two generator units with a nameplate capacity of 4.25 MW each, was completed in November 2017. The plant was granted entitlement to the FIT system in its operations pursuant to the Certificate of Compliance (“COC”) issued by ERC in November 2017.

SN Aboitiz Power-Magat is ARI’s joint venture with SN Power, a leading Norwegian hydropower company with projects and operations in Asia, Africa and Latin America. In October 2020, Norway-based Scatec ASA (“Scatec”) signed a binding agreement to acquire 100% of the shares in SN Power from Norfund for a total equity value of US\$ 1,166 mn. On 29 January 2021, Scatec announced it has received all necessary approvals and that conditions are fulfilled to close the acquisition pursuant to the agreement with Norfund. As of 23 March 2021, SN Aboitiz

Power-Magat is 60% owned by MORE, while SN Power Philippines Inc. (“SN Power Philippines”) owns the remaining 40% equity interest.

On 25 April 2019, ERC certified the Magat Plant’s new Maximum Stable Load (Pmax) at 388 MW. The Magat Plant’s Units 1-4 were updated by 2 MW each or from 95 MW to 97 MW per unit. This means that the Magat Plant is capable of producing, under normal to best conditions, up to 388 MW as compared to its nameplate capacity of 360 MW. The new Pmax of the four units was based on the capability test conducted by NGCP in 2018.

Inflows during 2020 had a very varied distribution. Magat dam’s total inflows for 2020 were 121% of normal, with large inflows concentrated in the fourth quarter of the year. The effects of the *El Niño* climate were felt all the way to the third quarter of 2020, with a transition to *La Niña* in the fourth quarter. The first half dry season of 2020 resulted in 73% of the normal total inflows. The second half wet season recorded 139% of normal inflows, with the third quarter recording only 57% of normal and record-breaking actual inflows during the fourth quarter at 215% of normal due to strong *La Niña* typhoons.

Driven by the unfavorable distribution of inflows, the Magat Plant’s total sold quantities from spot energy generation and ancillary services (“AS”) during 2020 was at 1.7 TWh, which is slightly lower than 2019’s sold capacity of 1.8 TWh. This is equivalent to a sold capacity factor of 52%, compared to 54% in 2019. Spot and AS revenue for the year 2020 was ₱4.36 bn, 27% lower than 2019’s ₱5.95 bn. SN Aboitiz Power-Magat’s Bilateral Contract Quantity (“BCQ”) revenue for 2020 was ₱727 mn, significantly higher than 2019’s ₱275 mn. This was mainly driven by the lower spot market prices during 2020 compared to 2019.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating photovoltaic project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of the SN Aboitiz Power Group, which is looking at other renewables and complementary technologies to expand its portfolio. The SN Aboitiz Power-Magat floating solar project has proven its viability, both technical and commercial. On 21 October 2020, the company obtained approval for the project to proceed to engineering design for a total of 67 MW. The pilot project and the initial pre-feasibility studies have shown positive results. The project is currently in the detailed feasibility study stage, which is expected to run for ten to 12 months. Initial efforts have been focused on securing all pertinent permits and endorsements, conduct of applicable stakeholder consultations, completion of environmental and social baseline studies, refinement of commercial assumptions, and completion of technical site investigations necessary for a feasibility level design. Based on the results of the pre-feasibility studies, phase one of the project will be for 67 MW with a plan to install up to 150 MW, depending on the final technical solution and layout.

SN Aboitiz Power–Magat’s Battery Energy Storage System (“Magat BESS”) project is located in Ramon, Isabela. It is an energy storage system with a 20-MW capacity and 20-MWh energy storage to be used primarily for ancillary services. Site survey works have been completed as part of the pre-construction. The project is in the early works phase with tendering still in process and necessary permits being secured from various agencies and the LGU. The project is currently in the pre-construction phase, with the next step being the engagement of a preferred EPC contractor for early works. The SNAP BESS project is targeted to commence commercial operations in 2023. In connection with the project, SN Aboitiz PowerMagat is also looking at upgrading the Magat-Santiago transmission line which is now included in the Transmission Development Plan of the NGCP. The benefit of this upgrade is to ensure full dispatch of the Magat power plant capacity, battery energy storage system, and proposed expansion in the floating solar space.

On 22 October 2020, the DOE issued a Green Energy Option Program (“GEOP”) Operating Permit to SN Aboitiz Power-Magat. This permit, valid for five years, authorizes the company to enter into electricity supply contracts with qualified end-users according to the GEOP or RA No. 9513 or the Renewable Energy Act of 2008 (“RE Law”). SN Aboitiz Power-Magat also has a RES License valid until 17 December 2025.

SNAP-Benguet, Inc. (“SNAP-Benguet”)

SN Aboitiz Power-Benguet is the owner and operator of the Ambuklao-Binga hydroelectric power complex, which consists of the 105-MW Ambuklao HEPP (the “Ambuklao Plant”) located in Barangay Ambuklao in Bokod, Benguet, and the 140-MW Binga HEPP (the “Binga Plant”), located in Barangay Tinongdan, Itogon, Benguet Province.

The Ambuklao-Binga hydroelectric power complex was turned over to SN Aboitiz Power-Benguet in July 2008. SN Aboitiz Power-Benguet began a significant rehabilitation project that restored the Ambuklao Plant to operating status and increased its capacity from 75 MW to 105 MW when it re-commenced operations in 2011. The Binga Plant also underwent refurbishment from 2010 to 2013, which increased the capacity to 125 MW. In March 2017, SN Aboitiz Power-Benguet received its amended COC from ERC for all four units of the Binga Plant. The COC reflects Binga's latest uprating, raising its capacity to 140 MW. The Ambuklao Plant and Binga Plant sell capacity from spot energy generation and ancillary services to the national transmission system and related facilities that convey power.

Inflows in Ambuklao dam during 2020 was only 75% of normal, attributable in particular to the very weak *habagat* season which usually dominates third quarter inflows in Benguet. The effects of the *El Niño* climate reached all the way to the third quarter of 2020, and transitioned to *La Niña* in the fourth quarter. The first half dry season of 2020 resulted in 68% of the normal total inflows. The second half wet season recorded 77% of normal inflows, with the third quarter recording actual inflows of only 35% of normal, while the strong *La Niña* typhoons in the fourth quarter led to actual inflows at 167% of normal levels.

Although inflows were lower in the Ambuklao reservoir in 2020 compared to 2019, there was an overall higher AS Capacity Approval and spot sales for SN Aboitiz Power-Benguet. The Ambuklao Plant's total sold capacity from spot energy generation and ancillary services during 2020 was 732 GWh, which was 102% of the capacity sold in 2019 of 717 GWh. This was equivalent to a sold capacity factor of 80% during 2020, as compared to the 78% during 2019. The Binga Plant's total sold capacity from spot energy generation and AS in 2020 was 1.00 TWh, or 97% of the 1.03 TWh sold capacity in 2019. This is equivalent to a sold capacity factor of 82% for 2020, compared to 84% in 2019.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2020 was ₱4.20 bn, compared to ₱5.29 bn in 2019. SN Aboitiz Power-Benguet's BCQ revenue for 2020 was ₱973 mn, which was significantly lower than 2019's BCQ revenue loss of ₱359 mn. This was mainly driven by the lower spot market prices during 2020 compared to 2019.

Geothermal

AP Renewables Inc. ("APRI")

Under the Geothermal Resources Supply and Services Agreement ("GRSSA") between APRI and PGPC, PGPC has committed to drill at least 12 new production wells, with a minimum of 50 MW aggregated individual well capacity, by 2023 in order to increase steam availability. The GRSSA also provides for more equitable and competitive fuel pricing in the long run.

The first Steam Production Enhancement Campaign ("SPEC") make-up well Bulalo 114 for MakBan was completed and started flowing into the system since 10 April 2021 and provided an added steam equivalent to 5.41 MW to Makban Plant B. For Tiwi, Kapipihan 36 the first well drilled under the SPEC program was completed in December 2019 and was tested at 12.11 MW capacity in January 2020. Additional two wells in MakBan were completed, Bulalo 115 contributed 4.86 MW and Bulalo 116 added 3.31 MW based in the tests conducted on 2 June and 29 July 2021 respectively. Thus, a total of two additional new make-up wells will be contributing to the generation of APRI's 234 MW geothermal power facility in Tiwi, Albay and the six remaining new make-up wells will be contributing to the 394.8 MW Makiling-Banahaw geothermal power facility in Laguna (the "Tiwi-MakBan Geothermal Facilities") for a total of 12 new make-up wells under the SPEC program within 2021 -2023.

APRI was granted a RES license on 18 February 2020 which is valid until 17 February 2025.

Solar

Maaraw Holdings San Carlos, Inc. ("Maaraw San Carlos") and San Carlos Sun Power Inc. ("Sacasun")

As of 30 September 2021, the energy generated from the SacaSun Plant benefited more than 31,999 homes within the Visayas Grid and displaced the energy equivalent to 19,822,475 gallons of gasoline or approximately 194,709,320 pounds of coal burned.

Aboitiz Power Distributed Energy, Inc. (“APX1”) and Aboitiz Power Distributed Renewables Inc. (“APX2”)

As of 30 September 2021, APX has approximately 4.2 MWp of rooftop solar projects, either operating under a Power Purchase Agreement or a turnkey solution for customers, or about to start construction/installation. A number of rooftop PV solar systems were also commissioned in Q1 of 2021, with an additional 13 MWp of proposed projects currently in the pipeline.

Renewables Pipeline

SN Aboitiz Power-Generation, Inc. (“SN Aboitiz Power-Gen”)

One of SN Aboitiz Power-Gen’s most significant projects as of the end of 2020 is the proposed 390-MW Alimit hydropower complex in Ifugao, which consists of the 120-MW Alimit hydropower plant, the 250-MW Alimit pumped storage facility (which is currently on hold due to market constraints), and the 20-MW Olilicon hydropower plant (the “Alimit Project”).

The Alimit hydropower complex project has completed its feasibility study phase and the Free Prior and Informed Consent process with the indigenous communities in the covered areas. The Environmental Compliance Certificate (“ECC”) for the complex has been issued by the Department of Environment and Natural Resources (“DENR”). However, the project has since been put on hold since ground engagements and activities have been restricted by the COVID-19 pandemic.

Pursuant to the mandate of adding capacity, the Magat BESS and floating solar projects are expected to contribute 20 MW and 67 MW, respectively, to SN Aboitiz Power Group’s portfolio to its mandate of adding capacity to the SN Aboitiz Power Group’s portfolio, SN Aboitiz Power BESS Project was approved to move to the pre-construction phase in 2020. Pertinent permits, contractual agreements, and other technical studies were completed in the same year. Approval to move to the construction phase will be sought in 2021. Early Works activities have been completed, including site surveys and basic engineering design. Coordination is ongoing with the National Grid Corporation of the Philippines (NGCP) on transmission issues, particularly the advance implementation of the Magat-Santiago 230 kV transmission line reconductoring/upgrading.

Non-Renewable Energy

Therma Power, Inc. (“TPI”)

AboitizPower’s investments and interests in various non-renewable energy projects are held primarily through its wholly-owned Subsidiary, TPI and its Subsidiary power generation companies. As of 30 September 2021, AboitizPower, by itself or through and/or with TPI, owns equity interests in the following:

Generation Company	Percentage Ownership	Plant Name (Location)	Project Type	Net Sellable Capacity (MW)	Attributable Net Sellable Capacity (MW)	Off-takers
Coal Group						
TLI	100%	Pagbilao (Luzon)	Coal-fired	700	700	Bilaterals/WESM
PEC	50%	Pagbilao 3 (Luzon)	Coal-fired	388.4	194.2	Bilaterals
TSI	100%	TSI Plant (Mindanao)	Coal-fired	260	260	Bilaterals
TVI	80%	TVI Plant (Visayas)	CFB	300	240	Bilaterals/WESM
Cebu Energy	26.4%	Cebu Energy (Visayas)	CFB	216	57	Bilaterals/WESM
GN Power Mariveles	78.32%	Mariveles Project (Luzon)	Coal-fired	632	495	Bilaterals/WESM
STEAG Power**	34%	STEAG Power Plant (Mindanao)	Coal-fired	210	71.4	NPC (2031)

Oil Group						
CPPC**	60%	CPPC Plant (Visayas)	Bunker-C fired power plant	64	38.4	WESM
EAUC	100%	EAUC Plant (Visayas)	Bunker-C fired power plant	43.5	43.5	Bilaterals
SPPC**	20%	SPPC Plant (Mindanao)	Bunker-C fired power plant	55	11	N/A
TMI	100%	Power Barge Mobile 1 (Mindanao)	Barge-mounted power plant	96	96	Bilaterals/ASPA
		Power Barge Mobile 2 (Mindanao)	Barge-mounted power plant	96	96	Bilaterals/ASPA
TMO	100%	Power Barges Mobile 3-6 (Luzon)	Barge-mounted power plant	200	200	WESM/ASPA
TPVI	100%	TPVI Plant ¹¹ (Visayas)	Bunker-C fired power plant	39.3	39.3	WESM
WMPC**	20%	WMPC Plant (Mindanao)	Bunker-C fired power plant	100	20	Bilaterals
Cotabato Light**	99.94%	Bunker Cotabato (Mindanao)	Bunker-C fired power plant	4.5	4.5	N/A
Total				3,404.6*	2,566.2*	

* Sum figures will differ due to rounding effect

** Directly owned by AboitizPower

¹¹ ASPA will commence in 2021.

Oil Group

Therma Marine, Inc. (“TMI”)

The 192 MW dependable capacities of TMI are currently contracted with the NGCP in an ASPA.

In November 2020, AboitizPower announced its two battery projects, with TMI Hybrid BESS being one of two battery energy storage system projects of AboitizPower. Located in Maco, Davao De Oro, TMI Hybrid BESS has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI’s Power Barge Mobile 1. The TMI Hybrid BESS project is expected to commence commercial operations in 2022.

Therma Mobile, Inc. (“TMO”)

On 14 July 2020, TMO and NGCP entered into ASPAs for Reactive Power Support and Dispatchable Reserve. Both ASPAs have been provisionally approved by the ERC.

East Asia Utilities Corporation (“EAUC”)

Please refer to page 96 of the Prospectus.

Therma Power-Visayas, Inc. (“TPVI”)

On 7 August 2020, TPVI commenced commercial operations and has been trading in the WESM.

Cebu Private Power Corporation (“CPPC”)

CPPC owns and operates a 70-MW Bunker C-fired power plant located in Cebu City. The CPPC plant was constructed to supply 62 MW of power to Visayan Electric. CPPC is currently trading in the WESM.

Southern Philippines Power Corporation (“SPPC”)

Please refer to page 97 of the Prospectus.

Western Mindanao Power Corporation (“WMPC”)

Please refer to page 97 of the Prospectus.

Coal Group

Therma Luzon, Inc. (“TLI”)

TLI assumed the role of the registered trader of the contracted capacity of the 700-MW (2x350 MW) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon (the "Pagbilao Plant"). Under the IPPA agreement (“IPPA”), TLI has the right to receive the transfer of Pagbilao Plant at the end of the Energy Conversion Agreement (“ECA”) between TeaM Energy and NPC. Over the years, TLI’s capacity was contracted to various cooperatives, private distribution utilities, directly connected customers, and to Affiliate RES. TLI was granted a Retail Electricity Supplier license on 12 August 2020 which is valid until 11 August 2025.

Pagbilao Energy Corporation (“PEC”)

Please refer to page 97 of the Prospectus.

Therma South, Inc. (“TSI”)

TSI, a wholly-owned subsidiary of TPI that owns and operates the 300-MW net (2x150MW net) CFB coal-fired power plant located in Davao City and Sta. Cruz, Davao del Sur, was granted a Provisional Authority to Operate (“PAO”), which was initially valid from 1 September 2020 until 31 August 2021. The PAO is set to be extended by ERC effective 1 September 2021 in view of the additional requirements requested by ERC for the Certificate of Compliance. The PAO was extended by ERC effective 1 September 2021 and valid until 31 August 2022.

Therma Visayas, Inc. (“TVI”)

Please refer to page 98 of the Prospectus.

Abovant Holdings, Inc. (“Abovant”) and Cebu Energy Development Corporation (“CEDC”)

Abovant is a joint venture company between AboitizPower and the Vivant Group as the holding company for shares in CEDC. The company was incorporated on 28 November 2007.

To date, CEDC is the owner of the 3x82 MW CFB coal-fired power plant, with the primary purpose of engaging in the business of power generation, wholesale of electric power to NPC, private electric cooperatives, and other entities, and carrying on of all businesses incidental thereto.

CEDC provides power to the province of Cebu and its neighboring province, Bohol. Likewise, CEDC has an existing ASPA with NGCP to help maintain a reliable electric Grid system.

Abovant has a 44% equity interest in CEDC, while Global Formosa owns the remaining 56%. Consequently, AboitizPower, through TPI, holds a 26.4% effective ownership interest in CEDC.

Redondo Peninsula Energy, Inc. (“RP Energy”)

Please refer to page 98 of the Prospectus.

STEAG State Power Inc. (“STEAG Power”)

One of the two power plant units of STEAG Power was previously on economic shutdown as required by NPC/PSALM in accordance with the PPA due to the pandemic quarantine effects and high water level of hydrowater plants. The partial economic shutdown lasted until 13 May 2021 and the unit has since resumed operations. STEAG Power ended 2020 with a plant availability rate of 90.11%.

STEAG Power entered into two coal supply agreements in December 2019 that secured the plant’s fuel requirements for the next three years on a fixed base and option tonnage.

AA Thermal, Inc.

Please refer to page 99 of the Prospectus.

GNPower Mariveles Energy Center Ltd. Co. (“GMEC”, formerly GMCP)

GMEC, formerly known as GNPower Mariveles Coal Plant Ltd., registered its Amended Articles of Partnership to reflect GMEC’s change in partnership name, which was subsequently approved by the SEC on 14 October 2020.

On 24 February 2021, GMEC informed AboitizPower of an unscheduled outage of Unit 1 of its plant in Mariveles, Bataan. The outage is attributable to damage found in a portion of said unit’s boiler. Actual repairs to said portion were completed on 12 August 2021. Parallel to the said repair works, GMEC Unit 1 went on general maintenance outage. The target return to service is on 29 September 2021. There will be business interruption insurance collection for said outage. The GMEC plants represent about 13% of the total installed capacity under AboitizPower’s market control of 3,850 MW. Unit 1 of the GMEC plant delivers a net sellable

capacity of 247 MW, which represents approximately 7% of AboitizPower’s total attributable net sellable capacity of 3,494 MW.

GNPower Dinginin Ltd. Co. (“GNPD”)

GNPD started the construction of Unit 1 in September 2016. Commercial operations date (“COD”) is targeted to take place by the fourth quarter of 2021. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017 with an expected COD thereof around the third quarter of 2022. Both units are in the final stages of construction but continue to face challenges due to the COVID-19 pandemic and travel restrictions.

Other Generation Assets

As of 30 September 2021, Cotabato Light maintains a stand-by maximum capacity of 4.45-MW Bunker C-fired power plant capable of supplying approximately 13.54% of its requirements.

Distribution of Electricity

In 2020, the wholly-owned Distribution Utilities and Visayan Electric completed a rebranding initiative to modernize the look and feel of the brands and visually show their relation to AboitizPower.

The power distribution business’ earnings contribution to AboitizPower’s business segments in 2020 is equivalent to 28.03%. The Distribution Utilities had a total customer base of 1,091,015 as of June 2021. This was 1,068,820 as of year-end 2020, 1,030,726 as of end-2019, and 995,828 as of the end of 2018.

AboitizPower’s interests, direct and indirect, in the Group’s Distribution Utilities, as well as their franchise periods as of 31 December 2020, are shown in the table below:

Distribution Utility	AboitizPower % Ownership	Franchise Term	Franchise Expiry
Visayan Electric	55.26%	25 years	2030
Davao Light	99.93%	25 years	2025
SFELAPCO	43.78%	25 years	2035
Cotabato Light	99.94%	25 years	2039
Subic Enerzone	99.98%	25 years	2028
Mactan Enerzone	100%	21 years	Zone Life
Balamban Enerzone	100%	50 years	Zone life
Lima Enerzone	100%	50 years	Zone Life
Malvar Enerzone	100%	25 years	Zone Life

Balamban Enerzone, Lima Enerzone, Malvar Enerzone, and Mactan Enerzone which operate the power distribution utilities in Mactan Economic Processing Zone II, West Cebu Industrial Park, and Lima Technology Center, and Light Industry & Science Park IV (LISP IV) in Malvar, Batangas, respectively, are duly registered with PEZA as Ecozone Utilities Enterprises.

The power distribution business’ earnings contribution to AboitizPower’s business segments was 25% as of 30 June 2021, compared to 27% as of 31 December 2020 and 24% as of 31 December 2019. The Distribution Utilities

had a total customer base of 1,068,820 as of 31 December 2020, compared to 1,030,726 as of end-2019 and 995,828 in 2018.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past two years and as of 30 September 2021:

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	YTD Sep'21	2020	2019	YTD Sep'21	2020	2019	YTD Sep'21	2020	2019
Davao Light	1,936,901	2,476,991	2,633,920	459	452	454	455,084	440,304	420,666
Cotabato Light	132,963	170,363	173,114	33	32	31	46,417	45,044	43,449
Visayan Electric	2,398,409	3,119,850	3,500,781	554	583	601	475,469	462,699	450,088
SFELAPCO	535,319	686,694	714,948	146.5	134	140	118,104	116,293	112,091
Subic EnerZone	198,978	262,393	329,633	50	56	62	3,540	3,477	3,473
Mactan Enerzone	83,555	99,927	117,433	21	21	22	87	87	87
Balamban Enerzone	65,129	92,771	101,885	25	28	27	28	29	34
Lima Enerzone	221,074	242,455	249,394	56	49	44	924	882	834
Malvar Enerzone	547	158	51	0.76	0.12	0.06	8	5	4
Total	5,572,874	7,151,601	7,821,159	1,346	1,355	1,382	1,099,661	1,068,820	1,030,726

Visayan Electric Company, Inc. (“Visayan Electric”)

Visayan Electric has energized 100% of all the barangays, and electrified 99.77% of all the households within its franchise area. A goal of 100% total electrification is set on 31 December 2022, in line with the national goal set by the DOE.

Visayan Electric is true to its vision of becoming a world-class electric utility by implementing innovations such as the implementation of a full digital substation using IEC 61850 station and process bus for its Paknaan substation. The newest application for distribution automation, fault location, isolation, and service restoration (“FLISR”), is an ongoing project to be applied to four feeders within the franchise.

Visayan Electric’s Underground Distribution System (“UDS”) project, which began in 2013, aims to convert overhead conductors to underground cables along Cebu City’s Sinulog Route with a total length of approximately five kilometers (“kms”). To date, approximately 3.3 kms have been completed.

Visayan Electric has reinforced and improved the existing capacity and reliability of its 23kV West Cluster with the addition of another 33 MVA Power Transformer in the Calamba Substation. This will enhance electricity service for the increasing demand of both commercial and densely residential customers within its franchise area.

Another milestone for Visayan Electric is the construction and completion of the Visayan Electric System Control Center building. This dedicated building was constructed to safeguard the operation of all the substations and remotely-operated devices installed across the entire franchise area.

Davao Light & Power Company, Inc. (“Davao Light”)

Pursuant to RA No. 11515 which lapsed into law on 26 December 2020, Davao Light’s franchise was extended for an additional 25 years from 2025, or until 2050.

The company’s power supply is also sourced from renewable energy sources coming from NPC-PSALM hydro, Hedcor Sibulan, Hedcor’s Talomo plant, Hedcor-Bukidnon (Manolo Fortich), all hydropower.

Davao Light continuously upgrades its distribution network infrastructure to increase capacity and adopts digital technology in its substations to enhance the reliability and flexibility in the sub-transmission and distribution network. Its underground distribution system (“UDS”) project along C.M Recto Street, Davao City which commenced in 2019 has completed civil works construction and installation of electrical equipment and is currently in the testing and commissioning stage.

Cotabato Light and Power Company (“Cotabato Light”)

Cotabato Light supplies electricity to Cotabato City and portions of the municipalities of Sultan Kudarat, and Datu Odin Sinsuat, Maguindanao, with a land area of 191 sq. kms. Incorporated in April 1938, Cotabato Light’s original 25-year franchise was granted by the Philippine Legislature through RA No. 3341 in June 1939. The most recent renewal of the franchise was in June 2014, for another 25 years or until 2039.

Cotabato Light also maintains a standby 4.45-MW Bunker C-fired plant capable of supplying approximately 13.54% of its franchise area requirements. The standby power plant, capable of supplying electricity in cases of supply problems with its power suppliers or NGCP and for the stability of voltage whenever necessary, is another benefit available to Cotabato Light’s customers.

AboitizPower directly owns 99.94% equity interest in Cotabato Light.

San Fernando Electric Light & Power Co., Inc. (“SFELAPCO”)

SFELAPCO was incorporated on 17 May 1927 and was granted a municipal franchise in 1927. The most recent renewal of its franchise was in March 2010 for a period of 25 years.

SFELAPCO’s franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms and the municipality of Floridablanca and Brgys. Talang and Ligaya, with an estimated area of 175.5 sq. kms. As of 30 September 2021, it includes 633.57 circuit-kilometers on its 13.8-kV medium voltage lines and 1,032.92 circuit km of 240v low voltage distribution lines.

AboitizPower has an effective equity interest of 43.727% in SFELAPCO.

Subic Enerzone Corporation (“Subic Enerzone”)

As of 30 September 2021, Subic EnerZone served a total of 3,540 customers, consisting of 106 industrial locators, 1,260 commercial locators, 2,072 residential customers, 102 streetlights and 19 industrial locators under RES.

Mactan Enerzone Corporation (“Mactan Enerzone”)

Mactan Enerzone’s contract with SN Aboitiz Power-Magat terminated last 26 February 2021. The Department of Energy approved the exemption to conduct Competitive Selection Process (“CSP”) for the Contract for the Supply of Electric Energy (“CSEE”) with the PSALM for the period of one year from 26 February 2021 to 25 February 2022. Mactan Enerzone still sources some of its power from Green Core Geothermal Incorporated pursuant to a CSEE.

As of 30 September 2021, Mactan Enerzone served a total of 87 accounts which consist of 49 captive industrial locators, 28 captive commercial locators, and 10 industrial locators under RES.

Balamban Enerzone Corporation (“Balamban Enerzone”)

As of 30 September 2021, Balamban Enerzone served a total of 28 accounts which consist of 10 captive industrial customers, 10 captive commercial customers, and 6 contestable industrial customers. Balamban Enerzone sources its power from CEDC pursuant to a CSEE.

Lima Enerzone Corporation (“Lima Enerzone”)

Lima Enerzone was incorporated as Lima Utilities Corporation on June 5, 1997 to serve and provide locators within the Lima Technology Center (LTC) with a reliable and stable power supply.

As of 30 September 2021, Lima Enerzone served a total of 96 captive industrial locators, 16 captive commercial locators, 773 captive residential customers, 8 street lamps, and 22 industrial locators under RES.

Malvar Enerzone Corporation (“Malvar Enerzone”)

As of 30 September 2021, Malvar Enerzone served a total of 3 captive industrial locators, 4 captive commercial locators and 1 streetlight.

RETAIL ELECTRICITY AND OTHER RELATED SERVICES

AdventEnergy, AESI, and Prism Energy are registered under the Renewable Energy Market and were recently granted by the Department of Energy operating permits allowing them to participate in the Green Energy Option Program.

Aboitiz Energy Solutions, Inc. (“AESI”)

As of 30 September 2021, AESI supplied retail electricity to a total of 205 customers, with total energy consumption of 1,569.23 mn kWh. It was granted a license to act as a RES valid until 28 October 2022.

AdventEnergy, Inc. (“AdventEnergy”)

AdventEnergy was specifically formed to serve Contestable Customers who are located in economic zones. It was granted a license to act as a RES valid until 17 June 2022.

As of 30 September 2021, AdventEnergy supplied retail electricity to 90 customers with a total consumption of 1,124.01 mn kWh.

Prism Energy, Inc. (“Prism Energy”)

As of 30 September 2021, Prism Energy supplied retail electricity to 44 customers with a total energy consumption of 134.38 mn kWh. It was granted a license to act as a RES valid until 22 May 2022.

SN Aboitiz Power – RES, Inc. (“SN Aboitiz Power-RES”)

Please refer to page 104 of the Prospectus.

SALES

The operations of AboitizPower and its Subsidiaries and Affiliates are based only in the Philippines. Comparative amounts of revenue, profitability, and identifiable assets as of 30 June 2021, 2020, 2019, and 2018, are as follows:

	2021	2020	2019	2018
OPERATING REVENUE	₱60,351	₱53,032	₱63,959	₱65,032

OPERATING INCOME	₱13,080	₱11,036	₱13,991	₱16,818
TOTAL ASSETS	₱404,974	₱415,571	₱404,549	₱373,649

Note: Values are in million Pesos. Operating Income is Operating Revenue net of Operating Expenses.

Comparative amounts of revenue contribution and corresponding percentages to total revenue by business group for the six months ended 30 June 2021, 2020, 2019 and 2018 are as follows:

	2021		2020		2019		2018	
Power Generation	₱43,023	57%	₱35,622	55%	₱42,709	53%	₱40,857	52%
Power Distribution	22,053	29%	21,189	32%	23,700	29%	23,157	30%
Retail Electricity Supply	9,456	13%	7,813	12%	14,060	17%	13,115	17%
Services	452	1%	569	1%	597	1%	667	1%
Total Revenue	74,984	100%	65,193	100%	81,066	100%	77,796	100%
Less: Eliminations	-14,633		-12,161		-17,107		-12,764	
Net Revenue	₱60,351		53,032		₱63,959		₱65,032	

Note: Values are in million Pesos.

DELIVERY METHODS OF THE PRODUCTS OR SERVICES

Power Generation Business

Please refer to page 105 of the Prospectus for information on distribution methods of the Power Generation Business.

Distribution Utilities Business

Ancillary Services are necessary to help ensure a reliable and stable Grid, which co-exist with the energy market or WESM. NGCP signs ASPAs with AS-certified generators to fulfill specific ancillary service requirements per Grid. Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, TMI, TMO, TLI, APRI, Cebu Energy, and WMPC have ASPAs with NGCP. In the Luzon grid, the SN Aboitiz Power Group delivers regulating, contingency, and dispatchable reserves, blackstart service, and reactive power support through its Ambuklao, Binga, and Magat Plants. In addition, TLI's Pagbilao and APRI's Makban plants are delivering contingency reserves and Reactive Power Support AS, respectively. In Visayas, AboitizPower delivers Contingency Ancillary Service through Cebu Energy. TMI provides both contingency and dispatchable reserves requirements in Mindanao.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, Hedcor Sabangan, and Hedcor Manolo Fortich 1 plants, all in commercial operations, have been approved for inclusion in the FIT system. Hedcor, Hedcor Tudaya, Hedcor Sabangan, and Hedcor Bukidnon, the companies that own and operate the foregoing plants,

have entered into REPA's with Transco, in its capacity as FIT-Allowance Administrator, for the collection and payment of the FIT.

In the absence of WESM in Mindanao, Tudaya Hydro 2, and Manolo Fortich Hydro 1 have entered into RESAs with their host distribution utilities or electric cooperatives. Currently, Hedcor Bukidnon is in the process of converting the COC of 27.387 MW Manolo Fortich 2 to FIT-COC.

Retail Electricity Supply Business

AboitizPower's wholly-owned RES companies, AdventEnergy and AESI, have existing electricity supply contracts to ensure continuous supply of power to their customers. AdventEnergy and AESI maintain a portfolio of energy-based supply contracts from renewable and non-renewable sources to secure reliable and affordable electricity for its customers. These electricity supply contracts involve a mix of fixed rate and margin based electricity fees that are updated year on year to ensure that supply is maintained at competitive rates. Prism Energy primarily serves contestable customers under the Visayan Electric franchise.

In addition, APRI and TLI were granted Retail Electricity Supplier licenses in 2020 and became registered members of the Renewable Energy Market last 6 July 2021.

New Products and Services

Other than the ongoing Greenfield and/or rehabilitation projects undertaken by AboitizPower's Generation Companies, AboitizPower and its Subsidiaries do not have any publicly announced new product or service to date.

System Performance

The following table sets forth certain information concerning the performance of the Distribution Companies:

Business Unit	As of 31 December 2020		As of 31 December 2019	
	SAIFI (frequency)	SAIDI (minutes)	SAIFI (frequency)	SAIDI (minutes)
Visayan Electric	1.97	222.7	2.46	229.26
Davao Light	2.84	236.74	7.12	539.51
Cotabato Light	0.20	17.52	1.26	5.24
Subic Enerzone	9.38	428.9	7.94	518.42
Mactan Enerzone	0.8	15.92	0.14	5.21
Balamban Enerzone	3.18	71.87	3.52	87.85
Lima Enerzone	2.70	336.05	0.88	420.27
SFELAPCO	5.01370	191.6073	9.01	680.57

Electricity Losses

The Distribution Companies experience two types of electricity losses: technical losses and non-technical losses. Technical losses are those that occur in the ordinary course of distribution of electricity, such as losses that occur when electricity is converted from high voltage to medium voltage. Non-technical losses are those that result from illegal connections, fraud or billing errors.

The Distribution Companies' system loss may be further broken down to feeder loss, substation loss, and sub-transmission loss. Total electricity losses in 2019 were 6% for Visayan Electric, 7.32% for Davao Light, 8.08% for Cotabato Light, 2.96% for Subic Enerzone, 0.96% for Mactan ENerzone, 0.42% for Balamban Enerzone, 5.24% for Lima Enerzone, and 4.86% for SFELAPCO. On the other hand, total electricity losses as of 31 December 2020 were 6.84% for Visayan Electric, 7.88% for Davao Light, 8.88% for Cotabato Light, 3.2% for Subic Enerzone, 0.93% for Mactan Enerzone, 0.44% for Balamban Enerzone, 5.22% for Lima Enerzone, and 4.98% for SFELAPCO.

The system loss cap set by the ERC is 6.25% for 2019 and 6% as of 2020, which system loss caps only relate to feeder loss.

The table below summarizes the systems losses and feeder losses of certain Subsidiaries of AEV as of 30 September 2021.

Company	Systems loss	Feeder loss (included in systems loss)
Visayan Electric Company, Inc.	6.76%	5.02%
Davao Light & Power Company, Inc.	8.03%	4.97%
Cotabato Light and Power Company	8.26%	6.84%
San Fernando Electric Light & Power Co., Inc.	5.32%	3.76%
Subic EnerZone Corporation	3.64%	1.84%
Mactan Enerzone Corporation	1.01%	0.45%
Balamban Enerzone Corporation	0.41%	0.16%
Lima Enerzone Corporation	5.28%	0.72%
Malvar Enerzone Corporation	23.35%*	2.56%

*Due to energization of two 50MVA power transformers at very low load factor.

The Government-mandated cap for feeder loss in 2021 is 5.50%.

The Distribution Companies are also actively engaged in efforts to reduce electricity losses, particularly non-technical losses. To achieve this, the Distribution Companies, particularly Visayan Electric and Davao Light, have deployed teams to conduct inspections, enhanced monitoring for irregular consumption, increased replacements for obsolete measuring equipment and developed a computer program to discover and analyze irregular invoicing.

The Distribution Companies continue to find ways to reduce systems losses in any economically viable manner.

Power Outages

The Distribution Companies seek to improve the quality and reliability of their power supply, as measured by the frequency and duration of power outages. The Distribution Companies seek to improve the quality and reliability of their power supply, as measured by the frequency and duration of power outages. The number of sustained outages (>5mins) as of 31 December 2020 was 1.97 interruptions per customer at Visayan Electric, 2.84 interruptions per customer at Davao Light, 0.20 interruptions per customer at Cotabato Light, 9.83 interruptions per customer at SEZ, 0.80 interruptions per customer at Mactan Enerzone, 3.18 interruptions per customer at Balamban Enerzone, 2.7 interruptions per customer at Lima Enerzone, and 15.08 interruptions per customer at SFELAPCO. For the same period in 2019, the number of minutes of sustained outages was 222.7 minutes per customer at Visayan Electric, 236.74 minutes per customer at Davao Light, 17.52 minutes per customer at Cotabato Light, 428.9 minutes per customer at Subic Enerzone, 71.87 minutes per customer at Balamban Enerzone, 15.92 minutes per customer at Mactan Enerzone, 336.05 minutes per customer at Lima Enerzone, and 543.87 minutes per customer at SFELAPCO.

The Distribution Companies each have “hotline” equipment that allows construction, maintenance and repairs to be conducted with only minimal interruption in electricity service. This reduces the number of service interruptions that the Distribution Companies have to schedule. Unscheduled interruptions due to accidents or natural causes, including typhoons, heavy rains and floods, represented the remainder of the Distribution Companies’ total interruptions.

SOURCES OF RAW MATERIALS AND SUPPLIES

Generation Business

The Generation Companies produce energy using the following fuel types based on attributable net selling capacity: 17% hydropower, 8% geothermal, 1% solar, 58% coal, and 16% oil. As of 30 September 2021, renewable fuel sources comprised 27% of attributable net selling capacity, while thermal accounted for 73%.

The hydropower facilities of some of the Generation Companies harness the energy from the flow of water from neighboring rivers to generate electricity. These facilities have impounding dams allowing the storage of water for later use. The hydroelectric companies on their own, or through NPC as in the case of LHC, possess water permits issued by National Water Resources Board (NWRB), which allow them to utilize the energy from a certain volume of water from the applicable source of the water flow.

APRI's steam requirement for its geothermal power generation continues to be supplied by PGPC. The terms of the steam supply are governed by a Geothermal Resource Sales Contract under which the price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. APRI and PGPC signed a new agreement on 24 August 2018 under which PGPC will drill 12 new production wells over the next six years.

Oil-fired plants use Bunker-C fuel to generate electricity. SPPC and WMPC source fuel from Pilipinas Shell Petroleum Corporation and Phoenix Petroleum, respectively. Each of EAUC, CPPC, TMI, TMO, and TPVI has a fuel supply agreement with Shell and Phoenix Petroleum. The fuel prices under these agreements are pegged to the Mean of Platts Singapore index.

TLI has long-term coal supply contracts for both the performance and blending coal requirements of Pag 1 and 2. Likewise, a three-year coal supply contract for Pag 3 was signed in 2019.

TVI entered into a long-term coal supply agreement with one of its established coal sources after its successful test firing of another source of coal. Nevertheless, sourcing and evaluation of other coal sources are ongoing for supply diversification and security.

Likewise, TSI has annual coal supply contracts for its coal plant in Davao. It applies the same sourcing strategy as that of TLI and TVI where evaluation of other potential coal sources is being conducted in order to establish the most competitive and optimum fuel supply mix. GNPD, GMEC, STEAG Power, and CEDC also have long-term coal supply agreements.

Distribution Business

The rates at which the Distribution Utilities purchase electricity from affiliated Generation Companies are established pursuant to bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with a Distribution Utility. These agreements are entered into on an arm's length basis, on commercially reasonable terms, and are approved by ERC. ERC's regulations currently restrict AboitizPower's Distribution Utilities from purchasing more than 50% of their electricity requirements from affiliated Generation Companies.

To address long-term power supply requirements, Davao Light and Cotabato Light entered into 25-year PSCs with TSI for 100 MW and 5 MW, respectively, and started drawing their contracted capacity in September 2015. In June 2016, Davao Light and TSI filed a Joint Manifestation with ERC stating that they agreed to supplement and modify their supply contract to 108 MW.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a 10-year PSC with San Miguel Consolidated Power Corporation ("SMCPC") for a supply of 60MW in 2016. SMCPC began supplying the 60-MW contracted capacity in February 2018. Davao Light also renewed its CSEE with PSALM for a period of two years from 2021 to 2022 for 163 MW. To cover its peak demand requirement for 2018 to 2021, Davao Light conducted a Competitive Selection Process (CSP) for the Supply of 60MW which TMI won. Davao Light also

addressed the projected increase in load for 2020 by entering into an Emergency PSC with SMCPD for 50MW with a term of one year while waiting for the commercial operations of the wholesale spot market in Mindanao.

To address long-term power supply requirements, Visayan Electric entered into a 25-year EPPA with CEDC in October 2009 for the supply of 105 MW. In December 2010, Visayan Electric signed a five-year PSA with GCGI for the supply of 60 MW at 100% load factor which was extended for another ten years in October 2014. Visayan Electric also has a PPA with CPPC which was terminated on 26 August 2021. ERC allowed Visayan Electric to continue drawing power from CPPC under the terms and conditions of the PPA pending the approval of the 2013 PSA which has since been terminated and withdrawn considering that, in the absence of ERC approval, it has not become effective. Visayan Electric also has a PPA with CPPC which is set to expire in 2023 and a 15-year PSA with TVI for the supply of 150 MW beginning 2018.

Subic Enerzone Corporation conducted a CSP to reduce its WESM exposure. MPPCL won the 10MW PSA starting 26 December 2021.

In a similar matter, Lima Enerzone conducted its own CSP as replacement to its expiring contract. At the conclusion of the process, TLI won the contract at 7MW for five years starting in May 2021.

Malvar Enerzone sourced its power supply from the Wholesale Electricity Spot Market to meet the ecozone’s power requirements until its electricity demand is stable.

The provisions of the Distribution Utilities’ PPAs are governed by ERC regulations. The main provisions of each contract relate to the amount of electricity purchased, the price, including adjustments for various factors such as inflation indexes, and the duration of the contract. Distribution Utilities also enter into PSAs with various generation companies.

Transmission Charges

AboitizPower’s Distribution Utilities have existing Transmission Service Agreements (TSAs) with the NGCP for the use of the latter’s transmission facilities in the distribution of electric power from the Grid to its customers, which are valid until the dates specified below:

Distribution Utility	Valid until
Davao Light	25 January 2024
Lima Enerzone	25 July 2022
Mactan Enerzone	25 January 2025
Balamban Enerzone	25 January 2025
SFELAPCO	25 December 2023
Cotabato Light	25 August 2023
Visayan Electric	25 January 2024
Subic Enerzone	25 August 2023

The Distribution Utilities have negotiated agreements with the NGCP in connection with the security deposit to secure their obligations to the NGCP under the TSAs.

CUSTOMERS, ANALYSIS OF DEMAND AND RATES

Customers

Power Generation Business

As of 30 June 2021, out of the total electricity sold by AboitizPower's Generation Companies, approximately 89% is covered by bilateral and ancillary contracts with, among others, private distribution utilities, electric cooperatives, industrial and commercial companies, and the grid operator. The remaining, approximately 11%, is sold by the Generation Companies through the WESM.

Distribution Utilities Business

Please refer to pages 105-106 of the Prospectus for information on major customers of Distribution Utilities Businesses.

Retail Electricity Supply Business

As of 31 August 2021, AboitizPower's RES business has approximately 348 Contestable Customers with active contracts, from a wide number of industries, including property development, meat processing, semiconductors, steel, and cement. AboitizPower thus believes that this diversity will insulate its RES business from downturns in any one industry.

Rates

Rates charged by the Distribution Companies for sales of electricity to final customers are determined pursuant to regulations established by ERC. These ERC regulations establish a cap on rates that provide for annual, periodic, and extraordinary adjustments. Under EPIRA, the distribution utilities such as the Distribution Companies have been required to "unbundle" the electricity rates charged to customers in order to provide transparency in disclosing to customers the components of their monthly bills and to segregate (consistent with the mandate of the EPIRA) the components of the distribution business which will become competitive once the EPIRA is fully implemented (such as supply and metering services) and those which will remain monopolized (such as transmission and wheeling). As a result, the Distribution Companies are required to identify and separately disclose to customers each individual charge that forms part of the cost of providing electricity, including generation, transmission, systems loss, distribution, metering, and supply charges.

Each of the Distribution Companies classifies customers based on factors such as voltage level and demand level at which the electricity is supplied to such customers. Each customer is placed in a certain tariff level determined by the Distribution Companies within the guidelines provided by the ERC and is charged for electricity based on customer classification. Typically, industrial customers pay lower rates relative to the cost of providing services to them, while residential customers pay higher rates relative to the cost of providing services to them.

The following sets forth the material components of each Distribution Companies' monthly charges to customers:

Distribution charges. Previously, the distribution charges that the Distribution Companies collected from customers were computed with reference to the RORB rate-setting system. Under this system, distribution charges were determined based on the appraised value of a distribution utility's historical costs, with the maximum rate of return set at 12.0%. Rate-setting under this system had historically resulted in prolonged review periods by regulators before a final rate was approved, and often resulted in interested parties, such as consumer advocacy groups, contesting rates approved by Government regulators in court. In addition, the determination of the components of a utility's cost base was subject to revision by regulators, with certain material expenses, such as those for income tax, being excluded from the base.

To address the inefficiencies and legal controversies caused by the RORB rate-setting system, the ERC issued the RDWR in 2006, which sets out the manner in which PBR is to be implemented. Under PBR, the distribution-related charges that a distribution utility collects from customers will be fixed by reference to the utility's projected revenues over a four-year regulatory period, which are reviewed and approved by the ERC and thereafter used to determine the utility's efficiency factor. For each year during the regulatory period, the distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor set and changes in overall consumer prices in the Philippines. As part of the implementation of PBR, 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 penalized for failing to meet these performance targets. During the 18 months prior to the PBR start date for each Distribution Company, each of them will undergo a regulatory reset process through which the PBR rate control arrangements are established based on documents submitted by each Distribution Company with the ERC, ERC resolutions, and consultations with the Distribution Company and the general public.

Transmission charges. These charges are the amounts paid by the Distribution Companies to the National Grid Corporation of the Philippines for the use of transmission facilities to transmit electricity from each Distribution Companies' electricity suppliers to the Distribution Companies' own transmission lines. Current ERC regulations allow the Distribution Companies to pass on to and recover from their customers the transmission charges paid by the Distribution Companies.

Under applicable laws and regulations, the Distribution Companies are required to allow use of their high-voltage distribution lines by others, including consumers within their franchise areas that are supplied by third parties. All users of the Distribution Companies' respective distribution lines must pay a wheeling fee for such use.

Generation charges. ERC regulations allow distribution utilities to pass through to their customers the full cost of electricity purchased from power generators, such as NPC and IPPs (including the Generation Companies).

Supply and metering charges. The Distribution Companies are currently allowed to charge their customers a fixed monthly amount that is meant to cover customer service-related costs, such as customer billing and collection services, and metering-related costs, such as meter installation, monitoring and reading. Customers are also required to provide deposits on meters that are installed to monitor their electric consumption. The ERC is currently contemplating opening supply and metering services to competition.

Systems loss charges. These charges relate to the electricity losses that each Distribution Company is allowed to recover from customers. Originally, ERC regulations allowed distribution companies to charge customers for electricity losses so long as electricity losses do not exceed 8.50%. If a Distribution Company's electricity losses exceed 8.50%, the Distribution Company will be unable to pass on to its customers the loss charges relating to losses in excess of the 8.50% ceiling.

Under ERC Resolution No. 20, Series of 2017, the ERC set anew the distribution system loss that a Distribution Company may recover from its customers through the system loss charge. This shall not exceed the sum of the actual sub-transmission and substation loss of the Distribution Company and the distribution feeder loss caps, as follows:

2018	6.50%
2019	6.25%
2020	6.00%
2021	5.50%

Others. Other charges collected from customers include: the universal charge, which is meant to cover Stranded Debt and Stranded Costs of the Power Sector Assets and Liabilities Corporation, among others, in accordance with the requirements of the EPIRA; the lifeline subsidy rate, which is an amount collected from end-users to cover subsidies granted to low-consumption, low-income customers; and the FIT-All rate which is an amount collected from end-users under the feed-in tariff system.

Customer Deposits

The bill deposit serves to guarantee payment of bills by a customer which is estimated to equal one month's consumption or bill of the customer. These deposits are refundable, together with the accrued interest, upon

termination of the contract. If the deposits and the related accrued interest already exceed the customer's current monthly bills, a refund of the excess can also be made.

Both the Magna Carta and Distribution Services and Open Access Rules ("DSOAR") provide that residential and non-residential customers, respectively, must pay a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills. A customer who has paid his electric bills on or before due date for three consecutive years, may now apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of his service; otherwise, bill deposits and accrued interests shall be refunded within one month from termination of service, provided all bills have been paid.

In cases where the customer has previously received the refund of his bill deposit, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

Transformer and lines and poles deposits are obtained from certain customers principally as cash bond for the proper maintenance and care of the said facilities while under their exclusive use and responsibility. These deposits are non-interest bearing and are refundable only after the related contract is terminated and the assets are returned to the Company in their proper condition and all obligations and every account of the customer due to the Company shall have been paid.

Billing Procedures

The procedures used for billing and payment for electricity supplied to customers is determined by customer category. The length of the collection process varies slightly among the Distribution Companies. Meter readings and invoicing take place on a monthly basis. Bills are prepared from meter readings or on the basis of estimated usage under certain circumstances. Low voltage customers are billed within one to two days after the meter reading, with payment required within nine days after the delivery date. In case of non-payment, a notification of non-payment accompanied by the next month's invoice, is sent to the customer and a period of two days is provided to pay the amount owed to the relevant Distribution Company. If payment is not received within two days, the customers' electricity supply is suspended.

COMPETITION

Power Generation Business

AboitizPower believes the Philippines has long term energy requirements that will continue to grow. This will attract many competitors, including multinational development groups and equipment suppliers, to explore opportunities in power generation projects in the Philippines.

Based on ERC Resolution No. 05, Series of 2021, there are over 30 players representing a total installed capacity of 23,422 MW for the Philippine Grid. The largest is SMC Global Power (5,345 MW), a Subsidiary of San Miguel Corporation which was founded in 1890 and which, through time, has built strong stakeholder relationships and enjoyed long-running commercial success. AboitizPower is the second largest generation company by attributable installed capacity (3,882 MW). The third largest is First Gen Corporation (3,485 MW), which prides itself as one of the leading suppliers of renewable energy in the Philippines.

Retail Electricity Supply Business

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of July 2021, there are 44 RES companies and 25 Local RES companies participating in the Open Access markets in Luzon and Visayas. MPower RES has the largest market share at 35.71%, with a contracted capacity of 1,463.51 MW. Its main strength is its affiliation as a subsidiary of the country's largest distribution utility, MERALCO, which has the financial and market strength, as well as goodwill, that comes from its size, long history, and dominance. AboitizPower,

through its RES companies, has the second-largest market share at 20.32%,¹² with contracted capacity of 833.03 MW¹³ as of July 2021. The Ayala Group has the third largest market share at 13.10%, with a contracted capacity of 536.80 MW.

Distribution Business

Each of AboitizPower's Distribution Utilities currently has an exclusive franchise to distribute electricity in the areas covered by its franchise.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

AboitizPower and its Subsidiaries, in their regular conduct of business, have entered into transactions with Associates and other related parties principally consisting of professional and technical services, power sales and purchases, advances, various guarantees, construction contracts, aviation services, and rental fees. These are made on an arm's-length basis as of the time of the transactions.

Details of the significant account balances of the foregoing related party transactions of the Power Group can be found in the consolidated financial statements of the AboitizPower.

GOVERNMENT APPROVALS, PATENTS, COPYRIGHTS, FRANCHISES

AboitizPower and its Subsidiaries have secured all material permits required to operate its businesses. These are further discussed below.

Generation Business

Power generation is not considered a public utility operation under RA No. 9136 or the Electric Power Industry Reform Act of 2001 ("EPIRA"). Thus, a national franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has secured a COC from the ERC to operate a generation facility and has complied with the standards, requirements and other terms and conditions set forth in the said COC.

In its operations, a generation company is required to comply with technical, financial and environmental standards. It shall ensure that facilities connected to the Grid meet the technical design and operation criteria of the Philippine Grid Code, Philippine Distribution Code, and Philippine Electrical Code. It shall also conform to financial standards and comply with applicable environmental laws, rules and regulations.

Cotabato Light has its own generation facilities and are required under the EPIRA to obtain a COC. Davao Light's generation facility was decommissioned on 26 November 2018. For IPPAs such as TLI, the COCs issued to the IPPs of the relevant generation facilities are deemed issued in favor of the IPPAs. As such, the IPPAs are also bound to comply with the provisions of the Philippine Grid Code, Philippine Distribution Code, WESM rules, and applicable rules and regulations of ERC.

AboitizPower's HEPPs are also required to obtain water permits from NWRB for the water flow used to run their respective hydroelectric facilities. These permits specify the source of the water flow that the Generation Companies can use for their hydroelectric generation facilities, as well as the allowable volume of water that can be used from the source of the water flow. Water permits have no expiration date and require their holders to comply with the terms of the permit with regard to the use of the water flow and the allowable volume.

AboitizPower, its Subsidiaries, and Affiliates are in various stages of development of several projects. Some of these projects have been awarded renewable energy service contracts by DOE.

¹²Excluding SFELAPCO which is 20.284% owned by AboitizPower.

¹³ Excluding SFELAPCO which is 20.284% owned by AboitizPower.

The Generation Companies and Cotabato Light possess COCs for their power generation businesses, details of which are as follows:

Document	Issued under the Name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Economic Life/Term of COC	
COC No. 18-12-M-00330L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No.18-12-M-00334L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No. 18-12-M-00329L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No. 18-12-M-00336L	Hedcor, Inc.	Salangan	Hydroelectric Power Plant	Ampuca, Itogon, Benguet	2.40 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No. 17-04-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Brgy. Tadiangan, Tuba, Benguet	3.89 MW	Hydro	30 April 2017 – 29 April 2022	19 April 2017
COC No. 20-08-M-00061M	Hedcor, Inc.	Talomo 1	Hydroelectric Power Plant	Brgy. Malagos, Davao City	1 MW	Hydro	16 February 2020 – 15 February 2025	12 August 2020
COC No. 20-08-M-00062M	Hedcor, Inc.	Talomo 2	Hydroelectric Power Plant	Brgy. Mintal, Davao City	0.6 MW	Hydro	16 February 2020 – 15 February 2025	12 August 2020
COC No. 20-08-M-00063M	Hedcor, Inc.	Talomo 2A	Hydroelectric Power Plant	Upper Mintal, Davao City	0.65 MW	Hydro	16 February 2020 – 15 February 2025	12 August 2020
COC No. 20-08-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	0.3 MW	Hydro	16 February 2020 – 15 February 2025	12 August 2020
COC No. 20-08-M-00065M	Hedcor, Inc.	Talomo 3	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	1.92 MW	Hydro	16 February 2020 – 15 February 2025	12 August 2020

COC No. 18-12-M-00327L	Hedcor, Inc.	Ferdinand L. Singit Plant	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	6.40 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No. 18-12-M-00335L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
COC No. 18-12-M-00328L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	5 November 2018 – 4 November 2023	11 December 2018
Provisional Authority to Operate	Hedcor, Inc.	La Trinidad Hydro	Hydroelectric Power Plant	La Trinidad, Benguet	20.4 MW	Hydro	5 October 2020 – 6 October 2021	6 October 2020
COC No. 15-05-M-56M	Hedcor Sibulan, Inc.	Sibulan A Hydro – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	8.164 MW	Hydro	1 year for the Provisional Authority to Operate 25 years	February 2020
		Sibulan A Hydro – Unit 2			8.164 MW			
COC No. 15-05-M-54M	Hedcor Sibulan, Inc.	Sibulan B Hydro – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro	1 year for the Provisional Authority to Operate 25 years	November 2020
		Sibulan B Hydro – Unit 2			13.128 MW			
COC No. 19-03-M-00346M	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	6.65 MW	Hydro	10 March 2019 - 9 March 2024	5 March 2019
COC No. 18-06-M-00017L	Luzon Hydro Corporation	Bakun AC Hydro Plant	Hydroelectric Power Plant	Amilongan, Aliilem, Ilocos Sur	74.80 MW	Hydro	30 July 2018 – 29 July 2023	20 June 2018
COC No. 19-03-M-00013M	Hedcor Tudaya, Inc.	Tudaya 2 – Unit 1	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	5.362 MW	Hydro	11 April 2019 - 10 April 2024	5 March 2019
		Tudaya 2 – Unit 2			2.775 MW	Hydro		
COC No. 15-09-M-00023L	Hedcor Sabangan, Inc.	Sabangan Hydro	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain Province	14.96 MW	Hydro	1 year from PAO issuance	28 September 2021 (Provisional Authority)
COC No. 19-06-M-00174M	Hedcor Bukidnon, Inc.	Manolo Fortich 1 Hydro	Hydroelectric Power Plant	Brgy. Santiago, Manolo Fortich, Bukidnon	45.936 MW	Hydro	18 June 2019 - 17 June 2024	18 June 2019
COC No. 19-06-M-00175M	Hedcor Bukidnon, Inc.	Manolo Fortich 2 Hydro	Hydroelectric Power Plant	Brgy. Dalirig, Manolo Fortich, Bukidnon	27.387 MW	Hydro	18 June 2019 - 17 June 2024	18 June 2019

COC No. 17-04-M-15911M	Cotabato Light and Power Company, Inc.	N/A	Bunker C-Fired Diesel Engine	CLPC Compound, Sinsuat Ave., Rosary Heights I, Cotabato City	9.927 MW	Diesel / Bunker C	10 January 2017 - 9 January 2022	19 April 2017	
			Blackstart		10 kW	Diesel			
COC No. 18-03-M-00002V	East Asia Utilities Corporation	N/A	Bunker C/Diesel Fired Power Plant	Barrio Ibo, MEPZ 1, Lapu-Lapu City, Cebu	49.60 MW	Bunker C/ Diesel	11 June 2018 – 10 June 2023	27 March 2018	
COC No. 18-03-M-00001V	Cebu Private Power Corporation	N/A	Bunker C/Diesel Fired Power Plant	Old Veco Compound, Brgy. Ermita, Carbon, Cebu City	70.59 MW	Bunker C/ Diesel	4 June 2018 – 3 June 2023	27 March 2018	
COC No. 18-12-M-00020M	Western Mindanao Power Corporation	N/A	Bunker C- Fired Power Plant	Malasugat, Sangali, Zamboanga City	112 MW	Bunker C/Diesel	27 August 2018 – 26 August 2023	4 December 2018	
		N/A	Blackstart		160 kW	Diesel			
COC No. 18-12-M-00021M	Southern Philippines Power Corporation	N/A	Bunker C- Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/ Diesel	27 August 2018 – 26 August 2023	4 December 2018	
			Blackstart		160 kW	Diesel			
Provisional Authority to Operate	SN Aboitiz Power – Magat, Inc. (Magat Hydroelectric Power Plant)	Magat Hydroelectric Power Plant – Unit 1	Hydroelectric Power Plant	Ramon, Isabela and A. Lista, Ifugao	90 MW	Hydro	29 November 2020-28 November 2021	18 November 2021*	
					Magat Hydroelectric Power Plant – Unit 2				90 MW
					Magat Hydroelectric Power Plant – Unit 3				90 MW
					Magat Hydroelectric Power Plant – Unit 4				90 MW
					Magat Hydroelectric Power Plant				Blackstart
COC No. 18-04-M-00150L	SN Aboitiz Power – Magat, Inc.	Maris Main Canal I Hydroelectric Power Plant	Hydroelectric Power Plant	Brgy. Ambatali, Ramon, Isabela	8.50 MW	Hydro	4 April 2018 – 3 April 2023	4 April 2018	

COC No. 17-03-M- 00309L	SN Aboitiz Power – Benguet , Inc.	Binga Hydroelect ric Power Plant – Unit 1	Hydroele ctric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35.02 MW	Hydro	12 March 2017 - 11 March 2022	9 March 2017
		Binga Hydroelect ric Power Plant – Unit 2	Hydroele ctric Power Plant		35.02 MW			
		Binga Hydroelect ric Power Plant – Unit 3	Hydroele ctric Power Plant		35.02 MW			
		Binga Hydroelect ric Power Plant – Unit 4	Hydroele ctric Power Plant		35.02 MW			
		Binga Hydroelect ric Power Plant	Blackstar t Generato r Set		320 KW	Diesel		
		Binga Hydroelect ric Power Plant	Diesel Auxiliary Generato r Set		330.40 KW	Diesel		
Provisional Authority to Operate	SN Aboitiz Power – Benguet , Inc.	Ambuklao Hydroelect ric Power Plant – Unit 1	Hydroele ctric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	31 August 2021 to 30 August 2022	ERC will still issue the PAO
		Ambuklao Hydroelect ric Power Plant – Unit 2			34.85 MW			
		Ambuklao Hydroelect ric Power Plant – Unit 3			34.85 MW			
		Ambuklao Hydroelect ric Power Plant	Auxiliary Generato r Set		320 KW	Diesel		
		Ambuklao Hydroelect ric Power Plant	Blackstar t Generato r Set		314 KW	Diesel		
COC No. 16-06-M- 00016M	STEAG State Power, Inc.	N/A	Coal Fired Power Plant	Phividec Industrial Estate, Balascanas , Villanueva, Misamis Oriental	232 MW	Coal	30 August 2016 - 29 August 2021	13 June 2016
			Emergen cy Generati ng Set		1.25 MW	Diesel		

COC No. 15-03-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Villanueva, Misamis Oriental	400 kW	Diesel	25 years	25 March 2015*
COC No. 15-05-M-00007L	AP Renewables, Inc.	Makban – Bay, Plant A	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geothermal Steam	23 years	4 May 2015*
		Makban – Bay, Plant A			63.2 MW			
		Makban – Bay, Plant D			20.0 MW			
		Makban – Bay, Plant D			20.0 MW			
COC No. 15-05-M-00008L	AP Renewables, Inc.	Makban – Calauan, Plant B	Geothermal Power Plant	Brgy. Limao, Calauan, Laguna	63.2 MW	Geothermal Steam	23 years	4 May 2015*
		Makban – Calauan, Plant B			63.2 MW			
		Makban – Calauan, Plant C			55.0 MW			
		Makban – Calauan, Plant C			55.0 MW			
COC No. 15-05-M-00009L	AP Renewables, Inc.	Makban – Sto. Tomas, Plant E	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	20.0 MW	Geothermal Steam	23 years	4 May 2015*
		Makban – Sto. Tomas, Plant E			20.0 MW			
COC No. 15-11-M-00028L	AP Renewables, Inc.	Plant A, Unit 1	Geothermal Power Plant	Brgy. Naga, Tiwi, Albay	60 MW	Geothermal Steam	25 years	26 November 2015**
		Plant A, Unit 2			60 MW			26 November 2015**
COC No. 15-11-M-286rL	AP Renewables, Inc.	Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geothermal Steam	25 years	26 November 2015**
		Plant C, Unit 6			57 MW			26 November 2015**
COC No. 17-05-M-00105L	AP Renewables, Inc.	MakBan Binary 1	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Brine	7 November 2016 - 6 November 2021	15 May 2017*
COC No. 16-03-M-00286ggM	Therma Marine, Inc.	Mobile 1	Diesel Power Plant	Brgy. San Roque, MACO, Compostela Valley	100.33 MW	Diesel	25 years	30 March 2016
			Blackstart		1.68 MW	Diesel	5 years	

COC No. 16-03-M-00286bbM	Therma Marine, Inc.	Mobile 2	Diesel Power Plant	Brgy. Nasipit, Agusan del Norte	100.33 MW	Diesel	25 years	30 March 2016
			Blackstart		1.68 MW	Diesel	5 years	
COC No. 17-07-M-00305L	Therma Mobile, Inc.	Barge 1/ Mobile 3	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	66 MW	Bunker C/ Diesel	9 July 2017 - 8 July 2022	22 June 2017
COC No. 17-07-M-00306L	Therma Mobile, Inc.	Barge 2/ Mobile 4	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	56 MW	Bunker C/ Diesel	9 July 2017 - 8 July 2022	22 June 2017
COC No. 17-07-M-00307L	Therma Mobile, Inc.	Barge 3/ Mobile 5	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	57 MW	Bunker C/ Diesel	9 July 2017 - 8 July 2022	22 June 2017
COC No. 17-07-M-00308L	Therma Mobile, Inc.	Barge 4/ Mobile 6	Bunker C-Fired Diesel Power Plant	Navotas Fish Port Complex, Navotas, Metro Manila	52 MW	Bunker C/ Diesel	9 July 2017 - 8 July 2022	22 June 2017
Provisional Authority to Operate	Therma Power-Visayas, Inc.	Naga Oil-Fired Power Plant (NOPP)	Oil-Fired Power Plant	Brgy. Colon, Naga City, Cebu	44.58 MW	Bunker C	6 January 2021 – 5 January 2022	16 December 2020
		Blackstart Diesel Engine Generating Unit	Blackstart		440 kW	Diesel		
COC No. 15-09-M-00022M	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	19 January 2016 - 31 August 2020	19 January 2016 *
		Unit 2			150 MW	Coal		
COC No. 19-09-S-03902V	Therma Visayas, Inc.	N/A	Diesel Power Plant	Brgy. Bato, Toledo City, Cebu	1.275 MW	Diesel	20 September 2019 - 19 September 2024	20 September 2019
COC No. 19-06-M-00176V	Therma Visayas, Inc.	Therma Visayas Circulating Fluidized Bed Coal-Fired Power Plant	Circulating Fluidized Bed Coal-Fired Power Plant	Sitio Looc, Brgy. Bato, Toledo City, Cebu	353.94 MW	Coal	15 April 2019 - 14 April 2024	26 June 2019
COC No. 19-07-M-00040L	TeaM Energy Corporation	Pagbilao Coal Fired Power Plant	Coal Fired Thermal Power Plant	Isla Grande, Ibabang Polo, Pagbilao, Quezon	751.4 MW	Coal	20 July 2019 - 19 July 2024	9 July 2019
			Black Start		800 kW	Diesel		
COC No.		Pagbilao Unit 3 Coal	Coal Fired	Isla Grande,	420 MW	Coal		

18-02-M-00145L	Pagbilao Energy Corporation	Fired Thermal Power Plant	Thermal Power Plant Blackstart	Ibabang Polo, Pagbilao, Quezon	1.04 MW	Diesel	20 February 2018 – 19 February 2023	20 February 2018
COC No. 17-11-M-00282L	GNPower Mariveles Coal Plant Ltd. Co.	Unit 1	Coal Fired Power Plant	Brgy. Alasasin, Mariveles, Bataan	325.8 MW	Coal	3 December 2017 – 2 December 2022	21 November 2017
		Unit 2			325.8 MW			
		N/A	Blackstart		1.68 MW	Diesel		
COC No. 16-12-M-00101V	San Carlos Sun Power Inc.	N/A	Solar Power Plant	Brgy. Punao, San Carlos City	58.981 MWp	Solar	14 July 2016 – 13 July 2021*	20 December 2016
COC No. 15-02-GN 53-16751V	Cebu Energy Development Corporation	N/A	Coal-Fired Thermal Power Plant	Brgy. Daanlungsod, Toledo City, Cebu	251.1 MW	Coal	16 February 2015 - 15 February 2020*	16 February 2015 - 15 February 2020*
			Blackstart		920kW	Diesel		

*With a Provisional Authority to Operate ("PAO"). Awaiting issuance of renewal of COC from ERC.

** Ongoing ERC Technical Inspection for the issuance of PAO or renewed COC.

Distribution Business

Under the EPIRA, the business of electricity distribution is a regulated public utility business that requires a national franchise that can be granted only by Congress. In addition to the legislative franchise, a CPCN from the ERC is also required to operate as a public utility. However, distribution utilities operating within economic zones are not required to obtain a franchise from Congress, but must be duly registered with PEZA in order to operate within the economic zone.

All Distribution Utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Distribution Code, which provides the rules and regulations for the operation and maintenance of distribution systems) and the performance standards set out in the implementing rules and regulations of the EPIRA.

Shown below are the respective expiration periods of the Distribution Utilities' legislative franchises:

DU	Franchise	Term	Expiry
Visayan Electric	RA No. 9339	25 years from effectivity of RA No. 9339. (RA No. 9339 was approved on 01 September 2005.)	Valid until 24 September 2030
	ERC Certificate No. CPCN-09-01 (ERC Decision dated 26 January 2009, ERC Case No. 2008-095 MC).	25 years, or from 24 September 2005 to 24 September 2030	
Davao Light	RA No. 8960	25 years from effectivity of RA No. 8960, or from 07 September 2000	Valid until 07 September 2025
	ERC CPCN Decision dated 26 February 2002, ERC Case No. 2001-792	25 years, or from September 7, 2000 to 07 September 2025	
	R.A. No. 11515	25 years from expiration of the term granted under RA No. 8960, or from 07 September	Valid until 07 September 2050

		2025 to 07 September 2050 (Lapsed into law 26 December 2020.)	
Cotabato Light	RA No. 10637	25 years from effectivity of RA No. 10637, as amended (RA No. 10637 was approved on 16 June 2014.)	Valid until 16 June 2039
	ERC Certificate No. CPCN-14-01 (ERC Decision dated 09 December 2019, ERC Case No. 2013-063 MC)	25 years, or from 17 June 2014 or until 16 June 2039	
SFELAPCO	RA No. 9967	25 years from effectivity of RA No. 9967 (Lapsed into law on 06 February 2010)	Valid until 23 March 2035
	ERC Certificate No. CPCN-10-01 (ERC Decision dated 31 August 2010, ERC Case No. 2010-029 MC)	25 years, or from 24 March 2010 to 26 March 2035	
SEZ	Distribution Management Service Agreement (DMSA) between Subic Enerzone and joint venture of AEV-Davao Light	Notarized on 15 May 2003. Term of the DMSA is 25 years.	Valid until 15 May 2028

Mactan Enerzone, Balamban Enerzone, Lima Enerzone, and Malvar Enerzone, which operate the power distribution utilities in MEPZ II, WCIP-SEZ, LTC, and LISP IV respectively, are duly registered with PEZA as Ecozone Utilities Enterprises.

Retail Electricity Supply Business

Like power generation, the business of supplying electricity is not considered a public utility operation under EPIRA, but is considered a business affected with public interest. As such, EPIRA requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from ERC. With the implementation of Open Access in 2013, AboitizPower's RES Subsidiaries, AESI, AdventEnergy, SN Aboitiz Power – RES, and Prism Energy, obtained separate licenses to act as RES and Wholesale Aggregator.

New Projects

GNPD started the construction of Unit 1 in September 2016. The partnership also proceeded with the expansion of the power plant and achieved its financial closing for Unit 2 in December 2017. Unit 1 is expected to commence commercial operations by the third quarter of 2021. Unit 2 is expected to synchronize and earn commissioning revenues by the second quarter of 2021 and to commence commercial operations by the fourth quarter of 2021.

Trademarks


AboitizPower and its Subsidiaries own, or have pending applications for the registration of, intellectual property rights for various trademarks associated with their corporate names and logos. The following table sets out information regarding the trademark applications the Company and its Subsidiaries have filed with the Philippine IPO and their pending trademark applications abroad.

Philippine IPO

Trademarks	Owner	Date Filed	Registration No./Date Issued	Description	Status
A Better Future word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010 Request for renewal	4-2010-004383 11 November 2010	Application for the word mark "A Better Future".	Registered

		filed on 23 October 2020	Mark renewed on 11 November 2020		
Better Solutions word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010 Request for renewal filed on 23 October 2020	4-2010-004384 11 November 2010 Mark renewed on 11 November 2020	Application for the word mark "A Better Solutions".	Registered
AboitizPower word mark (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010 Request for renewal filed on 23 October 2020	4-2010-004385 11 November 2010 Mark renewed on 11 November 2020	Application for the word mark "AboitizPower".	Registered
AboitizPower Spiral Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010	4-2010-004380 10 February 2011 Application for renewal filed on 10 February 2021	Application for the device mark "AboitizPower Spiral and Device", with color claim. The representation of a spiral rendered in blue.	Registered
Cleanergy word mark (Class No. 40)	Aboitiz Power Corporation	19 October 2001	4-2001-007900 13 January 2006 Mark renewed on 13 January 2016	Application for the word mark "Cleanergy".	Registered
Cleanergy word mark (Class Nos. 39 and 42)	Aboitiz Power Corporation	16 January 2019	4-2019-000850 09 June 2019	Application for the word mark "Cleanergy" for the additional goods and services under Class Nos. 39 and 42.	Registered
Cleanergy Get It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010 Request for renewal filed on 23 October 2020	4-2010-004381 11 November 2010 Mark renewed on 11 November 2020	Application for the device mark "Cleanergy Get it and Device". The word "Cleanergy", with color claim. The phrase "get it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Registered
Cleanergy Got It and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010 Request for renewal filed on 23 October 2020	4-2010-004382 11 November 2010 Mark renewed on 11 November 2020	Application for the device mark "Cleanergy got it and device". The word "Cleanergy" with the phrase "got it" below it with both words endorsed by representation of a thumbs up sign. The whole mark is rendered in two shades of green.	Registered

AboitizPower and Device (Class Nos. 39, 40 and 42)	Aboitiz Power Corporation	23 April 2010	4-2010-004379 10 February 2011 Application for renewal filed on 10 February 2021	Application for the device mark "AboitizPower and Device", with color claim.	Registered
Subic EnerZone Corporation and Logo (Class No. 39)	Subic EnerZone Corporation	6 July 2006	4-2006-007306 20 August 2007 Mark renewed on 20 August 2017	Trademark application for Subic EnerZone Corporation and Logo, with color claim (blue and yellow). The mark consists of the words "SUBIC ENERZONE" in Fujiyama extra bold font with the word "CORPORATION" below it, also in Fujiyama font, rendered in cobalt medium blue color, and a representation of the letter "S" taking the shape of a flame (the company logo) above the words. The logo is likewise rendered in the cobalt medium blue color in a yellow background.	Registered
Subic EnerZone Corporation and Logo (Class No. 39)	Subic EnerZone Corporation	6 July 2006	4-2006-007305 20 August 2007 Mark renewed on 20 August 2017	Application for the Subic EnerZone Corporation word mark and device (gray). The mark consists of the words "SUBIC ENERZONE" in Fujiyama extra bold font with the word "CORPORATION" below it, also in Fujiyama font, and a representation of the letter "S" taking the shape of a flame (the company logo) above the words.	Registered
Subic EnerZone Corporation word mark (Class No. 39)	Subic EnerZone Corporation	6 July 2006	4-2006-007304 04 June 2007 Mark renewed on 04 June 2017	Application for the word mark "Subic EnerZone Corporation".	Registered
Cotabato Light Logo (Class No. 39)	Cotabato Light and Power Corporation	29 May 2019	4-2019-502915 20 October 2019	Application for the logo "Cotabato Light"	Registered
Davao Light Logo (Class No. 39)	Davao Light and Power Corporation	29 May 2019	4-2019-502917 20 October 2019	Application for the logo "Davao Light"	Registered
Balamban Enerzone Logo (Class No. 39)	Balamban Enerzone Corporation	29 May 2019	4-2019-502910 10 February 2020	Application for the logo "Balamban Enerzone"	Registered
Mactan Enerzone Logo (Class No. 39)	Mactan Enerzone Corporation	29 May 2019	4-2019-502911 20 February 2020	Application for the logo "Mactan Enerzone"	Registered

Lima Enerzone Logo (Class No. 39)	Lima Enerzone Corporation	29 May 2019	4-2019-502912 20 February 2020	Application for the logo "Lima Enerzone"	Registered
Malvar Enerzone Logo (Class No. 39)	Malvar Enerzone Corporation	29 May 2019	4-2019-502913 20 February 2020	Application for the logo "Malvar Enerzone"	Registered
Subic Enerzone Logo (Class No. 39)	Subic Enerzone Corporation	29 May 2019	4-2019-502914 20 October 2019	Application for the logo "Subic Enerzone"	Registered
Visayan Electric Logo (Class No. 39)	Visayan Electric Company, Inc.	29 August 2019	4-2019-015288 29 December 2019	Application for the logo "Visayan Electric"	Registered
MORE (Class 35)	Manila-Oslo Renewable Enterprise, Inc.	10 October 2018	4-2018-00018077 21 February 2019	Application for the logo "MORE" in dark blue	Registered
SN ABOITIZ POWER GROUP (Class 35 & 40)	Manila-Oslo Renewable Enterprise, Inc., SN Aboitiz Power-Magat, Inc. and SN Aboitiz Power-Benguet, Inc.	10 October 2018	4-2018-00018076 5 February 2019	Application for the logo "SN ABOITIZ POWER GROUP" in black, grey and white	Registered
SN ABOITIZ POWER-BENGUET, INC.	SN Aboitiz Power-Benguet, Inc.	30 April 2014	4-2014-00005209 29 December 2016	Application for the Logo "SN ABOITIZ POWER-BENGUET, INC."	Registered
SNAP ABOITIZ POWER-MAGAT, INC.	SN Aboitiz Power-Magat, Inc.	30 April 2014	4-2014-00005208 09 March 2017	Application for the Logo "SNAP ABOITIZ POWER-MAGAT, INC."	Registered
	SN Aboitiz Power-Magat, Inc.	23 November 2017	4-2017-00018969 07 June 2018	Application for Logo	Registered

International Trademarks (Non-Madrid Protocol)

AboitizPower has the following registered international trademarks:

Trademarks	Country of Application
Cleanergy	Indonesia
AboitizPower	Myanmar
Aboitiz Power and Device	Myanmar
Cleanergy	Myanmar
Cleanergy Get It	Myanmar
Cleanergy Got It	Myanmar

The abovementioned trademarks are also in the process of being registered in Malaysia.

International Trademarks Application (Madrid Protocol)

AboitizPower has the following registered international trademarks from applications under the Madrid Protocol:

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	World Intellectual Property Office (“WIPO”)
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Word Mark (Class Nos. 39, 40, 42)	WIPO
Cleanergy Get It Device (Class Nos. 39, 40, 42)	WIPO
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Got It Device (Class Nos. 39, 40, 42)	WIPO

AboitizPower also has the following pending international trademark applications under the Madrid Protocol:

Trademarks	Country of Application
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Vietnam
AboitizPower Word Mark (Class Nos. 39, 40, 42)	Indonesia
AboitizPower A Better Future (Class Nos. 39, 40, 42)	WIPO
AboitizPower A Better Future (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Word Mark (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Get It Device (Class Nos. 39, 40, 42)	Indonesia
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Vietnam
Cleanergy Got It Device (Class Nos. 39, 40, 42)	Indonesia

EFFECTS OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE BUSINESS

AboitizPower and its Subsidiaries are subject to the laws governing all Philippine corporations, such as corporation law, securities law, tax laws, and the Local Government Code. All Philippine corporations are also subject to labor laws and social legislation, including RA No. 11199 or the Social Security Act of 2018, RA No. 10606 or the National Health Insurance Act of 2013, RA No. 11223 or the Universal Health Care Act, RA No. 9679 or the Home Development Mutual Fund Law of 2009, the Philippine Labor Code and its implementing rules and regulations, and other labor-related laws, regulations, and mandated work-related programs of DOLE.

The Aboitiz Group closely monitors its compliance with the Applicable Laws and Government regulations affecting its businesses.

Independent Electric Market Operator (IEMO)

On 22 October 2020, the DOE promulgated Department Circular No. DC2020-10-0021, which adopted amendments to the WESM Rules for the implementation of an Independent Market Operator.

Implementation of the Performance-based Rating-setting Regulation (PBR)

On 22 December 2015, Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition for rulemaking entitled In the Matter of Petition for Rules Change in Rate Setting Methodology for Distribution

Wheeling Rate - Repeal of the Performance- Based Rate Making (PBR) Regulation and Return to Previous Return-on-Rate-Base (RORB) with Modification, docketed as ERC Case No. 2015-008RM. Public consultations were held on various dates in Metro Manila, Cebu and Davao. ERC also conducted Power 101 and PBR briefing sessions to various other consumer groups who said that they cannot intelligently comment on the PBR rules without understanding the concepts.

In June 2019, ERC posted for comments its draft Rules for Setting Distribution Wheeling Rates and Issues Paper for the Regulatory Reset of the First Entry Group (MERALCO, Cagayan Electric & Light Co., Inc., and Dagupan Electric). Various public consultations were held in the month of July 2019. However, during the 29 July 2019 PBR public consultation, MSK called the attention of ERC to act first on its 2015 petition on rate methodology before proceeding with the reset process. ERC issued its Decision dated 24 September 2020 on MSK's petition denying its petition to revert to RORB, without prejudice to its right to submit its comments in the revision of the rules during the next rate reset process of the distribution utilities.

Due to the rules change on PBR, all AboitizPower Distribution Utilities have not undergone regulatory reset starting from the third regulatory period. In January 2020, ERC requested private distribution utilities to submit actual or historical expenditure covering the lapsed period. Due to the lockdown and quarantine restrictions, as well as unresolved clarifications as to what has to be provided to the ERC raised by distribution utilities to the ERC through clarificatory meetings, private distribution utilities were not able to provide the data within the timeframe given by ERC.

In relation to this, the ERC issued show cause orders, all dated 29 October 2020, against Cotabato Light (docketed as ERC Case No. 2020-097 SC), Visayan Electric (docketed as ERC Case No. 2020-098 SC), Davao Light (docketed as ERC Case No. 2020-104 SC), and Subic Enerzone (docketed as ERC Case No. 2020-107 SC), requesting the foregoing distribution utilities to explain why they should not be penalized for the incomplete submission of the data requested by the ERC for its actual expenditure review. On 7 January 2021, the foregoing distribution utilities submitted their respective explanations, including a manifestation that all required data has been submitted as of 29 December 2020. ERC has yet to resolve these cases. If found liable, penalty for violation is ₱50,000.00 per distribution utilities, pursuant to ERC Resolution No. 03, series of 2009.

On 16 March 2021, the ERC issued the draft Rules for Distribution Wheeling Rates and Issues Paper, which puts the PBR regulatory reset in motion. Stakeholders were asked to provide comments to the draft Rules.

On 22 April 2021, the ERC posted a notice for all interested parties to submit their counter-comments and/or counter-proposals on any of the submitted comments by stakeholders on the foregoing draft. Comments from AboitizPower's DUs were submitted last 12 April 2021, while counter-comments were provided on 12 May 2021.

ERC Regulation on System Loss Cap Reduction

In April 2018, ERC issued Resolution No. 10, Series of 2018 entitled "A Resolution Clarifying the System Loss Calculation Cap and Providing the Effectivity of the Rules for Setting the Distribution Loss Cap". This set of rules provide for the new Distribution System Loss (DSL) cap that can be recovered and charged by distribution utilities to its customers, beginning in the May 2018 billing period.

Under the ERC resolution, the DSL cap for private utilities was set at 6.5% for 2018, 6.25% for 2019, 6.00% for 2020, and 5.50% for 2021.

Competitive Selection Process

On 11 June 2015, DOE promulgated Department Circular No. DC2015-06-0008 ("2015 DOE Circular") which mandated all distribution utilities to undergo competitive selection processes ("CSP") in securing PSAs after the effectivity of the said circular. The 2015 DOE Circular also authorized ERC to adopt a set of guidelines for the implementation of the CSP. The 2015 DOE Circular took immediate effect following its publication on June 30, 2015.

On 20 October 2015, ERC issued Resolution No. 13, Series of 2015, entitled, "A Resolution Directing All Distribution Utilities (DUs) to Conduct a Competitive Selection Process (CSP) in the Procurement of their Supply

to the Captive Market” (“ERC CSP Rules”). This resolution provides that a PSA shall be awarded to a winning Generation Company following a competitive selection process or by direct negotiation, after at least two failed CSPs. For PSAs which were already executed but were not yet filed with the ERC and those that were still in the process of negotiation during the time of the effectivity of the ERC CSP Rules, the relevant distribution utility already had to comply with the CSP requirement before its PSA application would be accepted by the ERC. The ERC CSP Rules took immediate effect following its publication on 7 November 2015.

ERC Resolution 13, Series of 2015, was restated in ERC Resolution No. 1, Series of 2016, entitled, “A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015.” ERC Resolution No. 1, Series of 2016, extended the date of the effectivity of the CSP requirement from 7 November 2015 to 30 April 2016. It further stated that all PSAs executed on or after the said date would be required, without exception, to comply with the provisions of the ERC CSP Rules.

On 1 February 2018, DOE promulgated DC No. DC2018-02-0003 (“2018 DOE Circular”) entitled “Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements for the Captive Market.” Through this Circular, DOE issued its own set of guidelines (“DOE CSP Rules”) for the procurement by distribution utilities of PSAs for the Captive Market.

Under the DOE CSP Rules, all PSAs shall be procured through CSP, except for the following instances: (1) generation project owned by the distribution utility funded by grants or donations; (2) negotiated procurement of emergency power supply; (3) provision of power supply by any mandated Government-Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers (NPP); and (4) provision of power supply by the PSALM through bilateral contracts. A PSA may also be entered into by direct negotiation if the CSP fails twice. The DOE CSP Rules took effect upon its publication on 9 February 2018.

The validity of ERC CSP Rules and ERC Resolution No. 1, Series of 2016, was challenged before the SC on the ground that ERC, in issuing the said resolutions, amended the 2015 DOE Circular and effectively postponed the date of effectivity of the CSP requirement. Consequently, on 3 May 2019, the SC in the case of Alyansa Para sa Bagong Pilipinas, Inc. v. ERC (G.R. No. 227670), declared the first paragraph of Section 4 of the ERC CSP Rules and ERC Resolution No. 1, Series of 2016, as void ab initio. The SC further ruled that all PSAs submitted to ERC on or after 30 June 2015 shall comply with the CSP and that upon compliance with the CSP, the power purchase cost resulting from such compliance shall retroact to the date of the effectivity of the complying PSA, but in no case earlier than 30 June 2015, for purposes of passing on the power purchase cost to the consumers.

On 24 September 2021, the DOE promulgated Department Circular No. DC-2021-09-0030, amending the 2018 DOE Circular on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market. The new draft circular included a new exemption from the CSP process and introduced a mechanism of subjecting unsolicited proposals to competitive bidding. The Circular was published on 14 October 2021 and will be effective by 29 October 2021.

Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid

On 4 December 2019, DOE issued Department Circular No. DC2019-12-0018 entitled “Adopting a General Framework governing the utilization of Ancillary Services (AS) in the Grid” (“AS Circular”).

Upon the commercial operation of the Reserve Market, the following rule shall govern the procurement of AS:

- (a) SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:
 - (i) Regulating Reserve - Equivalent to 50% of the Regulating Reserve requirement;
 - (ii) Contingency Reserve - Equivalent to 50% of the dependable capacity of the largest generating unit;
 - (iii) Dispatchable Reserve - Equivalent to 50% of the dependable capacity of the second largest generating unit

On 21 June 2021, the DOE issued an “Advisory on the Implementation of Department of Energy (DOE) Circular No. DC2019-12-0018”. The advisory directed the National Grid Corporation of the Philippines to expedite the procurement of the required AS in accordance with Department Circular No. DC2019-12-0018, and to convert NGCP’s non-firm ASPAs into firm ASPAs.

Ancillary Services Pricing and Cost Recovery Mechanism

Reserves are forms of ancillary services that are essential to the management of power system security. The provision of reserves facilitates orderly trading and ensures the quality of electricity.

On 2 December 2014, DOE issued Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves. The circular aims to prepare the market participants in the integration of ancillary reserves into the WESM. The ancillary service providers will be paid based on their respective ASPAs with NGCP, while the scheduling of capacity and energy will be based on market results.

On 14 September 2018, NGCP filed a Petition seeking the Commission's approval of its proposed amendments to the Ancillary Services – Cost Recovery Mechanism, docketed as ERC Case No. 2018-005 RM. The decision of the ERC on these amendments remains pending.

Currently, the existing cost-recovery mechanism for Ancillary Services shall continue to be implemented until a new mechanism is recommended by the AS-TWG and adopted by ERC.

Energy Efficiency and Conservation Act

Apart from prescribing efficient use of energy standards and labeling requirements for energy-consuming products, the RA No. 11285 or the Energy Efficiency and Conservation Act ("EEC") establishes certain obligations on the part of energy consumers who reach a certain annual energy consumption threshold ("designated establishments"). These obligations include, among others, reporting to the DOE of annual energy consumption, and energy consumption record keeping.

Other Department Circulars promulgated by the DOE in relation to the Energy Efficiency and Conservation Act are as follows:

- (a) Department Circular No. DC2020-06-0015 "*Prescribing the Guidelines of the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors and Dealers of Electrical Appliances and other Energy-Consuming Products (ECP)*", which aims to empower consumers in choosing energy efficient products at the point of sale, help realize energy savings and reduction of energy consumption/bills through the use of energy efficient products; and reduce greenhouse gas emissions.
- (b) Department Circular No. DC2020-06-0016 "*Prescribing the Minimum Energy Performance for Products (MEPP) covered by the Philippine Energy Labeling Program (PELP) for Compliance of Importers, Manufacturers, Distributors, Dealers and Retailers of Energy-Consuming Products*", which aims to eliminate the entry and sale of inefficient and substandard products in the local market; and reduce greenhouse gas emissions;
- (c) Department Order No. 2020-01-0001 "*Organizing the Inter-Agency Energy Efficiency and Conservation Committee (IAEECC)*"
- (d) Department Circular No. DC2020-12-0026 "*Adoption of the Guidelines for Energy Conserving Design of Buildings*", aims to encourage and promote the energy conserving design of buildings and their services to reduce the use of energy with due regard to the cost effectiveness, building function, and comfort, health, safety, and productivity of the occupants; and
- (e) Department Circular No. DC2021-05-0011 "*Guidelines for the Endorsement of Energy Efficient Projects to the Board of Investments for Fiscal Incentives*", establishes the rules and procedures in the endorsement of energy efficiency projects to avail fiscal incentives from the BOI.

Energy Virtual One-Stop Shop Act

The DOE already began the implementation of the EVOSS Online Platform, pursuant to the Republic Act 112344 or "Energy Virtual One-Stop Shop Act" ("EVOSS Act").

On 5 June 2020, DILG-DOE Joint Memorandum Circular 2020-01 or the Guidelines for LGUs to Facilitate the Implementation of Energy Projects was published. The Guidelines direct the streamlining by LGUs of their processes in issuing the necessary permits for energy-related projects, in accordance with the energy regulatory reforms provided in the EVOSS Law.

On 2 July 2021, President Rodrigo Duterte created the Energy Virtual One-Stop Shop Task Group through Executive Order No. 143, to ensure the increasing operationalization of the EVOSS.

Net Metering

The DOE promulgated Department Circular No. DC 2020-10-0022 or the Net Metering Program for Renewable Energy System, which aims to encourage and further promote electricity End-Users' participation in the Net-Metering Program by enhancing the current policies and commercial arrangements while ensuring the economic and technical viability of the distribution utility.

Pertinent provisions include:

- (a) Banking of Net-Metering Credits - All Net-Metering Credits shall be banked for a maximum of one calendar year. Any excess of balance Net-Metering credits at the end of each calendar year shall be forfeited.
- (b) Application to Off-Grids or Isolated Grid Systems - The Net-Metering Program for End-User shall be allowed even in areas not connected to the country's three major national electrical transmission grids.
- (c) Publication of Hosting Capacities for Net-Metering - The distribution utilities shall publish in their website the respective Net-Metering programs, processes, and procedures, including hosting capacities on a per feeder or sector basis.
- (d) Responsibility of the LGUs - All LGUs are enjoined to strictly comply with the provisions of the EVOSS Law, as it is empowered by RA No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018) in processing permits and licenses related to applications for Net-Metering arrangements.
- (e) Responsibility of the National Electrification Administration ("NEA") - The NEA shall provide the necessary assistance in promoting the Net-Metering Program to all electric cooperatives nationwide.
- (f) Development of Net-Metering Guidebook - A guidebook on procedures and standards shall be developed by the DOE to be used by all stakeholders. The Renewable Energy Management Bureau shall prepare the Net Metering Guidebook, within six months from the effective date on this circular.

The foregoing Net Metering Program became effective on 18 December 2020.

Reliability Performance Indices

On 16 December 2020, the ERC published on its website Resolution No. 10, Series of 2020, entitled "*A Resolution Adopting the Interim Reliability Performance Indices and Equivalent Outage Days Per Year of Generating Units*".

This resolution aims to monitor the reliability performance of all Generating Units at operations and maintenance level; regularly determine and specify the reliability performance of the Grid; aid the power industry in evaluating reliability and availability of Generating Plants; and promote accountability of Generation Companies in order to achieve greater operation and economic efficiency. It applies to all Generation Companies with Conventional and Non-Variable Renewable Energy Generating Plants connected to the Grid, including Embedded Generating Plants, which have an aggregated capacity of 5MW and above. It includes the requirement for the System Operator and Transmission Network Provider to utilize the allowable planned outage days as prescribed in Table 1 of the Resolution as a guide in preparing the Grid Operating and Maintenance Program. If the System Operator and Transmission Network Provider shall utilize unplanned outages beyond what is allowed in Table 1, the same shall provide a report as to the reason for such consideration as well as arrange the replacement.

ERC Resolution No. 10, Series of 2020 became effective on 3 January 2021.

In relation to this, the ERC issued a consolidated show cause order dated 14 June 2021, against Hedcor Bukidnon, Inc. requesting the latter to explain why it should not be held liable for violation of Article V of ERC Resolution No. 10, Series of 2020 for the alleged excess unplanned outages for Hedcor Bukidnon's Manolo Fortich 1 Units 2, 3, and 4 (ERC Case Nos. 2021-075 SC, 2021-076 SC, and 2021-077 SC).

On 8 July 2021, Hedcor Bukidnon, Inc. submitted its verified explanation, with attached documents to prove that the cause of the outage is a force majeure event or a planned outage, both of which should not be included in counting unplanned outage days. On 25 August 2021, Hedcor Bukidnon, Inc. manifested

developments and submissions relating to the resumption of Manolo Fortich 1's operations. The case has yet to be resolved by the ERC.

Prescribing Revised Guidelines for Qualified Third Party

In view of the Qualified Third Party ("QTP") Guideline Policy, as of 23 March 2021, the ERC is working on its amendments to the 2006 Rules on the Regulation of Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the DOE.

Promulgating the Renewable Energy Market (REM) Rules

As of 23 March 2021, the DOE is asking for public participation in the drafting of the REM Registration Manual, REM Manual (Allocation of RE Certificates for FIT-Eligible RE Generation), REM Enforcement and Compliance Manual (REM Investigation Procedures and Penalty Manual), and the REM Manual Dispute Resolution.

The REM's target implementation is within 2021.

Feed-in-Tariff System

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-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, 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.

Revisions to the Guidelines for the Financial Standards of Generation Companies

On 16 February 2021, the ERC issued Resolution No. 03, Series of 2021, entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies".

The Revised Financial Guidelines aim to set out the minimum financial standards of 1.25x Debt Service Capability Ratio ("DSCR") to ensure that GenCos meet these standards to protect the public interest as required under Section 43, b(ii) of the EPIRA and provided by Appendix 1, FS.A 1.3 of the Philippine Grid Code. A generation company failing to comply with the set financial standards shall submit to ERC a program to comply within sixty (60) days of receipt of an ERC directive.

Green Energy Auction Policy

On 14 July 2020, the DOE issued guidelines on the Green Energy Auction Policy (Department Circular No. DC 2020-07-0017) which set the framework for which the DOE shall facilitate the procurement of supply from RE projects by the mandated participants under the RPS on-grid rules through a competitive process for compliance with the RPS program and as applicable for their long-term power supply requirements. The process involves a regular auction process (notice every 15th of June) to be implemented by the Green Energy Auction Committee ("GEAC"). The Contracting Customers and the Winning Bidders will execute a Green Energy Implementation Agreement ("GEIA"), which involves the Market Operator ("MO") as the entity to allocate energy and calculate corresponding payments. The ERC will approve the GEIA template and the Green Energy Auction Reserve ("GEAR") Price. Each Winning Bidder will have its own Green Energy Tariff (pay- as-

bid), which shall not be higher than the GEAR Price. On the other hand, the Contracted Customers will pay the average price, subject to the allocation/calculation of MO, per trading interval.

The first auction is targeted to be implemented in October 2021, although the industry is still awaiting issuance of ERC of the GEIA and GEAR price.

Green Energy Option Program

On 16 August 2021, the ERC promulgated Resolution No. 08 on the Green Energy Option Program (GEOP). The regulatory framework for GEOP sets the technical and interconnection standards and wheeling fees of Renewable Energy (RE) Generating Facilities. The GEOP is a mechanism that will provide end-users the option to choose RE resources as their sources of energy. The GEOP Rules seek to guide the key stakeholders on who may qualify to avail, how to be licensed to provide the connection and set the fundamental agreements on the details for switching services, special power provision, related rates, and settlement of fees.

Bayanihan 2 Act

On 11 September 2020, the Bayanihan 2 Act was approved, which directed “all institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum of 30-day grace period for the payment of utilities falling due within the period of enhanced community quarantine or modified enhanced community quarantine without incurring interests, penalties, and other charges.” This is further qualified for the electric power sector, such that “the minimum 30-day grace period and staggered payment without interests, penalties, and other charges shall apply to all payments due within the period of the community quarantine in the electric power value chain to include generation companies, the transmission utility, and distribution utilities.”

On 27 October 2020, the ERC posted an advisory providing more details on the implementation of the Bayanihan 2 Act.

Retail Competition and Open Access

Through a Decision dated 2 March 2021, the Supreme Court of the Philippines acted on several petitions regarding the implementation of Retail Competition and Open Access. These petitions were brought by Philippine Chamber of Commerce and Industry, Siliman University, and Batangas II Electric Cooperative (docketed as G.R. No. 228588, 229143, and 229453), among other petitioners and intervenors, against the DOE and the ERC. The Supreme Court struck down Department of Energy Circular No. DC2015-06-0010, series of 2015, and ERC Resolutions No. 5, 10, 11, and 28, all series of 2016, primarily for mandating contestability and prohibiting distribution utilities from participating in the contestable market. It likewise directed the ERC to promulgate guidelines on the DOE’s Department Circular Nos. DC2017-12-0013 and DC2017-12-0014 for being more aligned with the objective of the EPIRA to promote robust competition among retail electricity suppliers.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES

AboitizPower and its Subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by AboitizPower’s Subsidiaries and Affiliates on a per project basis. The allocation for such activities varies according to the nature of the project.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

AboitizPower’s generation and distribution operations are subject to extensive, evolving, and increasingly stringent safety, health, and environmental laws and regulations. Among other things, these rules address concerns on air emissions; wastewater discharges; the generation, handling, storage, transportation, treatment, and disposal of toxic or hazardous chemicals, materials, and waste; workplace conditions; and employee’s exposure to hazardous substances. Standard laws and regulations that govern business operations

include Clean Air Act (RA No. 9003), Ecological Solid Waste Management Act (RA No. 9003), Clean Water Act (RA No. 9275), Toxic Chemical Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), Philippine Environmental Impact Statement System (PD No. 1586), and Occupational Safety and Health Standards (RA No. 11058). The RE Law adds new and evolving measures that must be complied with. DOE's Energy Regulation No. 1-94 ("ER 1-94") requires companies to allocate funds for the benefit of host communities for the protection of the natural environment and for the benefit of the people living within the area. Further, funds are set for the management of carbon sinks and watershed areas through a nationwide reforestation program. These laws usher in new opportunities for AboitizPower and set competitive challenges for its businesses.

The Safety Health Environment and Security (SHES) group of AboitizPower oversees the SHES programs and activities, including the accounting of all environmental impact, within its operational control from the corporate center to the business units and facility teams. For the Generation Group, the facilities include: (a) APRI's Tiwi-MakBan plants, (b) SacaSun San Carlos plant, (c) the Benguet, Bakun, Sabangan, Sibulan A, Sibulan B, Tudaya A, Tudaya B, Manolo Fortich, and Talomo HEPPs of the Hedcor Group, (d) the SN Aboitiz Power Group's Ambuklao, Magat, and Maris plants, (e) the Oil Group's Cebu, Mactan, Mobile 1, Mobile 2, Mobile 3-6, and Naga plants, and (f) the Coal Group's Davao and Toledo plants. For the Distribution Utilities, the facilities include Cotabato Light, Davao Light, Visayan Electric, Balamban Enerzone, Mactan Enerzone, Lima Enerzone, and Subic Enerzone.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives and programs. All facilities are in compliance with regulatory requirements, thus noting zero spending for remediation costs.

The alignment to international best practices in all power plants and distribution utilities are exemplified with our certifications for various management systems of Quality, Environment, Occupational Health and Safety. However, due to the impact of the COVID-19 Pandemic in 2020, a few of the AboitizPower subsidiaries in Power Generation which were ready for their recertification or surveillance audit have decided to defer it to this year or 2022. Meanwhile, Power Distribution maintained 100% certification on ISO 9001:2015 Quality Management Systems, ISO 45001 Occupational Health & Safety or OHSAS 18001 Occupational Health and Safety Management System, and ISO 14001 Environmental Management System. Despite the hurdles in 2020, our Oil Business Unit marked a milestone for being the first in AboitizPower to be conferred with the ISO 50001:2018 "Energy Management Systems (EnMS)" certification.

In 2020, continuous improvement in managing environmental impacts is evident, as seen in the increased total environmental management expenses at ₱71.8 mn, which is a 10% increase compared with previous year at ₱65 mn. This is composed of ₱9.7 mn for APRI, ₱13 mn for Hedcor, ₱15.7 mn for the Coal Group, ₱9.8 mn for the SN Aboitiz Power Group; ₱7.8 mn for the Oil Group, and a total of ₱15.3 mn for the Distribution Utilities.

Of the ₱71.8 mn total environmental management expenses, ₱24.9 mn was allocated for capital expenditure aimed at improving pollution prevention and control. The following projects were implemented: (a) APRI Makban's purchase of one new unit of Continuous Ambient Monitoring Station downwind; (b) APRI installation of additional Continuous Ambient Monitoring Station at Plant A in Tiwi; (c) SN Aboitiz Power-Benguet HEPP's improvement and rehabilitation of sewage treatment plant, oil, water, and grease separator in both Ambuklao and Binga facilities; (d) the Oil Group's improvement of its oil water separators and sewage treatment facility in Mobile 3-6; (e) the Coal group's ongoing construction of its improvement on sewage treatment plant at the Toledo plant; (f) offload regeneration and decontamination of transformers with Polychlorinated biphenyls at Visayan Electric; and (g) Cotabato Light's construction of new material recovery facility.

Operating expenditure projects were also implemented to improve environmental management practices on site. APRI Tiwi's projects include (a) the minimization of single-use plastics and residual wastes which resulted to a reduction of generated wastes by 5% in 2020; (b) a domestic water consumption reduction initiative that resulted in a reduction of 5% in consumed water in 2020; and (c) air dispersion modelling for mapping the extent of H₂S gas within the Tiwi Geothermal Power Plant to ensure safety of its workers. Cotabato Light's projects include: (a) the improvement of its transformer yard with oil trap; and (b) purchase of color-coded bins and health care waste bins to conform to AboitizPower SHES waste management standards.

AboitizPower and its Subsidiaries received a total of 103 SHES awards, certifications and citations in 2020. It received recognition from Safety & Health Association of the Philippine Energy Sector, Inc. (SHAPES) on: (a) APRI Tiwi’s Platinum Corporate Safety and Health Excellence Award and Outstanding Safety and Health Professional Platinum Award; (b) SN Aboitiz Power-Magat’s Outstanding Safety and Health Professionals Award, Corporate Safety and Health Excellence award, Special Recognition on Occupational Health Management of COVID-19 pandemic; and (c) SN Aboitiz Power-Benguet’s Outstanding Safety And Health Professional for seven employees, and the Corporate Safety And Health Excellence Titanium Award.

AboitizPower continues to be cognizant of new opportunities to comply with regulatory requirements and improvement of systems to promote safety and prevent adverse impacts to the environment or affected ecosystems.

EMPLOYEES

At the parent company level, AboitizPower has a total of 423 employees as of 30 September 2021. These include executive, supervisory, and rank and file staff employees. There is no existing Collective Bargaining Agreement (CBA) covering AboitizPower employees.

The following table provides a breakdown of total employee headcount on a per business group basis, according to employees’ function, as of 30 September 2021:

Business Group	Number of Employees				Rank & File	Unionized Employees	Expiry of CBA
	Total	Executives	Managers	Supervisors			
Aboitiz Power	423	78	72	83	190	0	N/A
Generation Companies							
Run-of-River Hydros	405	13	20	47	325	111	19 September 2022 (Hedcor)
Large Hydros	183	20	34	70	59	0	N/A
Geothermal	249	11	18	47	173	12	28 February 2022 (APRI) ¹⁴
Solar	5	0	0	1	4	0	N/A
Oil*	398	12	34	198	154	0	N/A
Coal	1,349	22	73	277	957	0	N/A ¹⁵
RES	4	0	1	1	2	0	N/A
Distribution Utilities	789	17	63	135	574	328	31 December 2016 ¹⁶ (Visayan Electric) 01 July 2024 (Cotabato Light) 16 June 2026 (Davao Light) 09 May 2024 (SFELAPCO)
Total No. of Employees	3,785	173	315	859	2,438	451	

* Figures for SPPC and WMPC as of 30 August 2021

¹⁴ A letter request to management was sent for the disbandment of the union. The request for disbandment is currently pending approval by DOLE.

¹⁵ DOLE has granted the voluntary dissolution filed by Mariveles Power Station Employees Union (MPSEU) with Registration Number RO302-BAT-1309-UR-III-001. Notice of Resolution was granted on April 1, 2020

¹⁶ Secretary of Labor and Employment issued an Order dated 06 September 2019 resolving the labor dispute. Management decided for a prospective implementation of salary increase and other benefits in the collective bargaining agreement effective 25 September 2019, which the union opposed. Union filed a Motion for Clarification on 3 December 2020 requesting clarification on the retroactive clause. Visayan Electric filed its Comment on the motion on 23 July 2021, which is currently pending for resolution.

The Company does not anticipate any increase in manpower within the next twelve months unless new development projects and acquisitions would materially require an increase.

The Company's employees are not on strike nor are threatening to strike, and have not been on strike for the past three (3) years.

The Company has performance incentive policies to grant bonuses to eligible employees based on their performance in the previous calendar year. Other than the statutory benefits and the performance incentive program, the Company does not provide its employees any other supplemental benefits.

INSURANCE

It is the Company's policy to obtain and maintain insurance coverage for its operating assets and employees that is in line with industry standards and good business practices. The Company ensures that all insurance policies are updated, renewed and provides best-fit coverage for the Company's insurance requirements.

Power Generation Companies

Group Insurance Program – Industrial All Risks.

To maximize the coverage and competitiveness of insurance terms and conditions, the Company had grouped the insurance coverage of the following generating companies:

Group IAR Program 1: This program has a policy period of 30 May 2021 to 29 May 2022, procured through Malayan Insurance Co., Inc.

- Sacasun
- Hedcor Sibulan
- Hedcor Tudaya
- Hedcor Sabangan
- LHC
- Hedcor Bukidnon
- Hedcor, Inc. (La Trinidad)
- TVI

Group IAR Program 2: This program has a policy period of 30 November 2020 to 30 November 2021, procured through Pioneer Insurance and Surety Corporation

- SN Aboitiz Power (SNAP)
- TLI
- TSI
- APRI

This program will respond to losses and/or damages to (a) declared properties including machinery breakdown; and (b) business interruption exposures.

Noting the uniqueness of the power barges, the Company has decided to engage separate program for the following Business Units to ensure that the insurance coverage is aligned with the risk exposures of the power barges:

- TMO
- TMI

This program has a policy period of 15 December 2020 to 15 December 2021, procured through Pioneer Insurance and Surety Corporation.

Group Property and Electronic Equipment Insurance. Noting that office-based properties have lesser risk exposure compared to the generating plants, the Company has procured a separate policy to cover properties which are considered as office-based. This was procured from Pioneer Insurance and Surety Corporation with policy period of 31 July 2021 to 31 July 2022.

Group Comprehensive General Liability Insurance. To mitigate risks related to Third Party Liability for bodily injury and/or property damage, the Company procured group cover for the following Business Units through Starr International Insurance Philippines with a policy period of 30 November 2020 to 30 November 2021.

BU	Limit per Occurrence (in US\$)
Hedcor Sibulan	2,000,000.00
APRI	2,000,000.00
SNAP – Benguet	10,000,000.00
SNAP – Magat	200,000.00
TSI	5,000,000.00
LHC	5,000,000.00
SN Aboitiz Power – Maris	1,000,000.00
Sacasun	2,000,000.00
TVI	5,000,000.00

Stand-alone Program. On a per Business Unit basis, stand-alone insurance programs were procured to ensure that unique risk exposures of particular Business Unit are mitigated.

Hedcor, Inc. – Industrial All Risks. Properties of Hedcor, Inc. are insured through Malayan Insurance Co., Inc. as the lead insurer with total declared value of ₱5.6 bn for all properties located in Benguet and Davao including business interruption exposures. Policy period is from 30 December 2020 to 30 December 2021.

East Asia Utilities Corporation (EAUC) – Industrial All Risks. Properties of EAUC are insured through Malayan Insurance Co., Inc. with total declared value of US\$ 60.7 mn including business interruption exposures with policy period of 30 December 2020 to 20 December 2021

Cebu Private Power Corporation (CPPC) – Industrial All Risks. Properties of CPPC are insured through Malayan Insurance Co., Inc. with a total declared value of US\$ 97 mn including business interruption exposures with policy period of 30 December 2020 to 30 December 2021.

Therma Luzon, Inc, (TLI) – Property Damage / Business Interruption Insurance. Protection of revenue streams as IPPA is a risk exposure of TLI in relation to power generation of Pagbilao Coal-Powered plant. In relation to this, the Company has procured business interruption cover through Pioneer Insurance and Surety Corporation with a limit of US\$45 mn. The policy period is from 31 May 2021 to 31 May 2022.

Shipment of Coal Policies for Therma Luzon (TLI) and Therma South (TSI). Both Business Units have a Marine Open Policy that covers its import shipments of Coal from Indonesia to the Plant site. Limit of liability per any one shipment is at ₱400 mn. The policy has open-ended expiration date but being reviewed annually.

Power Distribution Companies

Group Insurance Program. Seeing the benefits of grouping the insurance coverage, the Company has procured

group cover for the following distribution companies:

- Visayan Electric Company
- Davao Light
- Cotabato Light
- Mactan ENerzone
- Balamban Enerzone
- Subic Enerzone
- Lima Enerzone

The Group's policy covers Industrial All Risks (IAR) insurance that will respond for losses and/or damages to declared properties through Malayan Insurance Co., Inc., as lead insurer, and Pioneer Insurance Company Ltd., and Surety Corp., as co-insurers, with policy period of 30 December 2020 to 30 December 2021. Total declared value of the properties is ₱10.8 bn, broken down as follows:

BU	Declared Values (in ₱)
Visayan Electric	₱4.102 bn
Davao Light	₱4.540 bn
Cotabato Light	₱0.785 bn
Mactan Enerzone	₱0.118 bn
Balamban Enerzone	₱0.131 bn
Subic Enerzone	₱0.754 bn
Lima Enerzone	₱1.158 bn
Malvar Enerzone	₱0.246 bn

Group Comprehensive General Liability Insurance. The operations of Distribution Companies come with Third Party Liability exposures. The Company has procured a Comprehensive General Liability insurance from Pioneer Insurance and Surety Corporation with combined single limit for bodily injury and/or property damage of ₱5 mn per occurrence and in the aggregate with sub-limit of ₱1 mn for losses related to transmission and distribution. Policy period is from 30 December 2020 to 30 December 2021.

Insurance Program for Transmission & Distribution Lines. Seeing the need to mitigate major exposure on Transmission and Distribution lines, an insurance program for Visayan Electric and Davao Light in relation to loss of or damage to said properties including loss of gross profit was procured through Pioneer Insurance and Surety Corporation with a limit of US\$25,000,000 each occurrence and in the aggregate with policy period of 01 March 2021 to 28 February 2022.

Applicable to Both Generation & Distribution Companies

Group Comprehensive Motor Vehicle Insurance. As motor vehicles are an integral part of operation, all registered motor vehicles of Aboitiz Power are covered under the Aboitiz Group's Motor Vehicle insurance through Mapfre Insular Insurance Corporation with policy period of 31 December 2020 to December 31, 2021.

Directors and Officers' Liability Insurance. In order to protect the balance sheet of the Company as well as the personal assets of the Company's directors and officers, a Directors and Officers Liability Insurance was procured. The coverage includes all subsidiaries of AEV. The policy has a total limit of US\$25,000,000.00 issued by Starr International Insurance with a policy period of 28 February 2021 and expiring on 28 February 2022.

Group Insurance Program – Political Violence. The Company has procured Political Violence insurance, which is a broader form of Sabotage and Terrorism that covers property damage and business interruption caused by any acts of sabotage and/or terrorism and/or political violence for AEV Group including power generation and distribution units. This is a group policy with shared limit of US\$250 mn for any acts of sabotage and/or terrorism and/or political violence. This program has a policy period of 30 November 2020 to 30 November 2021 insured through Pioneer Insurance and Surety Corporation.

CORPORATE SOCIAL RESPONSIBILITY

The Company strongly believes that business sustainability can be achieved by balancing the interests of people, planet, and profit. To ensure a profitable enterprise that will last for generations, it is vital for every business to operate with a strong social component amid a healthy environment, while practicing the core principles of good governance and transparency.

The Company recognizes that its operations have an impact on its communities and on the environment. Along with operational efficiency in its generation and distribution facilities and compliance with the Government's environmental standards, the Company ensures that the communities where it operates also benefit and develop together with the Company. To this end, the Company has supported community development projects in partnership with LGUs and other stakeholders to help address the economic, socio-cultural, health, education, and environmental concerns of these communities.

The Company contributes to social development programs implemented by the Aboitiz Group. Under the guidance of Aboitiz Foundation, Inc. (Aboitiz Foundation), the Group's social development arm, the Company continues to co-create safe, empowered, and sustainable communities by continuously focusing on the areas of education, enterprise development, and the environment. The Company also continues to address the health care and childcare needs of its host communities, and offer assistance to disaster-stricken areas.

In 2014, Aboitiz Foundation launched CSR 2.0, a set of parameters that measures the significance and impact of projects implemented by the different companies of the Aboitiz Group. CSR 2.0 ensures that projects have an inclusive impact on the communities. Its parameters include the alignment with the Group's core businesses and the Foundation's program pillars, scalability, team member engagement, and provision of long-term benefits to our partner-communities. In 2020, about 15% of group-wide CSR programs reached the CSR 2.0 status.

The Aboitiz Group, through Aboitiz Foundation, invested a total of ₱401 mn in CSR projects and initiatives to support its communities in 2020, of which ₱265 mn was committed for its environmental programs, ₱91 mn for enterprise or livelihood programs, and ₱37 mn for other initiatives. All these are consistent with the Aboitiz Group's commitment to protecting and enhancing the planet and uplifting the well-being of its communities. Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly advancing business and communities by exploring opportunities to create shared value whenever possible.

Moreover, the Company provides additional funds for the communities through its compliance with the Energy Regulations No. 1-94 (ER 1-94). The ER 1-94 program is a policy under the Department of Energy Act of 1992 and EPIRA, which stipulates that host communities will get a share of one centavo for every kilowatt-hour (₱0.01/kWh) generated by power plants operating in its area. The funds generated can be used by host beneficiaries for the electrification of areas or households that have no access to power, development and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives. With the recent amendment to the ER 1-94 guidelines, power generation companies can now directly download the ER 1-94 fund to their host communities. Streamlining the release of funding will ease the process of implementing projects that benefit the host communities. Towards the end of 2019, the Company led its power generation Business Units to sign memoranda of agreement with their respective beneficiaries for the amended set-up of the ER 1-94. In 2020, due to the COVID-19 pandemic, DOE released a new circular which repurposed ER 1-94 funds for projects that would help alleviate the COVID-19 situation in the country. The Company has successfully downloaded about ₱160 mn-worth of ER 1-94 funds as of August 2021 to about 150 host beneficiaries. About ₱619 mn-worth of outstanding ER 1-94 funds was also remitted by the DOE to the

Company's beneficiaries. The remitted funds were used by the beneficiaries to build isolation facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits. The Company continues to extend assistance to its communities to ensure the full utilization of the available ER 1-94 funds.

Education

The Company invests in numerous initiatives that aim to nurture and enlighten the minds of students. Primarily, the Company provides scholarship grants for high school, college, and technical-vocational students. In 2020, the Company had a total of 313 scholars.

The Company also provides infrastructure support for educational institutions such as the construction and rewiring of classrooms as well as library revitalization. The Company also provides donations of armchairs, desks, computers and school supplies, and services such as rewiring of classrooms. For instance, Hedcor Bukidnon turned over a fully furnished container van to serve as Sitio Sabangan's new daycare center. The repurposed facility came with new tables and chairs, books and other learning materials, all for the benefit of the young learners of the community. The addition of the new facility in the area will allow more children in the community to have access to education.

In 2017, APRI launched the Youth Development Summit program which aims to engage scholars, LGUs, and its team members in conceptualizing sustainable and feasible projects for the benefit of the communities of Makiling-Banahaw and Tiwi geothermal power plants. The program has provided a platform to engage APRI team members in mentoring and coaching scholars on how to create impactful community projects. Some of the projects presented in the summits were supported and funded by APRI. In 2020, despite the tough situation, APRI supported its 111 scholars to continue their education for the academic year.

Enterprise Development

The Company recognizes that to empower its host communities, there is a need to widen the livelihood options of the community members. With this, the Company implements various skills training programs and livelihood support under its enterprise development program.

In its thrust to build green and sustainable communities and create livelihood opportunities, TSI launched the Building Resilient Infrastructure and Communities through Kaibigans or BRICK project in 2018. The project aims to organize a community-based enterprise in Binugao, Toril, Davao City, which shall manufacture high-quality bricks and pervious pavers made of the TSI power plant's by-product, fly ash, as well as plastic wastes from the community. The BRICK Facility was successfully turned over to the community in 2019. For 2021, TSI plans to train and organize a pool of brick producers and local bricklayers from the community to ensure the continuous operation of the BRICK facility.

The COVID-19 pandemic brought about restrictions in mobility, limited transport of goods, and the closing of markets, which have greatly affected the livelihood of communities. Hedcor, the run-of-river hydropower arm of AboitizPower, finds value in helping its partner communities recover through livelihood assistance. In partnership with the Aboitiz Foundation, Hedcor aided in the implementation of the ₱450,000-worth livelihood recovery program through the provision of egg machines to four different associations in Bukidnon and Davao del Sur. This initiative is part of a bigger program 'Restart: Aboitiz Foundation Recovery Program for Partner Cooperatives.' The program involves the provision of in-kind donations for livelihood recovery and training to select cooperatives nationwide. These egg machines are complete with ready-to-lay hens and rearing cages with a built-in feeding waterer. These machines can produce eggs regularly within 16 months. These collaborations include capacity-building training on leadership and values enhancement training and business continuity planning for the communities.

Environment

The Aboitiz Group, driven by its passion for a better world, is committed to the highest standards of environmental management and performance. One of the notable greening initiatives of the Group is the A-Park program. Launched in 2010, the initial goal of A-Park was to plant three million trees by 2015. The Group

readily surpassed that goal and raised its target to nine million trees by 2020. To date, the Aboitiz Group has already planted 11 million seedlings across the country under the said program.

Along with the A-Park, the Company also has other environmental programs in place such as seedling nursery, watershed management, waste management, adopt-a-river, and coastal or river clean-up projects.

In its bid to offset carbon emissions, the Company has actively pushed for the establishment of the Carbon Sink Management Program (CSMP) since 2015. TSI and TVI are committed to planting 1 million trees in Davao and 1 million trees in Cebu, respectively, to act as a carbon sink. The Company has forged strategic partnerships with indigenous communities and farmers in support of the program. As of 2020, the Company and its partners in the community have planted a total of 1,244,399 seedlings under CSMP.

The Company also features the Aboitiz Cleanergy Park as one of its environmental programs. Located in Davao City, the eight-hectare park showcases a mangrove reforestation site, nursery, and botanical garden for the propagation of 29 native tree species and is home to 100 species of birds. Aside from helping reduce carbon emissions, the Park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, the Park serves as a sanctuary and safe nesting ground for the hawksbill sea turtles, commonly called pawikan. Since 2014, the park has already released more than 939 hawksbill hatchlings to the sea, planted 13,992 mangroves, and rescued 16 pawikans.

In December 2020, the city government of Davao, the Aboitiz Group with Davao Light, GET Philippines, and QEV Technologies launched the BEST Bus project — the first fully electric, free-ride shuttle service in Mindanao, making Davao among the first pilot cities in the country. BEST stands for Business for Environmentally Sustainable Transformation, and is an initiative advocating to “be green, be digital, and be kind” for the betterment of the community. A total of seven new fully air-conditioned electric buses features an electric ramp and reserved space for PWDs were deployed.

COVID-19

The Company has programs in place to help communities recover from the impact of natural disasters such as typhoons, fires, volcanic eruptions, and earthquakes, among others. While the pandemic that hit the country in 2020 was an unprecedented one, the Company made deliberate efforts to support its communities and partners through numerous initiatives and programs like donations of relief goods, testing kits and medical supplies, financial grants, and partnership with the government and private entities to create more long-term solutions for the country.

Early in March 2020, when the country went on a lockdown, the Aboitiz Group responded immediately by donating ₱100 mn to Project Ugnayan, a collaboration among local companies, as part of the Aboitiz Group’s sustained efforts in assisting communities affected by the pandemic. The ₱100 mn donation is part of the ₱1.5 bn Project Ugnayan raised in cooperation with the Philippine Disaster Resilience Foundation (PDRF) to purchase ₱1,000 gift certificates for around one million poor families in Greater Manila. Project Ugnayan is part of PDRF’s ongoing initiatives to help poor families who were economically displaced by the ongoing Luzon enhanced community quarantine.

In August 2020, the Aboitiz Group has extended much-needed assistance to Cebu’s frontliners in public hospitals and quarantine facilities as the city grapples with the Pandemic situation. The Aboitiz Group has contributed around ₱25 mn in various COVID-19 response initiatives. These include distribution of food packs and meal assistance, protective personal equipment (PPE), tents, and financial assistance to the frontliners in several hospitals and quarantine facilities around the city.

In November 2020, the Aboitiz Group also pledged doses of vaccine donations to the government as part of ‘A Dose of Hope’ Program (Wave 1), a tripartite initiative among the private sector, the government, and British drugmaker AstraZeneca, in support of the National Immunization Program. In January 2021, the Group also pledged additional doses for the Wave 2 of the said program. This would bring a total of 5.6 mn doses of the vaccine for the country. The tripartite initiative aims to help realize the collective goal of inoculating nearly 50 to 70 mn Filipinos in 2021. The Aboitiz Group was among the first thirty private companies to sign the deal with the national government and AstraZeneca during Wave 1 of the program.

In 2021, AboitizPower partnered with several local government units of its various host communities in setting up vaccination sites and logistics support for the delivery of COVID-19 vaccines. This effort helped ramp up the administration of vaccines within and outside city centers of various provinces in the country.

To date, the Aboitiz Group’s total contribution to the national COVID-19 response effort has reached over ₱2.2 bn (excluding various payments waived, reduced, extended, or restructured to help customers cope with the impact of COVID-19), underscoring the Aboitiz Group’s sustained campaign to help address the urgent needs of frontliners and affected communities nationwide.

Other Initiatives

In 2013, the Company launched its Cleanergy Center at the Makiling-Banahaw Geothermal Complex of APRI to firm up its long-standing commitment to responsible energy development and education. The Cleanergy Center—taken from the words “clean energy” and named after AboitizPower’s brand for renewables—is the country’s first renewable energy learning facility. Since it opened, the Cleanergy Center has welcomed close to 56,000 visitors from all over the country and even abroad.

The Company also opened the Energy Education Center (EEC) in 2016 located at Therma South’s Davao baseload power plant. The center features interactive and informative displays on the Philippine energy sector and various power generating technologies. As of 2020, the center has already accommodated a total of 3,500 visitors.

Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly advancing business and communities by exploring opportunities to create shared value whenever possible.

PROPERTIES

The Company’s head office is located at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The office space occupied by the Company is leased from a third party. The Company entered into a lease agreement with Manta Equities, Inc. for its use of administrative office space and parking space for a period of ten (10) years from 01 April 2013 to 31 May 2023 and nine (9) years and three (3) months from 01 March 2014 to 31 May 2023, respectively. Both lease contracts have an escalation rate of 5.0%. The lease payments were ₱23.60 mn and ₱17.83 mn for the year ended 31 December 2020 and 2019, respectively.

As of date, there are no definite agreements for acquisitions of new properties. Nevertheless, the Company continually evaluates participation in future biddings for new or existing projects, and to develop projects that become available to it, and will disclose any material transactions in accordance with applicable disclosure rules under the SRC and of the PSE.

On a consolidated basis, AboitizPower’s Property, Plant and Equipment were valued at around ₱203.45 bn as of end-2020, as compared to ₱209.52 bn as of end-2019. The breakdown of the Company’s Property, Plant and Equipment as of 31 December 2020 and 31 December 2019 is as follows:

Property, Plant and Equipment as of 31 December	2020	2019
Land	₱ 1,751,190	₱ 1,785,250
Buildings, Warehouses and Improvements	38,731,336	37,218,328
Powerplant, Equipment, and Streamfield Assets	138,325,267	141,948,261
Transmission, Distribution and Substation Equipment	23,002,108	21,295,812
Transportation Equipment	5,311,547	1,626,721
Office Furniture, Fixtures and Equipment	1,345,146	1,174,643
Leasehold Improvements	2,950,245	2,793,542
Electrical Equipment	8,176,921	7,788,861
Meter and Laboratory Equipment	2,383,018	2,265,372
Tools and Others	4,687,252	1,228,993

Construction in Progress	5,464,652	6,311,485
Right-of-use Assets	38,012,187	37,864,618
Less: Accumulated Depreciation and Amortization	63,441,503	50,645,980
Less: Accumulated Impairment	3,248,123	3,134,440
TOTAL	₱203,451,243	₱209,521,466

Note: Values for the above table are in thousand Philippine Pesos.

Locations of Principal Properties and Equipment of the Company's Subsidiaries are as follows:

Subsidiary	Description	Location/Address	Condition
APRI	Geothermal power plants	Tiwi, Albay, Caluan, Laguna; and Sto. Tomas, Batangas	In use for operations, used to secure long-term debt
Aseagas	Raw land and improvements	Lian, Batangas	Ceased operations
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet, Bineng, La Trinidad, Benguet; Sal-angan, Ampucao, Itogon, Benguet; and Bakun, Benguet	In use for operations
Hedcor Sibulan	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Tudaya	Hydropower plant	Santa Cruz, Sibulan, Davao del Sur	In use for operations
Hedcor Sabangan	Hydropower plant	Namatec, Sabangan, Mountain Province	In use for operations
CPPC	Bunker-C thermal power plant	Cebu City, Cebu	In use for operations
EAUC	Bunker-C thermal power plant	Lapu-Lapu City, Cebu	In use for operations
TMI	Barge-mounted diesel power plants	Nasipit, Agusan del Norte and Barangay San Roque, Maco, Compostela Valley	In use for operations
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations, used to secure long-term debt
TPVI	Buildings/plants, equipment, and machinery	Naga City, Cebu	In use for operations
TVI	Coal-fired thermal power plants	Bato, Toledo, Cebu	In use for operations, used to secure long-term debt
GMEC	Coal-fired thermal power plants	Mariveles, Bataan	In use for operations, used to secure long-term debt
Cotabato Light	Industrial land, buildings/plants, equipment, and machinery	Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial land, buildings/plants, equipment, and machinery	P. Reyes Street, Davao City and Bajada, Davao City	In use for operations
Visayan Electric	Industrial land, buildings/plants, equipment, and machinery	Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
Lima Enerzone	Industrial land, buildings/plants, equipment, and machinery	Lipa City and Malvar, Batangas	In use for operations

Balamban Enerzone	Industrial land, buildings/plants, equipment, and machinery	Balamban, Cebu	In use for operations
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MATERIAL CONTRACTS

In addition to the Material Contracts described in pages 155-166 of the Prospectus, AboitizPower has the following material contracts. This section is qualified in its entirety by, and should be read in conjunction with, the more detailed information found in the Prospectus.

AboitizPower ₱8 Billion Fixed Rate Bonds due 2026

On 16 March 2021, AboitizPower issued fixed-rate bonds (the “2021 First Tranche Bonds”), with an aggregate amount of ₱4 bn and an oversubscription option ₱4 bn which was fully exercised. The 2021 First Tranche Bonds have an interest rate of 3.8224% per annum and are maturing on 16 March 2026. Interest shall be paid quarterly in arrear on March 16, June 16, September 16, and December 16 of each year, commencing on June 16, 2021, until and including the maturity date. The 2021 First Tranche Bonds were issued in scripless form in minimum denominations of ₱50,000 each, and in multiples of ₱10,000 thereafter. The 2021 First Tranche Bonds earlier received the highest possible rating of “PRS Aaa” from the Philippine Rating Services Corporation and AboitizPower intends to list them with the Philippine Dealing & Exchange Corporation (PDEX).

Remaining tranches of debt securities under AboitizPower’s shelf registration may be issued from time to time over the next three years, subject to market conditions and AboitizPower’s funding requirements.

AboitizPower appointed BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation and First Metro Investment Corporation as Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners; and BDO - Unibank, Inc. – Trust and Investments Group as the Trustee. Philippine Depository & Trust Corp. (PDTC) is the Registrar and Paying Agent of the 2021 First Tranche Bonds.

The 2021 First Tranche Bonds constitute the direct, unconditional, unsecured and unsubordinated Peso denominated obligations of AboitizPower and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by AboitizPower pursuant to Section 4.1 (k) of the trust agreement for the 2020 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the 2021 First Tranche Bonds shall be coursed through PDTC as Registrar. Transfer and/or settlement of the 2020 Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

AboitizPower is subject to the following negative covenants, among others:

1. Encumbrances - AboitizPower shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; *Provided*, however that this shall not prohibit the following:
 - (i) any Lien over any asset to secure: (x) payment of the purchase price or cost of leasehold rights of such asset; or (y) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (z) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
 - (ii) Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;

- (iii) any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
- (iv) any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction
- (v) any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
- (vi) any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
- (vii) any Lien created over (x) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (y) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness;
- (viii) any Lien on the properties and assets of the Issuer: (x) imposed by Applicable Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (y) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (z) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
- (ix) any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty-Five percent (35%) of the Issuer's total assets;
- (x) any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Forty Million (US\$40,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
- (xi) other Liens: (x) created solely by operation of law; and (y) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of the trust agreement; and
- (xii) any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;

Provided that for purposes of "affiliate" as used in Section 5.2 (a) (iii), (iv), (v), and (xii) of the trust agreement, it shall refer to any Person in which AboitizPower has an investment, whether direct or indirect, in.

2. Declaration and Payment of Cash Dividends/Issuance of Share. AboitizPower shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2020 Bonds are current and updated; and
3. Maintenance of Financial Ratios. Under the 2020 Bonds, AboitizPower is not required to maintain any financial ratios. However, the Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the transaction date, after giving effect to the incurrence of such loan obligation and any other such cumulative obligations, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt to Consolidated Equity Ratio, as at the last day of the Relevant Period immediately preceding the transaction date (and giving effect to the incurrence of such loan obligation and any other such cumulative obligations), will exceed 3:1.

CERTAIN LEGAL PROCEEDINGS

AboitizPower and its Subsidiaries are involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that none of these legal proceedings will have a material effect on the Company's financial position and results of operations.

Visayan Electric, for example, received several assessments of real property taxes on its electric posts, transformers, wires, machineries, air-conditioning units, and water pumps. Visayan Electric consistently maintains that the electric posts, transformers, wires, machineries, air-conditioning units, water pumps and their appurtenances are not considered real properties under the Civil Code of the Philippines, and therefore are not lawful objects of real property tax. Further, Section 270 of the Local Government Code of 1991 (LGC) provides that the collection of real property tax is mandatory within five years from the date they become due, and that failure to collect the real property tax within the said period will bar collection thereof.

Visayan Electric has availed of Cebu City's tax amnesty ordinance in settlement of its real property tax assessment case amounting to ₱183mn covering the period from 1989 to 2019 pending before the Cebu City Assessor's Office. Visayan Electric was issued a tax certificate on 5 January 2021, clearing the company of any and all real property tax liabilities for all its electric poles and their attachments located in Cebu City.

The other material pending legal proceedings involving the Company and its Subsidiaries are as follows:

Luzon Hydro Corporation vs. The Provincial Government of Benguet, represented by Governor Melchor D. Diclas; Orlando T. Oidi, in his official capacity as the Provincial Assessor of Benguet Province; Imelda I. Macanes, in her official capacity as the Provincial Treasurer of Benguet Province; Bado K. Pasule, in his official capacity as the Municipal Assessor Of Bakun, Benguet; and Merlita Tolito, in her official capacity as the OIC-Municipal Treasurer Of Bakun, Benguet, Civil Case No. 20I-CV-3558

In view of the finality of the SC's Decision in the case entitled: "*National Power Corporation vs. Luzon Hydro Corporation (LHC), Banggay T. Alwis, Municipal Assessor, Manuel C. Bagayao, Municipal Treasurer of Bakun, Benguet, Erlinda Estepa, Provincial Assessor and Mauricio B. Ambanloc, Provincial Treasurer of the Province of Benguet*" docketed as GR No. 244450 and GR No. 244659, the Municipal Treasurer of Bakun issued real property tax Bills for the period covering 2002 to 2019 amounting to ₱284,448,073.24 on 16 January 2020.

On 3 February 2020, LHC wrote to the Provincial Governor requesting for the amendment of the real property tax Bills to align with the MOA dated December 20, 2012 by and between LHC and the Province of Benguet. In the same letter, LHC also cited Executive Order (EO) No. 88, Series of 2019, which reduced the liability for real property tax of IPPs such as LHC with BOT Agreements with Government Owned and Controlled Corporations to an amount equivalent to the tax due if computed at 15% assessment level and condoned all interest and penalties for all years up to 2018.

On 14 September 2020, LHC filed a Petition with the Regional Trial Court ("RTC") of La Trinidad, Benguet, praying for the issuance of a writ of *mandamus* to compel the Province of Benguet to comply with the provisions of the EO and recompute the real property tax liabilities of LHC. The Province of Benguet filed its Comment with Motion to Dismiss, which was denied by the RTC. The RTC also directed the parties to immediately manifest their conformity to the statement of undisputed facts, admitted documentary exhibits, and the statement of legal issues. LHC filed its Comment on 21 January 2021 while the Province filed its Compliance with Manifestation on 5 February 2021.

On 23 March 2021, a hearing was held through video conference to discuss the factual issues raised by the Province. The judge advised that an Amended Order will be issued containing the summary of admitted facts, list of admitted facts, list of admitted documents, and statement of legal issues based on the respective Comments or Manifestations filed by the parties. LHC filed its Memorandum on 28 April 2021.

As of 31 August 2021, the case is deemed submitted for decision.

Luzon Hydro Corporation vs. Cristina G. Monderin, in her official capacity as the Municipal Treasurer of Alilem, Ilocos Sur, et al.

Civil Case Nos. 01810-T and 01814-T

With the finality of the SC's determination in the case: "*Luzon Hydro Corporation and the National Power Corporation vs. The Local Board of Assessment Appeals of the Province of Ilocos Sur, Fatima Tenorio, in her official capacity as the Provincial Assessor of the Province of Ilocos Sur, Antonio A. Gundran, in his capacity as the Provincial Treasurer of the Province of Ilocos Sur*" docketed as GR Nos. 223403 and 223460-61 that it is liable to pay real property tax, LHC wrote to Gov. Singson on 18 December 2018 signifying its willingness to settle the outstanding RPT obligation, but at the reduced amount pursuant to the EOs. There was no response until 31 August 2019, when LHC received a Notice of Tax Delinquency from the Municipality with respect to four properties, computed based on an 80% assessment level. LHC received a second Tax Delinquency Notice on 18 September 2019 for seven other properties. The second tax delinquency notice covered the lodging house, admin buildings, warehouses, tunnel steel lining and industrial switchyard. Thereafter, the Municipality of Alilem issued warrants of levy for the properties covered by the notices, and scheduled them for auction sale.

LHC filed two separate "Petitions for Prohibition and *Mandamus* with prayer for Temporary Restraining Order ("TRO") and Preliminary Injunction" to cover the two notices of auction sale, challenging the correctness of the amount assessed as real property tax and to prevent the auction sale of the assets. The actions also sought the enforcement of the EOs directing the reduction of real property tax on property, machinery and equipment actually and directly used by IPPs under BOT contracts (however denominated), and condoning related real property tax interest and penalties.

The RTC of Tagudin, Ilocos Sur acting on both Petitions, issued two TROs enjoining the Municipality of Alilem from selling at public auction LHC's real properties for a period of 20 days, which has since expired. LHC, on its part, filed its Position Paper on 12 December 2019 and Supplemental Position Paper December 19, 2019, in compliance with the aforesaid court orders. The case is now submitted for decision.

On 17 April 2020, LHC filed a Manifestation to inform the RTC of Tagudin, Ilocos Sur about the parties' renewed attempt to forge a settlement. LHC and the Province of Ilocos Sur entered into a Compromise Agreement on 22 July 2020 and subsequently filed a Joint Motion to Render Judgment Based on Compromise. The RTC of Tagudin, Ilocos Sur approved the CA and promulgated the Judgment Based on Compromise Agreement on 27 July 2020 and on 11 September 2020 issued an Order noting LHC's full compliance with its obligations under the Compromise Agreement and directed the release to LHC of the TRO bond previously posted.

G.R. No. 210245 entitled "*Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.*", Supreme Court; 19 December 2013

G.R. No. 210255 entitled "*National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.*", Supreme Court; 20 December 2013

G.R. No. 210502 entitled "*Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.*", Supreme Court; 8 January 2014

On 19 December 2013, Bayan Muna representatives filed a Petition for *Certiorari* against ERC and Meralco with the SC, questioning the alleged substantial increase in Meralco's power rates for the billing period of November 2013. These cases raised, among others, the: (i) legality of Sections 6, 29 and 45 of the EPIRA, (ii) failure of ERC to protect consumers from high prices of electricity, and (iii) alleged market collusion by the generation companies. These cases were consolidated by the SC, which issued a TRO preventing Meralco from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended by the SC for another 60 days, or until 22 April 2014. On 22 April 2014, the SC extended the TRO indefinitely.

Meralco filed a counter-petition impleading all generation companies supplying power to the WESM to prevent the generation companies from collecting payments on power purchased by Meralco from the WESM during the contested billing period. The SC ordered other power industry participants (DOE, ERC, PEMC, PSALM, and the generation companies) to respond to Meralco's counter-petition.

The SC set the consolidated cases for oral arguments on 21 January 2014, 4 and 11 February 2014. After oral arguments, all parties were ordered to file their comments and/or memoranda. Meralco has been prevented from collecting the differential increase of the price hike. Because of Meralco's counter-petition against the generation companies, PEMC withheld settlement of the power purchases during the covered period.

On 7 February 2019, petitioners in G.R. No. 210245 filed their Motion for Directions, Status Updates and Immediate Resolution. As of 30 September 2021, these cases before the SC are still pending resolution and the SC has not lifted the TRO.

SC GR No. 224341 entitled "*Philippine Electricity Market Corporation vs. Therma Mobile, Inc.*", Supreme Court [CA G.R. SP No. 140177 entitled "*PEMC v. Therma Mobile Inc.*", Court of Appeals, Manila SP Proc. No. 12790 entitled "*Therma Mobile Inc. vs. PEMC*", Regional Trial Court Branch 157-Pasig City PEMC ECO-2014-0009 entitled "*Therma Mobile, Inc. (TMO Power Plants Units 1-4) Possible Non-Compliance with Must-Offer-Rule, Investigation Summary Report, dated 4 August 2014*"]

The Enforcement and Compliance Office of the Philippines Electricity Market Corporation (PEMC-ECO) conducted an investigation on TMO for possible non-compliance with the Must-Offer-Rule for the period 26 October 2013 to 25 December 2013. PEMC-ECO concluded that TMO was non-compliant with the Must-Offer-Rule for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on 5 September 2014, contending that it did not violate the Must-Offer Rule because its maximum available capacity was limited to 100 MW due to: (a) the thermal limitations of the old TMO 115-kV transmission line, and (b) the technical and mechanical constraints of the old generating units and the component engines of the TMO power plants which were under various stages of rehabilitation after having been non-operational for five years. Although TMO's rated capacity is 234 MW (net), it could only safely and reliably deliver 100 MW during the November and December 2013 supply period because of limitations of its engines and the 115-kV transmission line. This temporary limitation of TMO's plant was confirmed during a dependable capacity testing conducted on 21 November 2013.

In its letter dated 30 January 2015, the PEMC Board of Directors denied TMO's request for reconsideration and confirmed its earlier findings. On 13 February 2015, TMO filed a Notice of Dispute with PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On 16 February 2015, TMO filed a petition for TRO before the Pasig City RTC. In its Order dated 24 February 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to: (i) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (ii) refrain from charging interest on the financial penalty and having the same accrue; and (iii) refrain from transmitting PEMC-ECO's investigation report to the ERC. TMO posted a bond in the amount of ₱234.9 mn to answer for any damage that PEMC may suffer as a result of the Order. On 1 April 2015, the RTC rendered a Decision in favor of TMO. PEMC appealed the RTC decision before the Court of Appeals (CA) and sought to reverse and set aside the decision of the RTC.

On 14 December 2015, the CA rendered a Decision denying PEMC's Petition for Review and affirming the 1 April 2015 Decision of RTC in favor of TMO. On 6 June 2016, PEMC filed a Petition for Review on *Certiorari* with the SC to assail the 14 December 2015 CA Decision. TMO filed its Comment to PEMC's Petition for Review and PEMC filed a Reply. In its 29 March 2017 Resolution, the SC noted TMO's Comment and PEMC's Reply.

As of 30 September 2021, PEMC's Petition is still pending before the SC.

SC G.R. Nos. 244449 and 244455-56 entitled “*Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.*”, Supreme Court;

[CA G.R. SP. No. 152588 entitled “*Therma Mobile, Inc. vs. Energy Regulatory Commission, Atty. Alfredo P. Vergara, Jr. and Engr. Nelson D. Canlas, in their capacity as Investigating Officers (IOs) of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated 26 December 2013, as amended by Office Order No. 82, Series of 2017*”, Court of Appeals, Manila;]

ERC Case No. 2015-025 MC entitled “*Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated 26 December 2013 vs Meralco and Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Economic Withholding)]*”, ERC Pasig City, 4 June 2015;

ERC Case No. 2015-027 MC entitled “*Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the Honorable Commission pursuant to its Office Order No. 38, Series of 2013 dated 26 December 2013 vs Therma Mobile, Inc. [For Violation of Section 45 of RA 9136, otherwise known as EPIRA, Rule 11, Section 1 and 8(e) of IRR of the EPIRA (Commission of an Anti-Competitive Behavior, particularly Physical Withholding)]*”, ERC, Pasig City, 4 June 2015;

Pursuant to the allegations in the Bayan Muna SC case, the Investigation Unit of ERC (“ERC-IU”) conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including TMO.

On 24 January 2014, ERC issued a *Subpoena Ad Testificandum and Duces Tecum* directing TMO’s representative to give clarification on matters pertaining to offers per trading interval involving the November to December 2013 supply months and provisions on the PSA between Meralco and TMO. The representative was likewise directed to bring relevant documents.

On 29 January 2014, TMO filed its Compliance and Submission to the *Subpoena Duces Tecum*. Further, on 11 March 2014, TMO filed its Memorandum, arguing that it did not commit any act constituting anti-competitive behavior and/ or misuse of market power. TMO then requested ERC-IU to terminate and close the investigation.

On 20 May 2015, ERC-IU issued its report and found that in bidding the way they did for the November and December 2013 supply months, TMO and Meralco allegedly committed Economic Withholding, and TMO committed Physical Withholding, and thus recommended the filing of cases for Anti-Competitive Behavior against TMO and Meralco.

On 23 June 2015, ERC ordered Meralco and TMO to file their respective Answers to the Complaint. On 24 August 2015, TMO filed its Answers praying for the dismissal of the Complaints.

In its Manifestation dated 7 October 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as Investigating Officer (IO) and the appointment of Director Alfredo Vergara, Jr. and Engr. Nelson Canlas as new IOs. In a separate pleading, the new IOs filed their Reply to various motions filed by TMO.

On 27 July 2016, Meralco filed in ERC Case No. 2015-025MC an Urgent Motion to Dismiss with Motion to Suspend Proceedings on the ground that ERC has no jurisdiction over anti-competitive behavior cases, and that jurisdiction is with PCC. On 28 July 2016, TMO filed in the same case a Manifestation and Motion adopting Meralco’s Urgent Motion to Dismiss. On 1 August 2016, TMO also filed its Manifestation and Motion, which sought the dismissal of ERC Case No. 2015-027MC for lack of jurisdiction.

In an Order dated 2 February 2017, ERC denied Meralco’s and TMO’s motions to dismiss for lack of jurisdiction. TMO filed its Motion for Reconsideration, which the ERC subsequently denied in its Order dated 20 June 2017.

On 18 September 2017, TMO filed a Petition for *Certiorari* with the CA, praying that the CA: (i) issue a TRO commanding the ERC to desist from conducting further proceedings in ERC Case No. 2015-025MC and ERC Case No. 2015-027MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the 2

February 2017 and 20 June 2017 ERC Orders.

In a Resolution dated 2 October 2017, the CA directed the respondents to file their comment on TMO's Petition for *Certiorari* and denied TMO's prayer for a TRO. TMO filed a Motion for Partial Reconsideration of the CA's 2 October 2017 Resolution, which the CA denied. Thereafter, the CA issued its Notice of Judgment and Decision dated 23 May 2018, which denied TMO's Petition. On 20 June 2018, TMO filed its Motion for Reconsideration of CA's Decision dated 23 May 2018. In a Resolution dated 28 January 2019, the CA denied the motions for reconsideration filed by TMO, Meralco and APRI and the motion for partial reconsideration filed by the ERC.

Subsequently, ERC filed a Petition dated 21 February 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the PCA repealed the parts of the EPIRA that granted jurisdiction to ERC over anti-competition matters in the energy sector, and that PCC has original and exclusive jurisdiction over anti-competition matters, including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated 30 July 2019, the SC directed the respondents to file their Comments on ERC's Petition. On 25 November 2019, TMO filed its Manifestation with the SC. As of 30 September 2021, ERC's Petition is still pending with the SC.

Meanwhile, on 26 March 2021, virtual hearings were held with respect to ERC Case No. 2015-025 MC and ERC Case No. 2015-027. On 27 August 2021, the parties had their pre-trial conferences in these cases. On 16 September 2021, TMO filed its Manifestation and Motion in relation to matters arising from the pre-trial conference in ERC Case No. 2015-027. The ERC-IU also filed Motions for Reconsideration in both ERC Case No. 2015-025 MC and ERC Case No. 2015-027 praying that the ERC reconsider its ruling during the pre-trial conference and direct the parties to submit their respective position papers and all its supporting documents instead of conducting trial-type hearings. These motions were opposed by Meralco.

As of 30 September 2021, ERC Case No. 2015-025 MC and ERC Case No. 2015-027 are still pending with the ERC.

SC G.R. Nos. 244449 and 244455-56 entitled "*Energy Regulatory Commission vs. Therma Mobile, Inc., Manila Electric Company and AP Renewables, Inc.*", Supreme Court;
[CA G.R. SP. No. 152613 entitled, "*AP Renewables, Inc. vs. Energy Regulatory Commission and Directors Alfredo P. Vergara, Jr. and Engr. Nelson Canlas, in their capacity as the Investigating Officers of the Investigatory Unit of the Energy Regulations Commission*", Court of Appeals, Manila]

ERC Case No. 2015-038 MC entitled "*Energy Regulatory Commission vs. AP Renewables, Inc. ([Violation of Section 45 of EPIRA, Rule 11, Sec. 1 and 8 (E) of the Implementing Rules and Regulations (Commission of an Anti-Competitive Behavior, particularly, Physical Withholding)]*", ERC, Pasig City, 9 June 2015

ERC-IU conducted investigations on the alleged anti-competitive behavior and market abuse committed by some participants of the WESM, including APRI. On 20 May 2015, ERC-IU released its report holding that APRI's non-compliance with the Must-Offer Rule for four intervals is tantamount to Physical Withholding which, it alleged, is a form of anti-competitive behavior.

On 9 June 2015, complainant Atty. Isabelo Joseph Tomas III, Investigating Officer of the IU, filed the complaint for Anti-Competitive Behavior against APRI. On 23 June 2015, ERC issued an Order directing APRI to file its answer within 15 days from notice.

On 1 July 2015, APRI received the summons and complaint. Subsequently, on 7 July 2015, APRI filed a Motion praying that: (a) the Complainant serve upon APRI the complete copy of the complaint and its annexes; (b) the Complainant clarify and put on record the answer to the following issues: (i) which of Makban Plants' generating units is the subject of the complaint; and (ii) the dates and times of the four intervals mentioned in the complaint during which APRI allegedly offered "less than its total registered capacity." Meanwhile, on 29 July 2015, APRI filed its Answer *ad cautelam*.

In its Manifestation dated 7 October 2016, ERC-IU manifested the resignation of Atty. Isabelo Tomas as IO and

the appointment of new IOs. The new IOs filed their Reply to various motions filed by APRI.

Subsequently, APRI filed a Motion to Dismiss dated 29 July 2016, arguing that jurisdiction over the case is vested in the PCC. APRI also filed its *Ad Cautelam* Pre-Trial Brief and Judicial Affidavits. ERC denied APRI's Motion to Dismiss, and APRI's subsequent Motion for Reconsideration.

On 19 September 2017, APRI filed a Petition for *Certiorari* (with application for TRO and Writ of Preliminary Injunction) with the CA (CA G.R. SP. No. 152613), praying for the CA to: (i) issue a TRO commanding ERC to desist from conducting further proceedings in ERC Case. No. 2015-038MC; (ii) after proceedings, issue a Writ of Preliminary Injunction; and (iii) annul and set aside the 2 February 2017 and 20 June 2017 ERC Orders, and dismiss the complaint and ERC proceedings with prejudice.

On 6 November 2017, the IOs filed a Motion for Consolidation seeking to consolidate CA G.R. SP. No. 152613 with TMO's Petition in CA GR. No. 152588. Thereafter, the CA issued its Notice of Judgment and Decision dated 23 May 2018, which denied APRI's Petition. On 18 June 2018, APRI filed its Motion for Reconsideration of the CA's Decision dated 23 May 2018.

In a Resolution dated 28 January 2019, the CA denied the motions for reconsideration filed by APRI, Meralco, and TMO and the motion for partial reconsideration filed by ERC.

Subsequently, ERC filed a Petition dated 21 February 2019 with the SC via Rule 45 of the Rules of Court. In the Petition, ERC challenged the CA Decision and Resolution insofar as the CA ruled that the PCA repealed the parts of the EPIRA that granted to ERC jurisdiction over anti-competition matters in the energy sector, and that the PCC has original and exclusive jurisdiction over anti-competition matters including those affecting the energy sector after the effectivity of the PCA.

In a Resolution dated July 30, 2019, the SC directed the respondents to file their Comments on ERC's Petition. On 4 November 2019, APRI filed its Comment with the SC. As of 24 September 2021, ERC's Petition is still pending with the SC.

Meanwhile, on 26 March 2021, a hearing was held with respect to ERC Case No. 2015-038 MC. As of 30 September 2021, this case is still pending with the ERC.

Consolidated Regulated Price Case (ERC vs. Various Generation Companies and PEMC) G.R. Nos. 246621-30, and G.R. Nos. 247352-61, Petitions for Review on *Certiorari*, Supreme Court;

[Consolidated Regulated Price Case against the Energy Regulatory Commission, Petition for Review on *Certiorari*, Court of Appeals, Manila;

ERC Case No. 2014-021 MC entitled "*In the Matter of the Prices in the WESM for the Supply Months of November and December 2013 and the Exercise by the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices therein without Prejudice to the On-going Investigation on the Allegation of Anti-Competitive Behavior and Possible Abuse of Market Power Committed by Some WESM Participants*", 28 March 2014]

ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, ERC issued an Order in ERC Case No. 2014-021 MC dated 3 March 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013 supply months. ERC also declared the imposition of regulated prices for such billing periods and directed PEMC to calculate the regulated prices and implement the same in the revised November and December 2013 WESM bills of the concerned distribution utilities in Luzon, except for Meralco whose November 2013 WESM bill was maintained in compliance with the TRO issued by the SC.

Pursuant to the ERC Order, on 18 March 2014, PEMC issued adjusted billing statements for all generators trading in the WESM, including Cebu-based EAUC and CPPC, recalculating the WESM prices.

The Company's Affiliates and Subsidiaries, APRI, TLI, TMO, AESI, AdventEnergy, SN Aboitiz Power-Magat, SN

Aboitiz Power-Benguet, CPPC, and EAUC filed their respective Motions for Reconsideration, questioning the validity of the ERC Order on the ground of lack of due process, among others.

ERC, in its Order dated 15 October 2014, denied said Motions for Reconsideration. SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat, APRI, TLI, and TMO filed their Petitions for Review (the "Petitions") before the CA on 19 November 2014, 24 November 2014, 1 December 2014, and 4 December 2014, respectively. The CA ordered the consolidation of the Petitions on 9 October 2015.

On 7 November 2017, the CA granted the Petitions. ERC's 3 March 2014 Order, among other orders, were declared null and void, and the Luzon WESM market prices in November and December 2013 were declared valid and therefore reinstated.

Thereafter, ERC and Meralco filed their respective motions for reconsideration. Several entities also filed motions to intervene in the case. APRI, TLI, and TMO filed their oppositions to the motions for reconsideration and motions to intervene. The CA denied the motions to intervene filed by several entities, which thereafter filed their motions for reconsideration. In an Omnibus Resolution dated 29 March 2019, the CA denied the motions for reconsideration by ERC and Meralco, as well as the motions for reconsideration filed by several entities that wanted to intervene in the case.

In June 2019, ERC, Meralco, and several entities filed their Petitions for Review on *Certiorari* with the SC, asking the latter to reverse and set aside the CA Decision dated 7 November 2017 and the CA Omnibus Resolution dated 29 March 2019. They also prayed that the SC reinstate the ERC Orders.

In September to October 2019, the SC issued Resolutions denying the Petitions for Review on *Certiorari* filed by several entities, including Calco Industries Inc., Paperland, *Alyansa ng mga Grupong Haligi at Teknolohiya Para sa Mamamayan* (AGHAM), Ateneo de Manila University, Citizenwatch, Riverbanks Dev't. Corp., Steel Angles Shapes & Sections Manufacturers, for failure to show any reversible error on the part of the CA in promulgating the Decision dated 7 November 2017 and Omnibus Resolution dated March 29, 2019.

In a Resolution dated 11 September 2019, the SC required respondents to file their Comments to ERC's Petition for Review on *Certiorari*. On 28 January 2020, TMO and TLI filed their Consolidated Comment (to the Petition for Review on *Certiorari* dated 13 June 2019); whereas APRI filed its Comment (on the Petition for Review on *Certiorari* dated 13 June 2019) on 11 February 2020.

In a Resolution dated 10 February 2020, the SC required respondents to file their Comments on Meralco's Petition for Review on *Certiorari* dated 13 June 2019. On 9 July 2020, APRI filed its Comment, and TLI and TMO filed their Consolidated Comment to Meralco's Petition for Review on *Certiorari*.

Subsequently, the SC issued a Resolution dated 11 March 2020 requiring the respondents to comment on San Beda University's Motion for Leave to Intervene and to Admit Petition-In-Intervention. On 2 October 2020, APRI filed its Opposition to San Beda University's Motion; while TLI and TMO filed their Opposition on 21 October 2020.

In a Resolution dated 4 November 2020, the SC resolved to consolidate and transfer the case with G.R. Nos. 247352-61 to the case with G.R. Nos. 246621-30. Further, in a Resolution dated 23 June 2021, the SC required Meralco to file its Consolidated Reply to respondents' Comments.

As of 30 September 2021, ERC's and Meralco's petitions are pending resolution by the SC.

ERC Case No. 2013-077 MC entitled "In Re: Petition for Dispute Resolution: Manila Electric Company (Meralco) vs. South Premiere Power Corporation (SPPC), Masinloc Power Partners Company, Ltd. (MPPCL), AP Renewables, Inc. (APRI), Therma Luzon, Inc. (TLI), San Miguel Energy Corporation (SMEC) and SEM-Calaca Power Corporation (SCPC)", 29 August 2013

On 29 August 2013, Meralco filed a petition before ERC against TLI and APRI, among other Successor Generating Companies (SGCs), docketed as ERC Case No. 2013-077 MC, where Meralco prayed that it be refunded by the respondent-SGCs of the transmission line losses. The petition arose from a claim of refund on account of the

alleged over-recoveries of transmission line losses.

The petition was filed by Meralco pursuant to ERC Order dated 4 March 2013 and 1 July 2013 in ERC Case No. 2008- 083 MC where the SGCs were not parties to.

On 20 September 2013, APRI and TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that Meralco's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The motion argued that: (i) Meralco cannot base its cause of action against the SGCs on a decision issued by ERC in another case where none of the SGCs were made parties to the case; and (ii) Meralco's claim is in a nature of a claim for sum of money which is properly within the jurisdiction of regular courts. The Joint Motion to Dismiss has since then been submitted for resolution with ERC.

As of 30 September 2021, ERC has yet to render its decision on the Joint Motion to Dismiss.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

AboitizPower's common shares are traded on the PSE.

The high and low stock prices of AboitizPower's common shares for each quarter of the past three years were as follows:

	2021		2020		2019	
	High	Low	High	Low	High	Low
First Quarter	₱27.35	₱23.05	₱35.00	₱23.45	₱39.20	₱33.70
Second Quarter	24.90	20.50	30.00	25.50	38.00	34.15
Third Quarter	34.20	23.00	28.25	24.30	40.35	34.10
Fourth Quarter	-	-	28.55	25.60	40.40	33.00

The closing price of AboitizPower common shares as of 30 September 2021 is ₱31.00 per share.

HOLDERS

As of 30 September 2021, AboitizPower has 592 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of the same date were 7,358,604,307 shares.

The top 20 stockholders of AboitizPower as of 30 September are as follows:

Name	Number of Shares	Percentage
1) Aboitiz Equity Ventures Inc.	5,657,530,774	76.88%
2) PCD Nominee Corporation (Filipino)	1,249,825,724	16.98%
3) PCD Nominee Corporation (Foreign)	152,321,145	2.07%
4) Bauhinia Management, Inc.	20,948,380	0.28%
5) Dominus Capital Inc.	14,009,949	0.19%
5) FMK Capital Partners, Inc.	14,009,949	0.19%
6) Portola Investors, Inc.	13,713,337	0.19%
7) Hawk View Capital, Inc.	13,711,967	0.19%
8) San Fernando Electric Light & Power Co	7,931,034	0.11%
9) Parraz Development Corporation	7,827,522	0.11%
10) Arrayanes Corporation	6,936,943	0.09%
11) Sabin M. Aboitiz	5,667,406	0.08%
12) Iker M. Aboitiz	5,465,100	0.07%
13) Daniele Management & Development Corporation	5,234,949	0.07%
14) Danel C. Aboitiz	4,528,696	0.06%
15) Ramon Aboitiz Foundation Inc.	3,900,000	0.05%
16) Tris Management Corporation	3,130,359	0.04%
17) Tinkerbell Management Corporation	3,042,454	0.04%

18) CAL Management Corporation	3,042,454	0.04%
19) Ixidor Holdings, Inc.	3,036,798	0.04%
20) Gitana Management Dev't. Corporation	2,968,683	0.04%
SUBTOTAL	7,189,783,623	97.83%
Other Stockholders	159,820,684	2.17%
TOTAL SHARES	7,358,604,307	100.00%
NET ISSUED AND OUTSTANDING SHARES	7,358,604,307	100.00%

DIVIDENDS

The cash dividends declared and paid by AboitizPower to common stockholders from 2019 to 2021 are shown in the table below:

Year	Cash Dividend Per Share	Total Declared	Declaration Date	Record Date	Payment Date
2021 (regular)	₱0.85	₱6.25 bn	3/5/2021	3/19/2021	3/31/2021
2020 (regular)	₱1.18	₱8.68 bn	3/6/2020	3/20/2020	4/3/2020
2019 (regular)	₱1.47	₱10.82 bn	3/7/2019	3/21/2019	4/5/2019

During the regular board meeting of the Company held on 28 November 2012, the Board approved a revised dividend policy consisting of an annual cash dividend payment ratio of 50% of its consolidated net income from the previous fiscal year based on the audited financial statements of the Company, subject to annual review and approval by the Board. The new policy changed the previous cash dividend payment ratio of 33% of previous year's net profits. The Company's new dividend policy was effective starting 2013.

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, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its 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.

As of the date of this Offer Supplement, the Company's Subsidiaries do not have a defined dividend policy. However, it has been the practice of the Company's Subsidiaries to declare excess cash as dividends to the Company.

As of the date of this Offer Supplement, there are no contractual restrictions that limit the ability of AboitizPower to declare and pay dividends on its common shares.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES INCLUDING RECENT ISSUANCES OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

AboitizPower does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

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

The following discussion and analysis of the Company's consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report. The discussion and analysis of the Company's results of operations is presented in four comparative sections: for the six-month period ended 30 June 2021 compared with the six-month period ended 30 June 2020, for the year ended 31 December 2020 compared with the year ended 31 December 2019, for the year ended 31 December 2019 compared with the year ended 31 December 2018, and the year ended 31 December 2018 compared with the year ended 31 December 2017.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. For the details on the material off-balance sheet transactions, arrangements, obligations, and other relationships of the company please refer to Note 23 of the unaudited interim consolidated financial statements and Note 38 of the consolidated audited financial statements.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to materially affect the Company's continuing operations.

Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report.

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. It also indicates profitability of the investment and investees' contribution to the Group's net income.

Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Manner of Computation:

Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).** The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation, and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.
3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.
4. **Current Ratio.** Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

5. **Debt-to-Equity Ratio.** Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total liabilities by stockholders' equity.

Six-Month Period Ended 30 June 2021 versus Six-Month Period Ended 30 June 2020

The table below shows the comparative figures of the key performance indicators for six -month period 2021 and 2020 and as of 31 December 2020:

Key Performance Indicators	30 June 2021	30 June 2020	31 December 2020
	<i>(INTERIM)</i>		
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	5,229,505	979,818	2,675,136
EBITDA	24,593,023	18,319,470	44,687,315
CASH FLOW GENERATED:			
Net cash flows from operating activities	17,540,944	15,354,062	31,781,669
Net cash flows from (used in) investing activities	4,119,700	(3,776,857)	(4,526,973)
Net cash flows used in financing activities	(18,969,365)	(9,311,963)	(25,914,010)
Net (Decrease)/Increase in Cash & Cash Equivalents	2,691,279	2,265,242	1,340,686
Cash & Cash Equivalents, Beginning	38,699,545	37,433,929	37,433,929
Cash & Cash Equivalents, End	41,594,818	39,829,177	38,699,545
CURRENT RATIO	1.28		1.38
DEBT-TO-EQUITY RATIO	1.87		1.96

- Share in net earnings in associates and joint ventures for the first half of 2021 increased by 434% compared to the first half of 2020. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet and the claim of liquidated damages for the delay in the construction of the power plant of GN Power Dinginin (GNPD).
- EBITDA for the first half of 2021 increased by 34%. This was primarily due to commissioning revenue from GNPower Dinginin Unit 1, higher water inflow, higher demand, and higher WESM dispatch in compliance with the must offer rule.
- For the first half ended 2021, cash and cash equivalents increased by ₱2.90 bn. This was mainly due to Company's retail bond issuance in March 2021 which was partly offset by principal payments made on existing loans.
- Current Ratio as of 30 June 2021 was at 1.28x as compared to 1.38x as of 31 December 2020. The decline was primarily due to the Company loan that was reclassified from non-current to current during 2021.
- Debt-to-Equity Ratio as of 30 June 2021 was at 1.87x, lower than the 1.96x recorded at the end of 2020.

Results of Operations

Net income for the first half of 2021 of ₱10.13 bn, was 171% higher than the ₱3.74 bn reported in 2020. This translated to earnings per share of ₱1.38 for the period. The Company recognized non-recurring gains of ₱5 mn during the relevant period, lower than the non-recurring gains of ₱224 mn during the same period, due to net foreign exchange gains on the revaluation of dollar denominated liabilities. Without these one-off gains, the Company's core net income for the first half of 2021 was ₱10.1 bn, 188% higher than the ₱3.5 bn recorded during the same period last year. This was primarily due to commissioning revenue from GNPower Dinginin Unit 1, higher water inflow, higher demand, and higher WESM dispatch in compliance with the must offer rule. AboitizPower was also able to claim liquidated damages for the delay in the construction of GNPower Dinginin Ltd. Co. and received the final payment for business interruption claims resulting from GNPower Mariveles Energy Center Ltd. Co.'s (GMEC) outages in 2019.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱20.5 bn during the first half of 2021, 39% higher than the ₱14.8 bn recorded during the corresponding period last year. As discussed above, this was due to commissioning revenue from GNPower Dinginin Unit 1, higher water inflows, higher demand, higher WESM dispatch, and other income from liquidated damages and business interruption claims. These factors offset the impact of the ongoing GMEC outage, which we expect to be resolved this September. Capacity sold for the first half of 2021 increased by 6% to 3,600 megawatts (MW), compared to 3,388 MW in the same period in 2020. Energy sold increased by 10% to 11,790 gigawatt-hours (GWh) for the first half of 2021, compared to 10,764 GWh for the corresponding period in 2020.

Power Distribution

For the first half of 2021, AboitizPower's distribution business recorded EBITDA of ₱4.1 bn, 12% higher than the ₱3.7 bn recorded during the same period last year. Energy sales increased by 4% to 2,745 GWh during the first half of 2021, compared to 2,629 GWh in the same period 2020. This was driven by higher energy consumption resulting from recoveries in demand. Energy sales from the Residential customer segment were sustained while energy sales from the Commercial and Industrial customer segments increased due to looser community quarantines and the resumption of operations of commercial and industrial customers.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company increased by ₱6.40 bn, or 171%. The various movements in line items are shown below to account for the increase:

Net Income Attributable to Equity Holders of the Parent (January - June 2020)	₱3,736,940
Increase in operating revenues	7,319,263
Increase in operating expenses	(5,274,324)
Decrease in interest income	(213,620)
Decrease in interest expense	84,381
Increase in share in net earnings of associates and joint ventures	4,249,687
Decrease in other income	(977,058)
Decrease in provision for taxes	980,536
Decrease in income attributable to non-controlling interests	227,944
Total	6,396,809
Net Income Attributable to Equity Holders of the Parent (January - June 2021)	₱10,133,749

Operating Revenues

(14% increase from ₱53.03 bn to ₱60.35 bn)

The increase in operating revenues was primarily due to higher demand and higher WESM dispatch in compliance with the must offer rule.

Operating Expenses

(13% increase from ₱42.00 bn to ₱47.27 bn)

The increase in operating expenses was mainly due to the higher cost of purchased power and of generated power.

Interest Income

(53% decrease from ₱405 mn to ₱192 mn)

The decrease in interest income during the first half 2021 compared to first half 2020 was primarily due to lower interest rates on placements.

Interest Expense and other financing costs

(1% decrease from ₱7.20 bn to ₱7.11 bn)

Interest expense decreased during the first half 2021 compared to the same period in 2020 due to lower interest accretion on lease liabilities as timely payments were made on TLI's obligation to Power Sector Assets and Liabilities Management Corporation (PSALM). The refinancing of Hedcor Bukidnon project loan in September 2020 also contributed to lower interests during the first half 2021. These were offset by additional interest expenses recognized during the first half 2021 on AboitizPower's ₱9.55 bn and ₱8.00 bn retail bonds issued in July 2020 and March 2021 respectively.

Share in Net Earnings of Associates and Joint Ventures

(434% increase from ₱980 mn to ₱5.23 bn)

Share in net earnings in associates and joint ventures for the first half 2021 increased by 434% compared to first half 2020. The increase was mainly due to higher water inflows of SN Aboitiz Power-Magat and SN Aboitiz Power-Benguet and the claim of liquidated damages for the delay in the construction of the power plant of GN Power Dinginin (GNPD).

Other Income (Expenses) – net

(68% decrease from ₱1.43 bn to ₱451 mn other income)

The decrease in other income during the first half 2021 compared to first half 2020 was mainly due to the losses on the revaluation of foreign-currency denominated liabilities.

Provision for Taxes

(52% decrease from ₱1.88 bn to ₱902 mn)

The decrease in provision for taxes was due to the application of the provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act reducing the regular corporate income tax (RCIT) rate from 30% to 25%.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of 30 June 2021 compared to 31 December 2020) increased by ₱7.05 bn, or 2%. The major movements of the accounts leading to the increase were as follows:

- a) Cash and cash equivalents increased by ₱2.90 bn, or 7% (from ₱38.70 bn to ₱41.59 bn). This was mainly due to the additional loan availments by the Group during the first half 2021.

- b) Trade and other receivables increased by ₱2.95 bn, or 13% (from ₱22.02 bn to ₱24.97 bn), primarily due to higher revenues.
- c) Inventories increased by ₱1.28 bn or 20% (from ₱6.31 bn to ₱7.59 bn). This was mainly driven by the increase in spare parts, supplies and fuel inventory.
- d) Investments and advances increased by ₱1.56 bn, or 3% (from ₱61.83 bn to ₱63.39 bn). This was mainly driven by the new capital contributions to GNPD during first half of 2021.
- e) Property, plant and equipment decreased by ₱2.41 bn, or 1% (from ₱203.45 bn to ₱201.04 bn). This was primarily due to the depreciation of existing assets.
- f) Intangible assets increased by ₱521 mn, or 1% (from ₱44.28 bn to ₱44.80 bn). This was primarily due to the forex revaluation of GMEC goodwill partly offset by amortization of existing assets.
- g) Deferred income tax assets decreased by ₱132 mn, or 9% (from ₱1.54 bn to ₱1.41 bn). This was mainly due to the application of the provisions of CREATE Act.
- h) Other noncurrent assets decreased by ₱493 mn, or 5% (from ₱9.27 bn to ₱8.78 bn). This was mainly due to the regular reduction in PSALM deferred adjustment of the Power Distribution group.

Liabilities

Compared to 31 December 2020, total liabilities as of 30 June 2021 increased by ₱337.89 bn, or 0.13%. The major movements of accounts leading to the increase were as follows:

- a) Trade and other payables increased by ₱3.22 bn, or 18% (from ₱18.37 bn to ₱21.60 bn). This was primarily due to the increase in trade and fuel purchases.
- b) Income tax payable decreased by ₱198 mn, or 27% (from ₱723 mn to ₱525 mn). This was mainly due to the application of the provisions of CREATE Act.
- c) Long-term debt (current and non-current portions) increased by ₱1.54 bn (from ₱177.32 bn to ₱178.87 bn). This was mainly due to Parent's retail bond issuance in March 2021 which were partly offset by principal payments made on existing loans and the prepayment of Parent's US Dollar loan.
- d) Lease liabilities (current and noncurrent portions) decreased by ₱2.78 bn (from ₱39.26 bn to ₱36.48 bn), as TLI made timely payments during 2021 of its obligation to Power Sector Assets and Liabilities Management Corporation (PSALM).
- e) Long-term obligation on power distribution system (current and noncurrent portions) increased by ₱11 mn, or 6% (from ₱183 mn to ₱194 mn), due to interest accretion.
- f) Net derivative asset and liability changed by ₱2.16 bn (from ₱1.79 bn liability to ₱367 mn asset) during the first half 2021 due to hedging gains.
- g) Deferred income tax liabilities decreased by ₱143 mn, or 19% (from ₱745 mn to ₱602 mn), mainly due to the application of the provisions of CREATE Act.
- h) Other noncurrent liabilities decreased by ₱522 mn, or 48% (from ₱1.10 bn to ₱577 mn), mainly due to the regular payments of the PSALM deferred adjustments.

Equity

Equity attributable to equity shareholders of the Parent Company increased by 6% (from ₱127.16 bn as of 31 December 2020 to ₱134.29 bn as of 30 June 2021) after the declaration of dividends in March 2021, net of

comprehensive income recognized during the first half 2021. Cumulative translation adjustments increased by ₱2.91 bn, due to the upward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and LHC during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of 30 June 2021, the Group's cash and cash equivalents increased by 7% to ₱41.59 bn, from ₱38.70 bn as of 31 December 2020.

Higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales resulted to higher cash generated from operations during the first half 2021 by ₱2.19 bn which was a 14% increase compared to first half 2020.

Net cash flows from (used in) investing activities reversed from negative ₱3.78 bn in the first half of 2020 to positive ₱4.12 bn in the first half of 2021 mainly due to the increase in dividends received from associates.

The net cash flows used in financing activities increased from ₱9.31 bn in the first half of 2020 to ₱18.97 bn in the first half 2021 mainly due to higher payments of long-term debt, short-term loans and lease liabilities.

Financial Ratios

As of 30 June 2021, current assets increased by 10% and current liabilities increased by 20% compared to the end of 2020. The current ratio as of 30 June 2021 was at 1.28x compared to 1.38x as of 31 December 2020.

Consolidated debt to equity ratio as of 30 June 2021 was at 1.87x, lower than the 1.96x recorded at the end of 2020. This was due to a 5% increase in total equity during the first half 2021.

Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, the Company believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of six (6) new power generation projects: (1) the GNPower Dinginin project; (2) the SN AboitizPower-Magat Floating Solar project; (3) the APRI steam drilling project; (4) the TMI Hybrid Battery Energy Storage System ("BESS") project; (5) the SNAP Magat BESS project; and (6) the PV (Photovoltaic) Sinag Power project.

The GNPower Dinginin project is in the final stages of construction, with Unit 1 achieving first synchronization last 5 February 2021. The commissioning and testing of Unit 1 is currently ongoing. The target date for commercial operations (including the issuance of the appropriate ERC Certificate of Compliance/authority) has been moved from August 2021 to late-September 2021, while complete turnover of the unit by the EPC contractor is expected to extend beyond said date. For Unit 2, progress of the construction is going well, with the completion of the chemical cleaning of the boiler. Developments are still hampered by travel bans and slow processing of travel authorizations for foreign experts and personnel. Accordingly, the target date for Unit 2's commercial operations (including the issuance of the appropriate ERC COC/authority) is scheduled around the second quarter of 2022.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. The SN Aboitiz Power Magat floating solar project has proven its technical and commercial viability. SN Aboitiz Power Magat is working on the renewable energy service contract application with the Department of Energy (DOE). Since the National

Irrigation Administration (NIA) is the government agency in charge of dams and reservoirs, SN AboitizPower Magat secured an extension of the memorandum of understanding with NIA on the conduct of the feasibility study, with ongoing discussions regarding the agreement for use of the reservoir. Based on the results of the pre-feasibility studies, phase one of the project will be for 67 MW. The plan is to install up to 150 MW, depending on the final technical solution and layout.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of additional steam capacity by 2023. The two make-up wells for MakBan had been completed and started flowing into the system since April 10 and June 8, respectively, providing added steam to Makban Plant B. The new wells have provided an incremental increase of approximately 10MW to the plant's generation capacity. Another well with a projected 5 MW capacity was also completed on 4 August 2021. A total of three new make-up wells was completed in Makban, contributing to around 15 MW of MakBan's generation. Together with the 11 MW well at Tiwi which was completed last 2020, APRI and the Philippine Geothermal Production Company, Inc. are expected to complete 4 out of the 12 wells this year. APRI is also developing a 14 MW Binary power plant project in Tiwi, Albay. Negotiations with top ranked bidders for design optimization and final contracting are still ongoing. APRI is expected to award the project by year-end, while commissioning is targeted by 2023. These projects are significant as they will allow APRI to optimize its current net sellable capacity of 290 MW.

In November 2020, AboitizPower announced its two battery projects. Therma Marine, Inc.'s (TMI) Hybrid BESS project ("TMI BESS") is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI's Maco oil barge. The project is currently 50% complete and commercial operations are currently targeted to commence in the first half of 2022. TMI's hybrid BESS is one of the 12 projects with a total capacity of 248 MW for regulating and contingency reserves which the Company is targeting to develop in the next 10 years. It will serve as a model for future battery investments as well as hybrid renewable energy projects.

SN Aboitiz Power-Magat's BESS project ("SNAP BESS") is located in Ramon, Isabela. It has a storage capacity of 20 MW and will be used to provide ancillary services. Early work activities have been completed, including site surveys and basic engineering design. The project is expected to commence commercial operations in the second half of 2024. In connection with the project, SN Aboitiz Power-Magat is also looking at upgrading the Magat-Santiago transmission line which is now included in the Transmission Development Plan of the National Grid Corporation of the Philippines. The benefit of this upgrade is to ensure full dispatch of the Magat power plant capacity, the battery energy storage system, and the proposed expansion in the floating solar.

AboitizPower is proceeding with the construction of the 74MW Cayanga solar project located in Cayanga, Bugallon, Pangasinan through its PV Sinag Power, Inc. entity. NTP for Access Roads was issued on 15 September 2021 while NTP to the EPC contractor for the power plant and transmission will be issued in November 2021. The project is expected to be completed by December 2022. Majority of the solar plant's capacity will be contracted for retail electricity supply.

The Company is currently planning to double its net attributable capacity by the end of the decade, with a target of 9,200 MW by 2030. It will achieve a 50:50 balance between its renewable ("Cleanergy") and thermal capacities without new coal builds. This is expected to come from a portfolio of renewables and selective baseload builds.

The Company aims to maximize opportunities from the implementation of the Renewable Portfolio Standards ("RPS") by the DOE starting in 2021. In line with DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. The Company will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high-growth geographic markets with acceptable regulatory environments. The Company will significantly grow Cleanergy by 3,700 MW, both domestically and internationally, and bring its renewables portfolio to 4,600 MW by 2030.

The Company is optimizing its existing baseload facilities to meet the existing critical market needs. Its options for a third unit in its existing baseload facilities remain open to address future baseload needs of the market if called upon. For baseload growth, the Company is shifting its focus to gas. The Company has early feasibility studies and, within the next 10 years, is targeting to build one gas plant with a capacity of 1,000 MW, unless a cleaner technology proves to be the more economical option.

AboitizPower fully supports the DOE's coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. The Company has been a pioneer of renewable energy in the country and currently has the highest megawatts in renewable installed capacity based on market control. AboitizPower's diversification into thermal technologies was primarily driven by the country's need for a reliable, accessible, and affordable power supply.

The Company believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. It expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

AboitizPower, together with its partners, has allotted ₱23 bn for capital expenditures in 2021, about 70% of which is for expansions and upgrades. These include the remaining investment for GNPD's construction, as well as for the Company's battery energy storage system projects.

Despite the challenges posed by the global pandemic and the currently challenging business situation, the Company continues to operate with its business continuity plans in force, in accordance with the protocols and guidelines of the government's community quarantine. The Company will continue to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (*e.g.* for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 80 of the Company's 2020 Definitive Information Statement).

YEAR ENDED 31 DECEMBER 2020 VERSUS YEAR ENDED 31 DECEMBER 2019

The table below shows the comparative figures of the key performance indicators for 2020 and 2019:

Key Performance Indicators	2020	2019
<i>Amounts in thousands of ₱s, except for financial ratios</i>		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	2,675,136	3,813,962
EBITDA	44,687,315	45,005,022
CASH FLOW GENERATED:		
Net cash flows from operating activities	31,781,669	39,356,962
Net cash flows used in investing activities	(4,526,973)	(34,060,584)
Net cash flows used in financing activities	(25,914,010)	(14,376,055)
Net (Decrease)/Increase in Cash & Cash Equivalents	1,340,686	(9,079,677)
Cash & Cash Equivalents, Beginning	37,433,929	46,343,041
Cash & Cash Equivalents, End	38,699,545	37,433,929
CURRENT RATIO	1.38	1.50
DEBT-TO-EQUITY RATIO	1.96	2.07

- Share in net earnings in associates and joint ventures for the year 2020 decreased by 30% compared to last year. The decrease was mainly due to lower income contributions from SN Aboitiz Power-Magat resulting from a reduction in volume sold caused by reduced water levels and higher GN Power Dinginin (GNPD) net losses due to foreign-currency denominated loan revaluations.
- EBITDA for the year of 2020 decreased by 1%. This was due to lower demand resulting from the imposition of COVID-19 related quarantine measures. EBITDA was also affected by plant outages offset by lower purchased power cost during the year, as well as new capacities.
- For the year ended 2020, cash and cash equivalents increased by ₱1.27 bn. This was mainly due to Company's retail bond issuance in July 2020 which was partly offset by principal payments made on existing loans.
- Current Ratio as of 31 December 2020 was at 1.38x as compared to 1.50x as of 31 December 2019. The decline was primarily due to maturing bonds of the Company that were reclassified from non current.
- Debt-to-Equity Ratio as of 31 December 2020 was at 1.96x, lower than the 2.07x recorded at the end of 2019.

Results of Operations

Net income for the year of 2020 of ₱12.58 bn, was 27% lower than the ₱17.32 bn reported in 2019. This translated to earnings per share of ₱1.71 for the period. The Company recognized non-recurring net gains of ₱45 mn during 2020, compared to non-recurring net gains of ₱702 mn during 2019, due to net foreign exchange gains on the revaluation of dollar denominated liabilities. Without the one-off gains, the Company's core net income for 2020 was ₱12.53 bn, 25% lower than the ₱16.62 bn recorded in 2019. This was primarily due to additional tax expenses following the expiration of the income tax holiday (ITH) incentives of Therma South, Inc. (TSI) and GN Power Mariveles Energy Center Ltd. Co. (GMEC, formerly GNPowder Mariveles Coal Plant Ltd. Co. or GMCP). The company prudently de-recognized deferred tax assets on NOLCO from 2018 and 2019. There were also additional interest expenses from the Company's bonds and loans that were availed of in late 2019 and the second half of 2020.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱37.70 bn in 2020, 4% higher than the ₱36.20 bn recorded in 2019. The variance was primarily due to better availability of coal facilities and the recognition of BI claims, which offset the lower demand due to COVID-related community quarantines and lower water inflows to our hydro facilities.

Capacity sold for 2020 increased by 7% to 3,417 megawatts (MW) from 3,184 MW in the same period last year. This was the result of increased contracting levels driven by the new capacity of Therma Visayas, Inc. and additional portfolio contracts. The increase in contracting levels, however, was offset by the lower demand brought about by the pandemic and lower water inflows to our hydro facilities. This resulted in a YoY reduction in energy sold, which declined by 1% to 22,754 gigawatt-hours (GWh) for 2020 from 22,942 GWh during 2019.

Power Distribution

For 2020, AboitizPower's distribution business recorded EBITDA of ₱7.2 bn, 12% lower than the ₱8.2 bn recorded during 2019. Energy sales decreased by 8% to 5,368 GWh in 2020 from 5,851 GWh in 2019. This was due to lower consumption which resulted from the enforcement of COVID-related community quarantines.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company decreased by ₱4.75 bn, or 27%. The various movements in line items are shown below to account for the decrease:

Net Income Attributable to Equity Holders of the Parent (January - December 2019)	₱17,322,677
	<hr/>
Decrease in operating revenues	(15,258,508)
Increase in operating expenses	13,282,521
Increase in interest income	(638,627)
Increase in interest expense	(205,882)
Decrease in share in net earnings of associates and joint ventures	(1,138,826)
Increase in other income	1,445,176
Increase in provision for taxes	(2,846,414)
Decrease in income attributable to non-controlling interests	615,559
Total	<hr/> (4,745,001) <hr/>
Net Income Attributable to Equity Holders of the Parent (January - December 2020)	₱12,577,676

Operating Revenues

(12% decrease from ₱125.64 bn to ₱110.38 bn)

The decrease in operating revenues was primarily due to lower demand brought about by the COVID-19 pandemic and resulting community quarantines, lower spot prices and indices as well as lower contract rates. These were offset by new capacities which went online in 2020.

Operating Expenses

(14% decrease from ₱96.78 bn to ₱83.50 bn)

The decrease in operating expenses was mainly due to the lower cost of purchased power and of generated power during the first half of 2020 brought about by COVID-19.

Interest Income

(49% decrease from ₱1.29 bn to ₱653 mn)

The decrease in interest income during year of 2020 compared to the same period last year was primarily due to lower interest rates on placements.

Interest Expense and other financing costs

(1% increase from ₱14.05 bn to ₱14.25 bn)

Interest expense increased during the year of 2020 compared to the same period last year due to interest and financing costs on AboitizPower's ₱7.25 bn and ₱9.55 bn retail bonds issued in October 2019 and July 2020 respectively.

Share in Net Earnings of Associates and Joint Ventures

(30% decrease from ₱3.81 bn to ₱2.68 bn)

Share in net earnings in associates and joint ventures for the year of 2020 decreased by 30% compared to same period last year. The decrease was mainly due to lower income contributions from SN Aboitiz Power-Magat resulting from a reduction in volume sold caused by reduced water levels and higher share of GNPD net losses due to foreign-currency denominated loan revaluations.

Other Income (Expenses) – net

(41% increase from ₱3.48 bn to ₱4.93 bn other income)

The increase in other income during the year of 2020 compared to the same period last year was mainly due to business interruption insurance claims of TSI due to plant outages.

Provision for Taxes

(89% increase from ₱3.22 bn to ₱6.06 bn)

The increase in provision for taxes was due to the additional taxes from the expiration of the ITH incentives of TSI and GMEC.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of 31 December 2020 compared to 31 December 2019) decreased by ₱12.54 bn, or 3%. The major movements of the accounts leading to the decrease were as follows:

- a) Cash and cash equivalents increased by ₱1.27 bn, or 3% (from ₱37.43 bn to ₱38.70 bn). This was due to the additional loan availments by the Group.
- b) Inventories decreased by ₱324 mn or 5% (from ₱6.63 bn to ₱6.31 bn). This was mainly driven by a decrease in coal inventory.
- c) Other current assets decreased by ₱604 mn, or 5% (from ₱11.08 bn to ₱10.48 bn). This was mainly driven by the reclassification of a portion of TVI's Advances to National Grid Corporation of the Philippines (NGCP) to other noncurrent assets.
- d) Investments and advances increased by ₱950 mn, or 2% (from ₱60.88 bn to ₱61.83 bn). This was mainly driven by the new capital contributions to GN Power Dinginin (GNPD).
- e) Property, plant and equipment decreased by ₱6.07 bn, or 3% (from ₱209.52 bn to ₱203.45 bn). This was primarily due to the depreciation of existing assets.
- f) Intangible assets decreased by ₱2.43 bn, or 5% (from ₱46.71 bn to ₱44.28 bn). This was primarily due to the amortization of existing assets.

- g) Net pension assets decreased by ₱18 mn, or 26% (from ₱68 mn to ₱50 mn). This was mainly due the accrual of retirement costs.
- h) Deferred income tax assets decreased by ₱1.25 bn, or 45% (from ₱2.79 bn to ₱1.54 bn). This was mainly due to the reduction of the deferred tax benefits recognized by Therma Luzon, Inc. (TLI) on its net operating loss.
- i) Other noncurrent assets decreased by ₱4.25 bn, or 31% (from ₱13.52 bn to ₱9.27 bn). This was mainly due to the decrease in Input VAT, regular reduction in PSALM deferred adjustment and the reclassification of TVI's restricted cash to Cash and cash equivalents.

Liabilities

Compared to 31 December 2019, total liabilities as of 31 December 2020 decreased by ₱13.49 bn, or 5%. The major movements of accounts leading to the decrease were as follows:

- a) Short-term loans increased by ₱1.41 bn, or 14% (from ₱10.34 bn to ₱11.74 bn). This was mainly due to new loans availed of by the Group for working capital purposes.
- b) Trade and other payables decreased by ₱4.00 bn, or 18% (from ₱22.38 bn to ₱18.37 bn). This was primarily due to the reduction of trade payables.
- c) Income tax payable increased by ₱213 mn, or 42% (from ₱510 mn to ₱723 mn). This was mainly due to the expiration of the ITH incentives of TSI and GMEC.
- d) Decommissioning liability increased by ₱1.44 bn, or 40% (from ₱3.57 bn to ₱5.01 bn). This was mainly due to the recognition of additional decommissioning provisions on power plant assets.
- e) Long-term debt (current and non-current portions) decreased by ₱650 mn (from ₱177.97 bn to ₱177.32 bn). This is mainly due to principal payments made on existing loans and the revaluation of dollar denominated loans. These were partly offset by Parent's bond issuance.
- f) Lease liabilities (current and noncurrent portions) decreased by ₱5.53 bn (from ₱44.79 bn to ₱39.26 bn), as TLI made timely payments on its obligation to Power Sector Assets and Liabilities Management Corporation (PSALM).
- g) Long-term obligation on power distribution system (current and noncurrent portions) decreased by ₱16 mn, or 8% (from ₱199 mn to ₱183 mn), as payments were made in 2020.
- h) Net derivative liabilities decreased by ₱597 mn (from ₱2.39 bn to ₱1.79 bn) during the year of 2020 due to hedging gains.
- i) Deferred income tax liabilities decreased by ₱103 mn, or 12% (from ₱848 mn to ₱745 mn), mainly due to the amortization of Franchise assets and increase in the Allowances for impairment and probable losses.
- j) Net pension liabilities decreased by ₱132 mn, or 31% (from ₱426 mn to ₱294 mn), mainly due to the contributions to retirement fund which were higher than the effect of retirement costs and net actuarial losses.
- k) Other noncurrent liabilities decreased by ₱5.71 bn, or 84% (from ₱6.81 bn to ₱1.10 bn), mainly due to the regular payments of the PSALM deferred adjustments and the settlement of TVI's Other noncurrent liabilities.

Equity

Equity attributable to equity shareholders of the Parent Company increased by 1% (from ₱125.54 bn at the end of 2019 to ₱127.16 bn as of 31 December 2020) after the declaration of dividends in March 2020, net of comprehensive income recognized during the year of 2020. Cumulative translation adjustments decreased by ₱1.45 bn, due to the downward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and Luzon Hydro Corporation during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of 31 December 2020, the Group's cash and cash equivalents increased by 3% to ₱38.70 bn, from ₱37.43 bn as of 31 December 2019.

The reduction in power demand brought about by COVID-19 related community quarantines contributed to lower cash generated from operations during the year of 2020 by ₱7.58 bn which was a 19% decrease compared to the same period last year.

Net cash flows used in investing activities decreased to ₱4.53 bn in the year of 2020 from ₱34.06 bn for the same period last year, which was mainly due to the ₱24.95 bn AA Thermal acquisition taken up last year.

The net cash flows used in financing activities as of 31 December 2020 increased by ₱11.54 bn compared to the same period in 2019, primarily due to payments by the Group of principal amortizations on various loans.

Financial Ratios

As of 31 December 2020, current assets increased by 1% and current liabilities increased by 9% compared to end of 2019. The current ratio as of 31 December 2020 was at 1.38x compared to 1.50x as of 31 December 2019.

Consolidated debt to equity ratio as of 31 December 2020 was at 1.96x, higher than the 2.07x recorded at the end of 2019. This was due to a 5% decrease in total liabilities during the year of 2020, coupled with a 1% increase in equity during the same period.

YEAR ENDED 31 DECEMBER 2019 VERSUS YEAR ENDED 31 DECEMBER 2018

The table below shows the comparative figures of the top five key performance indicators for 2019 and 2018.

Key Performance Indicators	2019	2018
<i>Amounts in thousands of ₱s, except for financial ratios</i>		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	3,813,962	4,356,825
EBITDA	45,005,022	51,490,894
CASH FLOW GENERATED:		
Net cash flows from operating activities	39,356,962	37,287,900
Net cash flows used in investing activities	(34,060,584)	(7,243,119)
Net cash flows used in financing activities	(14,376,055)	(19,155,753)
Net (Decrease)/Increase in Cash & Cash Equivalents	(9,079,677)	10,889,028
Cash & Cash Equivalents, Beginning	46,343,041	35,699,631
Cash & Cash Equivalents, End	37,433,929	46,343,041
CURRENT RATIO	1.50	1.89
DEBT-TO-EQUITY RATIO	2.07	1.85

- Share in net earnings in associates and joint ventures declined by 12% in 2019 compared to 2018 due to lower income contributions from SNAP-Magat, Inc. and GNPD. The lower share in net earnings of GNPD was mainly due to a forex gain recorded in 2018 as against a forex loss reported in 2019. SNAP-Magat's lower income contribution was primarily driven by a reduction in volume sold due to reduced water levels in 2019.
- Consolidated EBITDA decreased by 13% in 2019, mainly due to an increase in cost of purchased power, lower spot market revenues, and lower plant availability across the Generation Group.
- During 2019, cash and cash equivalents decreased by ₱8.91 bn, due to cash flows used for the acquisition of AA Thermal and investment in GNPD for the ongoing construction of its 1x668 MW supercritical coal-fired power plant in Bataan.
- Current ratio at the end of 2019 was at 1.50x, down from previous year's 1.89x. This is due to the reduction in cash and cash equivalents and the increase in currently maturing debt.
- Debt-to-equity ratio as of 31 December 2019 was at 2.07, higher than the 1.85 recorded at the end of 2018 due to the avilment of new debts during 2019.

Results of Operations

Net income for 2019 decreased 20% YoY, from ₱21.71 bn in 2018 to ₱17.32 bn in 2019, which translated to earnings per share of ₱2.35. In 2019, there was higher cost of purchased power, lower spot market revenues, and lower plant availability of the Generation Group. The Company also recognized non-recurring gains of ₱702 mn, mainly due to net foreign exchange gains from the revaluation of dollar-denominated debts and derivatives, Aseagas' VAT recoveries, and gain on land appraisal. Without these one-off gains, the Company's core net income for 2019 was ₱16.62 bn, 30% lower than the ₱23.8 bn recorded during 2018.

Power Generation and RES

The Generation Group and RES' income contribution for 2019 was ₱15.28 bn, down 23% YoY. The decline was largely driven by the higher volume and cost of purchased power, lower spot market revenues, and lower plant availability. Spot market prices were high in the first half of 2019. During this period, the Group purchased replacement power due to outages, and contracted ahead in preparation for TVI incoming capacity. Plant availability was also lower versus the same period last year due to outages from the Group's local facilities.

As of year-end 2019, AboitizPower's net sellable capacity stood at 3,455 MW.

Power Distribution

The Distribution Utilities' earnings contribution increased slightly by 1% YoY, from ₱4.05 bn in 2018 to ₱4.10 bn in 2019.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Consolidated net income attributable to equity holders of the parent decreased by 20% from ₱21.71 bn in 2018 to ₱17.32 bn in 2019. The various movements in line items are shown below to account for the increase:

Consolidated Net Income Attributable to Equity Holders of the Parent for 2018	₱21,707,603
Decrease in operating revenues	(5,936,927)
Increase in operating expenses	(1,703,881)
Increase in interest income	411,618
Increase in interest expense	(1,965,488)
Decrease in share in net earnings of associates and joint ventures	(542,863)
Increase in other income - net	4,775,698
Higher provision for taxes	(289,875)
Decrease in income attributable to non-controlling interests	866,792
Total	4,384,926
Consolidated Net Income Attributable to Equity Holders of the Parent for 2019	₱17,322,677

Operating Revenues

(5% decrease from ₱131.57 bn to ₱125.64 bn)

The 5% decrease in operating revenues was driven by: (i) lower plant availability, (ii) expiration of contracts with customers of TMI and TMO, and (iii) lower average selling price on the Generation Group and RES power supply contracts. This was partly offset by higher electricity sales from the Distribution Utilities.

The lower plant availability due to outages resulted to a reduction in the volume (capacity and energy) sold to customers. Likewise, this limited the Group's capacity available to sell to the spot market.

Operating Expenses

(2% increase from ₱95.08 bn to ₱96.78 bn)

Operating expenses increased by 2% during 2019, driven by the increase in depreciation and amortization cost (14%) due to the start of operations of TVI and the full year of operations for both Hedcor Bukidnon and PEC. The cost of purchased power and operations and maintenance expenses also increased during the year.

Interest Income

(47% increase from ₱ 880 mn to ₱ 1,292 mn)

The increase in interest income during 2019 was primarily due to the Company's higher cash investments and higher interest income from TSI, TVI, Hedcor Bukidnon, and APRI.

Interest Expense and Other Financing Costs

(16% increase from ₱12.08 bn to ₱14.05 bn)

Interest expense increased in 2019 due to the full-year impact of the ₱10.20 bn in retail bonds issued by the Company in October 2018 and the interest arising from the new loan availments in April and November 2019

amounting to US\$300 mn and ₱5 bn, respectively, and on the Company's ₱7.25 bn retail bonds issued in October 2019. The proceeds from the bonds were used to pay for short-term borrowings and general corporate purposes.

Share in Net Earnings of Associates and Joint Ventures

(12% decrease from ₱4.36 bn to ₱3.81 bn)

Share in net earnings of associates and joint ventures declined by 12% in 2019, mainly due to lower income contributions from SNAP-Magat and GNPD. SNAP-Magat's lower income contribution was primarily driven by a reduction in volume sold due to reduced water levels in 2019. The lower share in net earnings of GNPD was mainly due to a forex gain recorded in 2018 as against a forex loss reported in 2019.

Other Income (Expenses) – net

(Increase from ₱1.29 bn other expense to ₱3.48 bn other income)

The change from an expense position in 2018 to an income position in 2019 was mainly due to lower net forex losses YoY. This movement was due to favorable movements of the Philippine Peso against U.S. Dollar in 2019 versus 2018.

Provision for Taxes

(10% increase from ₱2.93 bn to ₱3.2 bn)

The increase was due to lower net deferred tax benefit arising from deferred taxes on unrealized forex gain.

Net Income Attributable to Non-controlling Interests

(23% decrease from ₱3.73 bn to ₱2.86 bn)

The decrease was due to a decline in the operating results of GMEC combined with a reduction in the Company's non-controlling ownership in GMEC after the acquisition of non-controlling interests in May 2019.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of 31 December 2019 compared to 31 December 2018) increased by ₱20.81 bn, or 5% YoY. The major movements of the accounts leading to the increase were as follows:

- a) Cash and cash equivalents decreased by 19% during 2019. This was due to cash flows used for: (i) acquisition of AA Thermal, (ii) investment in GNPD for its on-going power plant construction, (iii) funding of the Group's capital expenditures, and (iv) debt service. The decrease in cash and cash equivalents was partially offset by operating cash flows and proceeds from the Company's retail bonds issuance in 2019.
- b) Property held for sale of ₱676 mn as of 31 December 2018 pertains to transmission assets was sold to NGCP in February 2019.
- c) Other current assets were lower by 16% (from ₱13.21 bn in 2018 to ₱11.08 bn in 2019) mainly driven by the decrease of TSI's restricted cash. The maintenance of a cash reserve forms part of TSI's compliance with the covenants on its project debt.
- d) Investments and advances increased by ₱26.54 mainly as a result of capital infusions for the AA Thermal acquisition and GNPD plant construction.
- e) Property, plant and equipment (PPE) slightly increased by 1% (from ₱207.11 bn in 2018 to ₱209.52 bn in 2019) mainly due to the recognition of right-of-use assets on the Group's leases resulting from the adoption of PFRS 16, *Leases*.

- f) Derivatives assets were down by ₱211 mn in 2019, primarily due to fair value changes on GMEC's interest rate swaps.
- g) Financial assets at fair value through profit or loss went down to ₱4 mn in 2019 from ₱101 mn. This was mainly due to the sale of Parent' Company's financial assets at Fair Value through Profit and Loss (FVPL).
- h) Deferred income tax assets increased by 25% (from ₱2.23 bn in 2018 to ₱2.80 bn in 2019), driven by deferred tax benefits recognized by TMO on its net operating loss and TLI on its unrealized forex loss.
- i) Other noncurrent assets increased by ₱2.86 bn or 27% YoY. The increase was due to restricted cash of a Subsidiary that arose from its receipt of proceeds from a damage claim against its contractors, which claim is currently under dispute. This was partly offset by decrease in input VAT and reversal of prepaid rent against lease liabilities upon adoption of PFRS 16, *Leases*.

Liabilities

Consolidated liabilities increased by 9% YoY, from ₱253.09 bn as of end-2018 to ₱276.83 bn as of end-2019. The major movements of the accounts leading to the increase were as follows:

- a) Derivatives liabilities (current and non-current portions) increased by ₱2.31 bn in 2019, due to fair value changes on the Group's foreign currency forward contracts and commodity swap contracts.
- b) Income tax payable increased by 16% YoY (from ₱439 mn in 2018 to ₱510 mn in 2019), mainly due to expiration of the income tax holidays enjoyed by certain Subsidiaries and a corresponding higher current income tax provision.
- c) Long-term debt (current and non-current portions) increased by 13% YoY (from ₱158.06 bn in 2018 to ₱177.97 bn in 2019), primarily due to new loan availments in April and November 2019 amounting to US\$300 mn and ₱5 bn, respectively, and the ₱7.25 bn bonds issuance in October 2019.
- d) Lease liabilities (current and noncurrent portions) decreased by ₱2.10 bn, since TLI made timely payments on its obligation with PSALM.
- e) Long-term obligation on power distribution system (PDS) decreased by 7% as regular annual payments were made.
- f) Customers' deposits increased by ₱513 mn or 9% primarily, driven by growth in customer base of the Distribution Utilities.
- g) Other noncurrent liabilities went up from ₱3.18 bn in 2018 to ₱6.81 bn in 2019, mainly due to receipt of proceeds from a damage claim against contractors, which claim is now under dispute.

Equity

Equity attributable to equity shareholders of the Company decreased by 2% YoY (from ₱127.71 bn at year-end 2018 to ₱125.54 bn at year-end 2019), after the declaration of dividends in 2019, net of comprehensive income recognized.

- a) Cumulative translation adjustments decreased by ₱1.52 bn due to downward effect of changes in the fair value of foreign currency forward and commodity swap contracts designed as cash flow hedges; and translation effect of GMEC and LHC for the current period.
- b) Share in cumulative translation adjustments of associates and joint ventures decreased by ₱475 mn, mainly due to translation effect of GNPD.

- c) Acquisition of non-controlling interests for the period pertains to the difference between the purchase price and fair value of net assets acquired in the acquisition of additional partnership interest in GMEC.

Material Changes in Liquidity and Cash Reserves of the Company

Cash generated from operations of ₱39.36 bn continued to provide a source of liquidity during 2019, growing by ₱2.07 bn as compared to 2018.

Net cash flows used in investing activities increased to ₱34 bn in 2019 from ₱7 bn in 2018, mainly due to funding for the AA Thermal acquisition.

Despite the cash used to fund acquisition of additional partnership interest in GMEC, the net cash outflows from financing activities amounting to ₱14.38bn in 2019 is still lower than 2018. This is due to higher debt availed in 2019.

As of 31 December 2019, the Group's cash and cash equivalents decreased to ₱37.43 bn, compared to ₱46.34 bn as of year-end 2018.

Financial Ratios

Current assets decreased by 13% while current liabilities increased by 10%. The current ratio at year-end 2019 was at 1.50x, versus 1.89x at year-end 2018.

Consolidated debt to equity ratio at year-end of 2019 was at 2.07 versus 1.85 as of year-end 2018, as the Company's liabilities have been higher during the year.

YEAR ENDED 31 DECEMBER 2018 VERSUS YEAR ENDED 31 DECEMBER 2017

The table below shows the comparative figures of the top five key performance indicators for 2018 and 2017.

Key Performance Indicators	2018	2017
<i>Amounts in thousands of ₱s, except for financial ratios</i>		
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	4,356,825	4,697,864
EBITDA	51,490,894	47,650,408
CASH FLOW GENERATED:		
Net cash flows from operating activities	37,287,900	30,235,931
Net cash flows used in investing activities	(7,243,119)	(9,452,925)
Net cash flows used in financing activities	(19,155,753)	(32,122,699)
Net (Decrease)/Increase in Cash & Cash Equivalents	10,889,028	(11,339,693)
Cash & Cash Equivalents, Beginning	35,699,631	47,094,741
Cash & Cash Equivalents, End	46,343,041	35,699,631
CURRENT RATIO	1.89	1.38
DEBT-TO-EQUITY RATIO	1.85	1.92

- Share in net earnings in associates and joint ventures declined by 7% in 2018 compared to 2017 due to decreases in contributions from WMPC, SPPC, RP Energy, SFELAPCO, and large hydropower plants, SNAP-Magat and SNAP-Benguet. Lower income contributions attributable to large hydropower plants were due to a lower hydrology in 2018 compared to the higher than usual hydrology levels during 2017.

- Consolidated EBITDA increased by 8% in 2018, primarily due to the fresh contributions from PEC and Hedcor Bukidnon, which commenced commercial operations in March 2018 and July 2018, respectively, and further augmented by higher contributions from GMEC due to higher availability factor in 2018 as compared to the previous year. These were largely offset by lower contributions arising from: (i) TSI due to higher operating costs; and (ii) TMO due to expiration of power supply contracts in 2018.
- During 2018, cash and cash equivalents increased by ₱10.64 bn, due to higher operating cash flows, proceeds from debt-raising activities at parent, and proceeds of the long-term debts of GMEC and TVI. In 2018, the Company also managed to return the same levels of cash dividends to its shareholders, and deploy financial resources to continue the construction of various greenfield projects.
- Current ratio at the end of 2018 was at 1.89x from the previous year's 1.38x, due to the 31% increase in current assets and 5% decrease in current liabilities.
- Debt-to-equity ratio as of 31 December 2018 was at 1.85, lower than the 1.92 recorded at the end of 2017.

Results of Operations

Net income for 2018 increased 6% YoY, from ₱20.42 bn in 2017 to ₱21.71 bn in 2018. This translated to earnings per share of ₱2.95. During 2018, the Company recognized non-recurring losses of ₱2.08 bn (versus 2017's loss of ₱2.93 bn) mainly resulting from: (i) foreign exchange (forex) losses from revaluation of dollar-denominated liabilities; and (ii) asset impairment. Adjusting for these one-off losses, the Company's core net income for 2018 amounted to ₱23.78 bn, up by 2% YoY.

Power Generation and RES

The power generation group and RES' income contribution for 2018 was ₱19.96 bn, up 12% YoY. The growth was largely driven by fresh income contributions from PEC and Hedcor Bukidnon. Netting out forex losses and impairment costs recognized in 2018, the generation group and RES' core net income contribution remained flat at ₱20.95 bn. Capacity sold during 2018 was flat YoY, from 3,167 MW in 2017 to 3,152 MW in 2018.

As of year-end 2018, AboitizPower's net sellable capacity stood at 3,111 MW.

Power Distribution

The power distribution group's earnings contribution decreased by 5% YoY, from ₱4.27 bn in 2017 to ₱4.05 bn in 2018. Stripping out the impairment loss in 2018, its recurring earnings contribution grew 6% YoY from ₱4.11 bn in 2017 to ₱4.37 bn in 2018. This increase was mainly attributable to electricity sales which increased by 5% YoY, from 5,288 GWh in 2017 to 5,540 GWh in 2018 as energy sales grew across all customer segments.

Material Changes in Line Items of Company's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the parent increased by 6% from ₱20.42 bn in 2017 to ₱21.71 bn in 2018. The various movements in line items are shown below to account for the increase:

Net Income Attributable to Equity Holders of the Parent for 2017	₱20,416,442
Increase in operating revenues	12,180,781
Increase in operating expenses	(9,857,828)
Decrease in interest income	(46,927)

Increase in interest expense	(834,378)
Decrease in share in net earnings of associates and joint ventures	(341,039)
Decrease in other expense	411,689
Lower provision for taxes	932,775
Increase in income attributable to non-controlling interests	(1,153,912)
Total	1,291,161
Net Income Attributable to Equity Holders of the Parent for 2018	₱21,707,603

Operating Revenues

(10% increase from ₱119.39 bn to ₱131.57 bn)

The 10% increase in operating revenues was mainly attributable to the higher revenues recorded by the power generation and RES groups, which combined accounted for ₱10.59 bn of the ₱12.18 bn increase. The higher revenues were driven by: (i) fresh contributions from PEC and Hedcor Bukidnon; and (ii) higher sales at TLI. These were offset by lower revenues at some of the oil-fired power generation companies (Oil Group).

The increase in operating revenues was also attributable to higher electricity sales during 2018 by the Company's two largest distribution utilities. This segment of the Company's business experienced a ₱1.35 bn increase in operating revenues.

Operating Expenses

(12% increase from ₱85.22 bn to ₱95.08 bn)

Operating expenses increased by 12% during 2018, driven by the 25% increase in cost of generated power as fuel costs rose during the year. Depreciation and amortization, general and administrative expenses also went up as power plants entered commercial operations during the year.

Interest Income

(5% decrease from ₱927 mn to ₱880 mn)

The decrease in interest income during 2018 was mainly due to lower average cash and cash equivalent balances carried at the Company and at two of its intermediate holding companies, ARI and TPI, for most of the year.

Interest Expense and Other Financing Costs

(7% increase from ₱11.25 bn to ₱12.08 bn)

Interest expense increased in 2018 as the Company issued a total of ₱10.20 bn in retail bonds in October 2018. PEC also started to recognize interest on its project loans during 2018. These new interest charges were offset by the lower interest expense taken up at TPI as it fully paid its dollar-denominated loan in 2018.

Share in Net Earnings of Associates and Joint Ventures

(7% decrease from ₱4.70 bn to ₱4.36 bn)

Share in net earnings of associates and joint ventures declined by 7% in 2018, as lower contracted capacities at two associate oil companies operating in Mindanao, WMPC and SPPC, led to lower contributions. SFELAPCO also saw a decline in net profits during the year. Lastly, the effects of the El Niño in 2018 led to lower water levels, which adversely affected income contributions from SNAP-Magat and SNAP-Benguet.

Other Income (Expenses) – net

(Decrease from ₱1.70 bn other expense to ₱1.29 bn other expense)

This account stayed in an expense position at year-end 2018 due to net unrealized forex loss in 2018, primarily due to the restatement of TLI's dollar-denominated debt on its monthly obligations to the PSALM. The decrease in this expense line item was from other income recognized on supplier settlements recognized at PEC.

Provision for Taxes

(24% decrease from ₱3.86 bn to ₱2.93 bn)

The decrease was due to deferred tax benefits recognized in 2018 at Davao Light for the impairment of assets, and at TLI on unrealized forex losses.

Net Income Attributable to Non-controlling Interests

(45% increase from ₱2.57 bn to ₱3.73 bn)

The increase in the contributions from GMEC during 2018 also led to the higher take-up of attributed income for GMEC minority shareholders.

Consolidated Statements of Comprehensive Income

The movements in cumulative translation adjustments led to the increase in total net other comprehensive income for 2018 at ₱1.06 bn (versus ₱378 mn in 2017). Total consolidated comprehensive income was ₱26.49 bn for the year.

Changes in the Company's Resources, Liabilities and Shareholders' Equity

Assets

Total assets (as of 31 December 2018 compared to 31 December 2017) increased by ₱28.19 bn, or 8% YOY. The major movements of the accounts leading to the increase were as follows:

- (a) Cash and cash equivalents increased by 30% during 2018. Cash generated from operations increased supplemented by the lower cash used in financing activities due to loan proceeds. The consolidated cash position of the Company increased by ₱10.64 bn.
- (b) Trade and other receivables increased by 25% (from ₱17.36 bn in 2017 to ₱21.72 bn in 2018) mainly due to advances to partners in GMEC and the take-up of the PSALM deferred adjustments at Davao Light and Visayan Electric. PSALM deferred adjustment pertains to Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment to be recovered from customers or to be collected from PSALM.
- (c) Net derivative assets went down by ₱161 mn during 2018 mainly due to mark-to-market losses on the Group's swap and forward contracts.
- (d) Inventories increased by 19% (from ₱5.64 bn in 2017 to ₱6.69 bn in 2018) as the Group recognized inventories held at TPVI, which took over the Naga Power Plant Complex in 2018, and due to higher inventory balances at GMEC, TSI and TVI. This was offset by lower inventory balances at the Oil Group.
- (e) Property held for sale of ₱676 mn as of 31 December 2018 pertains to transmission assets that will be transferred and sold to the NGCP. This account was nil in 2017.
- (f) Other current assets were higher by 46% (from ₱9.03 bn in 2017 to ₱13.21 bn in 2018) mainly driven by the increase of restricted cash at TSI. The maintenance of a cash reserve forms part of TSI's compliance with the covenants on its project debt. TVI's recognition of a receivable from NGCP on the construction of transmission line also contributed to the increase in this account.
- (g) Investments and advances increased mainly as a result of capital infusions into GNPD as it continues the construction of a 1x668 MW supercritical coal-fired power plant in Bataan. The account increased from ₱31.25 bn at the end of 2017 to ₱34.33 bn at the end of 2018.
- (h) Property, plant and equipment (PPE) slightly increased by 2% (from ₱204.03 bn in 2017 to ₱207.11 bn in 2018) mainly due to new additions during 2018 for the on-going construction of hydropower facilities

under Hedcor and Hedcor Bukidnon, and TVI's coal plant.

- (i) AFS investments went from ₱103 mn in 2017 to nil at the end of 2018 as these were reclassified to Financial Assets at fair value through profit or loss.
- (j) Financial assets at fair value through profit or loss went up to ₱101 mn in 2018 from nil as these were reclassified from Available-for-Sale investments.
- (k) Net pension assets increased by ₱71 mn in 2018 due to the increase in the fair value of plan assets for contributions made during 2018.
- (l) Deferred income tax assets increased by 59% (from ₱1.41 bn in 2017 to ₱2.23 bn in 2018). The increase was driven by the deferred tax benefits recognized by Davao Light in 2018 on the impairment of its assets and at TLI for unrealized forex losses.

Liabilities

Consolidated liabilities increased by 7% YoY, from ₱237.50 bn at the end of 2017 to ₱253.09 bn at the end of 2018. The major movements of the accounts leading to the increase were as follows:

- (a) Short term loans were up 145%, or ₱6.83 bn, mainly due to new loans of the Company for working capital purposes.
- (b) Trade and other payables increased by 10% (from ₱19.85 bn in 2017 to ₱21.80 bn in 2018), primarily due to the take-up of the PSALM deferred adjustment at Davao Light and Visayan Electric. PSALM deferred adjustment refers to the amounts to be remitted to PSALM or refunded to customers.
- (c) Income tax payable decreased by 32% (from ₱646 mn in 2017 to ₱439 mn in 2018) primarily due to lower corporate taxes payable at the end of 2018.
- (d) Long-term debt (current and non-current portions) increased by 4% (from ₱152.05 bn in 2017 to ₱158.06 bn in 2018). The increase was mainly attributable to the net effect of the following:
 - (i) The Company's ₱10.20 bn new bonds issued in October 2018;
 - (ii) Net increase during 2018 of GMEC's project debt by ₱10.67 bn, which was a combination of new drawdowns and forex adjustment; and
 - (iii) TPI's loan payment of ₱15.15 bn.
- (e) Finance lease obligation (current and noncurrent portions) decreased by 5% from a total of ₱49.23 bn in 2017 to ₱46.89 bn at the end of 2018, as TLI made timely payments on its obligation to PSALM during 2018.
- (f) Long term obligation on power distribution system (PDS) decreased by 7% as regular annual payments were made.
- (g) Asset retirement obligation increased by 24% (₱2.96 bn in 2017 to ₱3.68 bn in 2018) due to an increase in the estimated future decommissioning costs on the Group's steam field assets.
- (h) Deferred income tax liabilities (DTL) decreased by 6% (₱913 mn in 2017 to ₱858 mn in 2018), mainly due to unrealized gain on forward contract in 2017 that was reversed in 2018.
- (i) Net pension liabilities decreased by 32% (₱361 mn in 2017 to ₱245 mn in 2018) on account of benefits paid to retired employees during the year.
- (j) Other noncurrent liabilities went from ₱403 mn in 2017 to ₱3.18 bn at the end of 2018 due to the recognition of the PSALM deferred adjustment.

Equity

Equity attributable to equity shareholders of the parent company increased by 11% YOY (from ₱115.40 bn at the end of 2017 to ₱127.71 bn at the end of 2018), driven mainly by the recognition of income during 2018 of ₱21.71 bn, net of dividends declared and paid to the Company's shareholders.

Material Changes in Liquidity and Cash Reserves of the Company

Cash generated from operations of ₱37.29 bn continued to provide a source of liquidity during 2018, growing by ₱7.05 bn as compared to 2017. Cash from the operations of fully-commissioned PEC augmented the cash streams from operations.

During 2018, the Group utilized ₱7.24 bn cash for investing activities. This was ₱2.21 bn more than during 2017, the largest portion of which was used to construct a coal plant in the Visayas for TVI. Meanwhile, the Company continued to deploy financial resources in the construction of other greenfield projects. Funds were also invested to infuse more capital to GNPD. The outflows were supported by dividends received during 2018.

In 2018, the Company availed of long-term debt through a bond issuance, fresh loans availed of by certain subsidiaries, and draw down on project finance facilities. In the first half of 2018, the Company declared ₱10.23 bn in dividends to its shareholders. These activities led to cash flow used in financing activities of ₱19.16 bn during 2018.

As of 31 December 2018, the Group's cash and cash equivalents increased to ₱46.34 bn, compared to ₱35.70 bn as of the end of 2017.

Financial Ratios

Current assets increased by 31% while current liabilities decrease by 5%, the current ratio at the end of 2018 was at 1.89x, versus 1.38x at the end of 2017.

Consolidated debt to equity ratio at the end of 2018 was at 1.85 versus 1.92 as of end 2017, as the Company's increase in equity surpassed the increase in liabilities.

Outlook for the Upcoming Year/ Known Trends, Events, Uncertainties which may have Material Impact on the Company

AboitizPower is focused on addressing the needs of its markets, namely: (1) reliable supply, at a (2) reasonable cost, and with (3) three minimal impact on the environment and communities. The Company believes that no single technology that can completely address the country's energy requirements and that a mix of power generation technologies is necessary to address the country's needs. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies, where and when it makes sense.

Despite increased competition in the power generation market, the Company is confident that it has built the foundation to sustain long term growth, as seen in its pipeline of new projects. The Company is also currently on track with its target to reach 4,000 MW net attributable capacity. By the end of 2020, the Company will own 4,430 MW of attributable capacity.

AboitizPower's goal is to grow its capacity to more than 9,000 MW by 2029, which the Company expects will be sourced from a portfolio of renewables and selective baseload builds. In terms of renewable energy, the Company aims to maximize opportunities from the implementation of the RPS by DOE starting in 2020. In line with DOE's aspirational goal of a 35% increase in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and RES to source an agreed portion of their energy supply from renewable energy facilities. The Company will continue to pursue its international aspirations with focus on renewable energy projects in Vietnam, Indonesia, and Myanmar. With all of these combined, it is expected that the Company's portfolio ratio will be close to a 50:50 Cleanergy (renewable energy) and Thermal energy mix by the end of the current decade.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial condition is expected to give it the agility to create or acquire additional generating capacity over the next few years.

The Company expects that its existing distribution utilities will continue to realize modest growth. It continuously seeks efficiency and improvements in its distribution utilities' operations in order to maintain healthy margins.

AboitizPower has allotted over ₱50 bn for capital expenditures in 2019, about 80% of which is for thermal projects, and the remaining balance allocated mainly for exploratory and operating activities.

Other known trends, events, uncertainties which may have material impact on the Registrant have been discussed in previous sections of this Offer Supplement.

MANAGEMENT

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its board of directors (the “Board”). The Company’s executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company’s business operations, financial condition and results of operations for its review. The Company currently has nine directors, three of whom are Independent Directors. Below are the profiles of the directors and officers for 2021-2022 with their corresponding positions, offices, and business experience held for the past five years. The directors were elected during AboitizPower’s Annual Stockholders’ Meeting held on 26 April 2021, to serve for a term of one year, and until their successors are duly elected and qualified.

Below are the profiles of each director and officer for 2021-2022 with their corresponding positions, offices, and business experience held for the past five years:

<p>SABIN M. ABOITIZ Chairman of the Board</p> <p><u>Age</u>: 57 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Committee Memberships</u>: Chairman – Board Risk and Reputation Management Committee (since 26 April 2021) Member – Board Environmental, Social and Corporate Governance Committee (since 26 April 2021) – Board Executive Committee (since 26 April 2021) – Board Cybersecurity Committee (since 26 April 2021)</p> <p><u>Date of First Appointment</u>: 26 April 2021</p> <p><u>Tenure</u>: 4 months</p>	<p><i>Mr. Sabin M. Aboitiz</i> was appointed as AboitizPower’s Chairman of the Board on 26 April 2021. He is concurrently a Director and President and Chief Executive Officer of AEV, a publicly-listed company.</p> <p>Mr. Aboitiz is currently the Chairman of Aboitiz Foundation, Aboitiz InfraCapital, Inc, CRH Aboitiz Holdings, Inc. (CRH Aboitiz), Aboitiz Land, Inc. (AboitizLand), Filagri Holdings, Inc., MORE, Pilmico Animal Nutrition Corporation, Pilmico Foods Corporation, SN Aboitiz Power-Benguet, Inc., Republic Cement Services, Inc., and Gold Coin Management Holdings, Ltd.; Director and President of ACO, AEV CRH Holdings, Inc. (AEV CRH), AEV Aviation, Inc., and ARI; and Director of UnionBank, a publicly-listed company, ACO Capital Ltd., Republic Cement & Building Materials, Inc. (RCBM), Apo Agua Infraestructura, Inc. (Apo Agua), Aboitiz Construction Inc. (ACI), Aboitiz Construction International, Inc. (ACII), Aboitiz Impact Ventures, Inc., Unity Digital Infrastructure Inc. (formerly: Aboitiz Airports Advisory Services Corporation), AboitizPower International, Archipelago Insurance Pte. Ltd. (Archipelago), and AEV International Pte. Ltd.</p> <p>Mr. Aboitiz is also a member of the Business Advisory Council of the Asia-Pacific Economic Cooperation.</p> <p>He holds a degree in Business Administration, Major in Finance from Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p>LUIS MIGUEL O. ABOITIZ Vice Chairman of the Board</p> <p><u>Age</u>: 57 years old</p> <p><u>Citizenship</u>: Filipino</p>	<p><i>Mr. Luis Miguel O. Aboitiz</i> was appointed as Vice Chairman of the Board on 26 April 2021. He previously served as Director of AboitizPower from September 2018 to December 2019, and as Executive Vice President – Chief Strategy Officer from May 2018 until retirement on 30 April 2020. He was also Executive Vice President and Chief Operating Officer</p>

<p><u>Committee Memberships:</u> Member – Board Audit Committee (since 26 April 2021)</p> <ul style="list-style-type: none"> – Board Risk and Reputation Management Committee (since 26 April 2021) – Board Executive Committee (since 26 April 2021) – Board Cybersecurity Committee (since 26 April 2021) <p><u>Date of First Appointment:</u> 2018</p> <p><u>Tenure:</u> 1 year and 4 months</p>	<p>– Corporate Business Group of AboitizPower from 2016 to 2018, and Senior Vice President-Power Marketing and Trading from 2009 to 2015.</p> <p>Mr. Aboitiz is currently a Director of ACO, and a member of its Board Strategy and Board Talent Management Committees. Mr. Aboitiz also serves as a Director of DDLS Aboitiz Inc. and Trustee of Philippine Business for Social Progress. As of September 2022, he is also a director of AB Capital Securities, Inc.</p> <p>Mr. Aboitiz graduated from Santa Clara University, California, U.S.A. with a degree of Bachelor of Science in Computer Science and Engineering, and earned his Master’s degree in Business Administration from the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p>
<p>MIKEL A. ABOITIZ Director</p> <p><u>Age:</u> 67</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Environmental, Social and Corporate Governance Committee (since 11 December 2019)</p> <ul style="list-style-type: none"> – Board Executive Committee (since 21 May 2018) <p><u>Date of First Appointment:</u> 13 February 1998</p> <p><u>Tenure:</u> 23 years</p>	<p>Mr. Mikel A. Aboitiz was appointed Vice Chairman of AboitizPower effective 1 January 2020. He has been a Director since 13 February 1998, and was the Company’s Chairman of the Board from September 2018 to December 2019.</p> <p>Mr. Aboitiz was formerly Vice Chairman of City Savings Bank, Inc. from 2015 to 2016, and its President and Chief Executive Officer from 2001 to 2014. He is currently Chairman of the Board of ACO; Vice Chairman of AEV, a publicly-listed company, since December 2018; and Chairman of the Board of Trustees of Ramon Aboitiz Foundation, Inc.</p> <p>Mr. Aboitiz holds a degree in Bachelor of Science in Business Administration from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p>EMMANUEL V. RUBIO Director President and Chief Executive Officer</p> <p><u>Age:</u> 57</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Chairman – Board Executive Committee (since 1 January 2020) Member – Board Risk and Reputation Management Committee (since 26 April 2021) <i>Ex-Officio</i> Member – Board Cybersecurity Committee (since 29 July 2021)</p> <p><u>Date of First Appointment:</u> 1 January 2020</p>	<p>Mr. Emmanuel V. Rubio was appointed as President and Chief Executive Officer and Director of AboitizPower effective 1 January 2020. He previously served as the Company’s Executive Vice President and Chief Operating Officer – Power Generation Group from 2014 to July 2018, and as Executive Vice President - Chief Operating Officer from June 2018 to December 2019.</p> <p>Mr. Rubio is currently Chairman of AA Thermal, Inc. (AA Thermal), the SN Aboitiz Power Group, Therma South, Inc. (TSI), and Therma Visayas, Inc. (TVI); Alternate Director of AboitizPower International Pte. Ltd. (AboitizPower International); and Director of Aboitiz Power Distributed Energy, Inc. (APX1), Aboitiz Power Distributed Renewables Inc. (APX2), ARI, Abovant Holdings, Inc. (Abovant), the Hedcor Group, Cotabato Light and Power Company (Cotabato Light),</p>

<p><u>Tenure:</u> 1 year and 8 months</p>	<p>Davao Light & Power Co., Inc. (Davao Light), Cebu Private Power Corporation (CPPC), Maaraw Holdings San Carlos, San Carlos Sun Power, and various companies under the Coal Business Units, including Cebu Energy Development Corporation (Cebu Energy), STEAG State Power, Inc. (STEAG Power), and Redondo Peninsula Energy, Inc. (RP Energy). He holds directorship and management positions in GNPowder Mariveles Energy Center Ltd. Co. (GMEC) and GNPowder Dinginin Ltd. Co. (GNPD) and their holding companies. He is also a Trustee of Aboitiz Foundation, Inc. (Aboitiz Foundation).</p> <p>Mr. Rubio is a graduate of Bachelor of Science in Industrial Management Engineering with a minor in Mechanical Engineering from De La Salle University, where he also completed his postgraduate studies. He is also a certificate course graduate of the University of Michigan Executive Education Program, the LEAD program of Columbia University, and the Strategic Management Course of the Nanyang Technological University in Singapore. He recently completed the Advanced Management Program of Columbia University. Mr. Rubio is a holder of the Executive Certificate in Directorship from the Singapore Management University-Singapore Institute of Directors (SMU-SID). He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p>
<p>DANEL C. ABOITIZ Director Chief Commercial and Stakeholder Engagement Officer</p> <p><u>Age:</u> 40</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u> Member – Board Audit Committee (since 28 January 2020) – Board Executive Committee (since 26 April 2021)</p> <p><u>Date of First Appointment:</u> 11 December 2018</p> <p><u>Tenure:</u> 2 years</p>	<p><i>Mr. Danel C. Aboitiz</i> was appointed as Director of AboitizPower on 11 December 2018, and as Chief Commercial and Stakeholder Engagement Officer of AboitizPower effective 1 December 2020.</p> <p>Mr. Aboitiz is also Director of PEC, STEAG Power, and RP Energy. He holds directorship and management positions in GMEC and GNPD and their holding companies.</p> <p>Mr. Aboitiz is also Director of various companies under AboitizPower’s Oil Business Units, such as TMO, Therma Power-Visayas, Inc. (TPVI), East Asia Utilities Corporation (EAUC), and Therma Marine, Inc. (TMI), Coal Business Units, such as AA Thermal, Therma Luzon, Inc. (TLI), TSI, and TVI. He also holds Directorship positions in the Company’s Large Hydros under the SN AboitizPower Group and MORE. Mr. Aboitiz also serves as a Member of the Board of Advisers of ACO and as Director of RCBM, AEV CRH CRH Aboitiz Holdings, Inc. (CRH Aboitiz), and TPI. He serves as Vice Chairman and member of the Board of Trustees of the Philippine Independent Power Producers Association (PIPPA) and member of the Board of Directors of the Philippine Electricity Market Corporation (PEMC) as Generator Sector Representative.</p>

	<p>Mr. Aboitiz obtained his Master of Arts (MA) in Philosophy and Politics degree from the University of Edinburgh, where he graduated with honors. He also studied the Chinese language at the Beijing Language and Culture University.</p> <p>He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p>
<p>EDWIN R. BAUTISTA Director</p> <p><u>Age</u>: 61 years old</p> <p><u>Citizenship</u>: Filipino</p> <p><u>Date of First Appointment</u>: 26 April 2021</p> <p><u>Tenure</u>: 4 months</p>	<p>Mr. Edwin R. Bautista was appointed as Director of AboitizPower on 26 April 2021. He was a Director of AEV, a publicly-listed company, from September 2018 to April 2021.</p> <p>Mr. Bautista is currently a Director and the President and Chief Executive Officer of UnionBank, a publicly-listed company; Chairman of the Board of Directors of CitySavings; and a Director of Union Properties, Inc. (now known as UBP Investments Corporation), First Union Plans, Inc., and First Union Direct Corp. Mr. Bautista has previously served UnionBank in various capacities: as Chief Operating Officer from January 2016 to December 2017, Senior Executive Vice President from 2011 to 2015, Executive Vice President from 2001 to 2011, and Senior Vice President from 1997 to 2001.</p> <p>Mr. Bautista earned his Bachelor of Science in Mechanical Engineering degree from the De La Salle University. He also completed the Advance Management Program from Harvard Business School in Massachusetts, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p>RAPHAEL P.M. LOTILLA Lead Independent Director</p> <p><u>Age</u>: 63 years old</p> <p><u>Citizenship</u>: Filipino</p> <p>Committee Memberships: Chairman – Board Environmental, Social and Corporate Governance Committee (since 26 April 2021) Member – Board Audit Committee (since 26 April 2021) – Board Risk and Reputation Management Committee (since 26 April 2021) – Board Related Party Transaction Committee (since 26 April 2021)</p> <p><u>Date of First Appointment</u>: 26 April 2021</p> <p><u>Tenure</u>: 4 months</p>	<p>Mr. Raphael P.M. Lotilla was appointed as Lead Independent Director of AboitizPower on 26 April 2021. He was an Independent Director of AEV, a publicly-listed company, from May 2012 to April 2021.</p> <p>Mr. Lotilla is also an Independent Director of Petron Foundation, Inc., and two publicly-listed companies, ACE Enexor, Inc. and First Metro Investment Corporation. He is currently the Chairman of the Board of Trustees of The Asia-Pacific Pathways to Progress Foundation, Inc.</p> <p>Mr. Lotilla previously served the Philippine government in various capacities: (i) Secretary of Energy; (ii) President and Chief Executive Officer of Power Sector Assets and Liabilities Management (PSALM) Corporation; (iii) Deputy Director-General of the National Economic and Development Authority; (iv) Coordinator of the Philippine Council for Sustainable Development; (v) Chairman of the Philippine National Oil Company; (vi) Vice-Chairman of the National Power Corporation and the National</p>

	<p>Transmission Corporation, among others. He also served as Regional Programme Director of a Global Environment Facility regional project implemented by the UN Development Programme and concurrently Executive Director of Partnerships in Environmental Management for the Seas of East Asia.</p> <p>Mr. Lotilla obtained his Bachelor of Laws degree from the University of the Philippines where he later on became a Professor of Law. He also holds a Master of Laws degree from the University of Michigan Law School, USA. He currently serves as a member of the Board of Trustees of the Philippine Institute for Development Studies (PIDS) and the Advisory Committee for the Ateneo University Professional Schools.</p>
<p>CARLOS C. EJERCITO Independent Director</p> <p><u>Age:</u> 75</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Committee Memberships:</u></p> <p>Chairman – Board Audit Committee (since 19 May 2014)</p> <p>Member – Board Risk and Reputation Management Committee (since 19 May 2014)</p> <ul style="list-style-type: none"> – Board Environmental, Social and Corporate Governance Committee (since 19 May 2014) – Board Related Party Transactions Committee (since 15 May 2017) <p><u>Date of First Appointment:</u> 19 May 2014</p> <p><u>Tenure:</u> 7 years</p>	<p>Mr. Carlos C. Ejercito, has been an Independent Director of AboitizPower since 19 May 2014.</p> <p>He is Independent Director and Chairman of the Board Audit Committee of Bloomberry Resorts Corporation and an Independent Director and member of the Audit Committee of Century Properties Group, Inc., both publicly-listed companies.</p> <p>Mr. Ejercito is President and Chief Executive Officer of Mount Grace Hospitals, Inc., and Chairman of Northern Access Mining, Inc. He is a Board Member of 18 hospitals, including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., Grace General Hospital, Healthserv Medical Center, Lorma Medical Center, Mary Mediatrix Medical Center, Silvermed Corporation, Capitol Medical Center, Divine Grace Medical Center, and Good Samaritan Medical Center.</p> <p>He was formerly Chairman of the Board of United Coconut Planters Bank, and a former Director of National Grid Corporation of the Philippines (NGCP). He was also the President and Chief Executive Officer of Greenfield Development Corporation, and Vice President and Senior Country Operations Officer of Citibank, NA. Prior to Citibank, Mr. Ejercito was a Systems Engineer in IBM Philippines, and Accounting Unit Head in Procter & Gamble Philippines, Inc. He was a member of the Board of Governors of Management Association of the Philippines.</p> <p>Mr. Ejercito graduated <i>cum laude</i> from the University of the East with a degree in Bachelor of Science in Business Administration. He also completed the Management Development Program of Harvard Business School in Massachusetts, USA in 1983, and has completed the coursework for Masters in</p>

	<p>Business Administration at Ateneo Graduate School of Business.</p> <p>Mr. Ejercito is a certified public accountant. He is not connected with any government agency or instrumentality.</p>
<p>ERIC RAMON O. RECTO Independent Director</p> <p><u>Age:</u> 58</p> <p><u>Citizenship:</u> Filipino</p> <p>Committee Memberships: Chairman – Board Related Party Transaction Committee (since 21 May 2018) - Board Cyber Security Committee (since 26 April 2021) Member – Board Audit Committee (since 21 May 2018) – Board Environmental, Social and Corporate Governance Committee (since 21 May 2018) – Board Risk and Reputation Management Committee (since 21 May 2018)</p> <p><u>Date of First Appointment:</u> 21 May 2018</p> <p><u>Tenure:</u> 3 years</p>	<p>Mr. Eric Ramon O. Recto was elected as Independent Director of AboitizPower on 21 May 2018.</p> <p>He currently holds positions in the following publicly-listed companies: Chairman of the Philippine Bank of Communications; President and Chief Executive Officer of Atok-Big Wedge Co., Inc.; Director of DITO CME Holdings Corp. (formerly: ISM Communications Corporation); and Independent Director in PH Resorts Group Holdings, Inc. He is also the Chairman of the Board and President of Bedfordbury Development Corporation; Vice Chairman of Alphaland Corporation; President/Director of Q-Tech Alliance Holdings, Inc.; and Supervisory Board Member of Acentic GmbH and Ltd.</p> <p>Mr. Recto held various positions in Philweb Corporation from 2005 to 2015. He was also the Vice Chairman of Alphaland Corporation from 2007 to 2014; Director of San Miguel Corporation from 2010 to 2014, and of Manila Electric Company (Meralco) from 2010 to 2013; and President of Top Frontier Investment Holdings, Inc. from 2010 to 2013. Mr. Recto was formerly the Undersecretary of the Philippine Department of Finance from 2002 to 2005.</p> <p>Mr. Recto earned his Bachelor of Science degree in Industrial Engineering from the University of the Philippines-Diliman. He completed his Masters in Business Administration, with concentration in Finance and Operation Management, from the Johnson Graduate School of Management at the Cornell University in Ithaca, New York, U.S.A. He is not connected with any government agency or instrumentality.</p>
<p>JAIME JOSE Y. ABOITIZ Executive Vice President and Chief Operating Officer</p> <p><u>Age:</u> 59</p> <p><u>Citizenship:</u> Filipino</p> <p><u>Date of First Appointment:</u> 18 May 2009</p> <p><u>Tenure:</u> 11 years</p>	<p>Mr. Jaime Jose Y. Aboitiz was appointed as the Company’s Executive Vice President – Chief Operating Officer on 1 January 2020. He was previously the AboitizPower’s Director from 2004 to April 2007, and was re-elected on May 18, 2009 until April 2021. He also served as the Company’s Executive Vice President and Chief Operating Officer-Power Distribution Group, a position which he held from August 2008 to December 2019.</p> <p>Mr. Aboitiz is a member of the Board of Advisers of ACO; Chairman of the Board of, Luzon Hydro Corporation (LHC), the Hedcor Group, the Oil Group, TPI, and SFELAPCO. He is Director of Cotabato Light, Davao Light, Cebu Energy, the Enerzone Group,</p>

	<p>AboitizLand, SacaSun, TPI, Tsuneishi Heavy Industries (Cebu), Inc. (THICI), Visayan Electric Company, Inc. (Visayan Electric), and Apo Agua. He holds directorship and management positions in GMEC and its holding company.</p> <p>Mr. Aboitiz holds a degree in Mechanical Engineering from Loyola Marymount University in California, U.S.A., and a Master’s Degree in Management from the Asian Institute of Management. He is not connected with any government agency or instrumentality. He is not a Director of any other publicly-listed company.</p>
<p>LIZA LUV T. MONTELIBANO Senior Vice President – Chief Financial Officer/Corporate Information Officer</p> <p><u>Age:</u> 46</p> <p><u>Citizenship:</u> Filipino</p> <p><i>Ex-Officio Member</i> – Board Risk and Reputation Management Committee <i>Ex-Officio Member</i> – Board Executive Committee</p>	<p>Ms. Liza Luv T. Montelibano was appointed as Senior Vice President/Chief Financial Officer/Corporate Information Officer on 16 May 2016.</p> <p>She joined the Company as Chief Financial Officer-Power Generation Group on 2 January 2014 until she was promoted as First Vice President/ Chief Financial Officer/ Corporate Information Officer on 18 May 2015.</p> <p>Ms. Montelibano is Director and Senior Vice President-Finance of ARI, and Director of Cotabato Light, Davao Light, TPI, TSI, Visayan Electric, the Hedcor Group, LHC, Subic Enerzone, AboitizPower International, and Archipelago.</p> <p>Prior to joining AboitizPower, Ms. Montelibano was the Country Controller of NXP Semiconductors. Her background is in finance, risk assessment, and internal audit, arising from her previous experience with various multinational companies. She also served as Chief Financial Officer of SteelAsia Manufacturing Corporation from September 2012 to March 2013, and as General Manager for Finance and Administration at L’Oreal Philippines, Inc. from March 2006 to August 2012.</p> <p>Ms. Montelibano graduated <i>cum laude</i> from Ateneo de Manila University with a degree in Bachelor of Science in Management, Minor in Finance. She is also a Certified Internal Auditor under the Institute of Internal Auditors. She is not connected with any government agency or instrumentality. She is not a director of a publicly-listed company.</p>
<p>MA. CONSOLACION C. MERCADO Compliance Officer</p> <p><u>Age:</u> 43</p> <p><u>Citizenship:</u> Filipino</p> <p><i>Ex-Officio Member</i> – Board Environmental, Social, and Corporate Governance Committee</p>	<p>Ms. Ma. Consolacion C. Mercado was appointed Compliance Officer on 1 January 2021. She is concurrently Vice President for Legal – Energy Affairs of AboitizPower since September 2019. She previously served as the Company’s Vice President for Regulatory Affairs, Distribution Utility Group from July 2018 to August 2019 and Assistant Vice-President for Legal – Energy Affairs from July 2015 to June 2018.</p>

	<p>Ms. Mercado first joined the Aboitiz Group in 2009 as a Regulatory Lawyer. In her current role under the Energy Affairs and Compliance Team, Ms. Mercado is responsible for developing and cascading governance and legal policies to the Company and its various subsidiaries. She also ensures that the legal and compliance issues and risks of the power generation, power distribution, and supplier businesses across the group are managed and addressed.</p> <p>Ms. Mercado earned her Bachelor of Science in Business Administration and Accountancy and Bachelor of Laws degrees from the University of the Philippines-Diliman. She is a Certified Public Accountant and a member in good standing with the Integrated Bar of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of any publicly-listed company.</p>
<p>MARIA VERONICA C. SO Group Treasurer</p> <p><u>Age:</u> 49</p> <p><u>Citizenship:</u> Filipino</p>	<p>Ms. Maria Veronica C. So was appointed as AboitizPower’s Group Treasurer effective 1 January 2020. She is also First Vice President – Group Treasurer of AEV, a publicly listed company.</p> <p>She joined the Aboitiz Group as AEV's Vice President – Treasury Services in 2017 and was promoted to First Vice President - Deputy Group Treasurer under AEV’s Treasury Services Group on 1 April 2019.</p> <p>Prior to joining the Aboitiz Group, Ms. So held various treasury and finance positions at Globe Telecom from 2001 to 2017.</p> <p>Ms. So holds a Bachelor of Science degree in Business Management from Ateneo de Manila University and a Masters degree in Business Management from the Asian Institute of Management. She is not connected with any government agency or instrumentality. She is not a director of any publicly-listed company.</p>
<p>MANUEL ALBERTO R. COLAYCO Corporate Secretary</p> <p><u>Age:</u> 51</p> <p><u>Citizenship:</u> Filipino</p>	<p>Mr. Manuel Alberto R. Colayco has been Corporate Secretary of AboitizPower since 1 March 2018. He is concurrently Senior Vice President - Chief Legal and Compliance Officer/Corporate Secretary of AEV, a publicly listed company. He first joined the Aboitiz Group as AEV’s First Vice President and Chief Legal Officer on 11 July 2016 and was appointed as AEV’s Corporate Secretary and Compliance Officer on 1 March 2018.</p> <p>Mr. Colayco has practiced in various areas of corporate law, including mergers and acquisitions, joint ventures, securities regulation, corporate and financial restructuring, and litigation. Prior to joining</p>

	<p>the Aboitiz Group, Mr. Colayco acted as independent legal consultant providing professional advice, representation, and transactional assistance to private companies and individuals. His previous work experience includes: General Counsel for AGP International Holdings Ltd. and Atlantic, Gulf & Pacific Company of Manila, Inc. from August 2013 to December 2014; Executive Director and Assistant General Counsel of J.P. Morgan Chase Bank N.A. from July 2010 to August 2013; and Vice President and Legal Counsel of DKR Oasis (Hong Kong) LLC, a private investment management firm, from August 2007 until March 2010. He was an Associate at Skadden, Arps, Slate, Meagher & Flom, LLP from 2000 to 2007, and at Romulo Mabanta Buenaventura Sayoc & de los Angeles from 1996 to 2000.</p> <p>Mr. Colayco earned his undergraduate and Juris Doctor degrees from Ateneo de Manila University, and a Master of Laws degree from New York University School of Law in New York, U.S.A. He is a member in good standing of the Integrated Bar of the Philippines and the New York State Bar. He is not connected with any government agency or instrumentality. He is not a director of any publicly-listed company.</p>
<p>MAILENE M. DE LA TORRE Assistant Corporate Secretary</p> <p><u>Age:</u> 39</p> <p><u>Citizenship:</u> Filipino</p>	<p><i>Ms. Mailene M. de la Torre</i> was appointed Assistant Corporate Secretary of AboitizPower on 24 November 2016. She is concurrently Assistant Vice President - Governance and Compliance and Assistant Corporate Secretary of AEV, a publicly-listed company. She was previously Senior Associate General Counsel for Governance and Compliance of AEV until November 2016, and was Associate General Counsel for Legal and Corporate Services from May 2010 to October 2014.</p> <p>Ms. de la Torre is also the Corporate Secretary and Assistant Corporate Secretary of various Subsidiaries of the Aboitiz Group.</p> <p>Ms. de la Torre has practice in the areas of corporate structuring, acquisitions, joint ventures, compliance and corporate governance, corporate law, securities law, and litigation. Prior to joining the Aboitiz Group, she was an Associate at Esguerra & Blanco Law Office from 2007 to 2010. She graduated <i>cum laude</i> with a Bachelor of Arts Degree in Political Science from the University of the Philippines Diliman and earned her Bachelor of Laws degree from the same university. She is a graduate member of the Institute of Corporate Directors, after completing the Professional Director's Program. She is a member in good standing of the Integrated Bar of the Philippines. She is not connected with any</p>

	<p>government agency or instrumentality. She is not a director of a publicly-listed company.</p>
<p>SAMMY DAVE A. SANTOS Assistant Corporate Secretary</p> <p><u>Age:</u> 37</p> <p><u>Citizenship:</u> Filipino</p>	<p>Mr. Sammy Dave A. Santos was appointed Assistant Corporate Secretary of AboitizPower on 5 November 2019. He is currently an Associate General Counsel for Governance and Compliance of AEV since July 2017.</p> <p>Mr. Santos currently serves as Corporate Secretary of various Subsidiaries of the Aboitiz Group, and Assistant Corporate Secretary of the Good Governance Advocates and Practitioners of the Philippines (GGAPP).</p> <p>Mr. Santos has experience in practice areas of corporate law, corporate structuring, special projects, corporate housekeeping, corporate governance, and compliance for non-listed and publicly-listed companies. Prior to joining the Aboitiz Group, he was Legal Counsel for Alliance Select Foods International, Inc. from 2016 to 2017. He was also Counsel for the Privatization Group and Office of Special Concerns of the Department of Finance in 2016. He was a Junior Associate at the Law Firm of Quiason Makalinta Barot Torres Ibarra Sison & Damaso from 2014 to 2016.</p> <p>Mr. Santos earned his Juris Doctor degree from the Ateneo Law School in 2013 and was admitted to the Philippine Roll of Attorneys in 2014. He also holds a degree of Master of Science in Industrial Economics from the University of Asia and the Pacific. He is a member in good standing of the Integrated Bar of the Philippines. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.</p>

<p>SATURNINO E. NICANOR, JR. Group Internal Audit Head</p> <p><u>Age:</u> 58</p> <p><u>Citizenship:</u> Filipino</p>	<p><i>Mr. Saturnino E. Nicanor, Jr.</i> was appointed as Group Internal Audit Head of AboitizPower on 26 July 2018. He is concurrently the Company’s Assistant Vice President for Internal Audit, a position which he has held since July 2017. Mr. Nicanor has extensive experience in internal audit and controllership in various industries. He also served as Internal Audit Head for the Company’s Generation Group from August 2012 to July 2018, and held various audit-related positions in the Aboitiz Group from 1983 to 2005.</p> <p>Mr. Nicanor earned his Bachelor of Science in Commerce, Major in Accounting (<i>magna cum laude</i>) degree from the University of San Jose Recoletos, Cebu City. He is an Accredited Training Facilitator of the Institute of Internal Auditors Philippines. He is not connected with any government agency or instrumentality. He is not a director of any publicly-listed company.</p>
<p>MARK LOUIE L. GOMEZ Data Privacy Officer and Assistant Vice President for Risk and Organizational Performance Management</p> <p>Age: 40</p> <p>Citizenship: Filipino</p> <p>Ex-Officio Member – Board Risk and Reputation Management Committee Ex-Officio Member – Board Cybersecurity Committee</p>	<p>Mr. Mark Louie L. Gomez was appointed Compliance Officer and Assistant Vice President for Risk and Organizational Performance Management on 6 September 2021.</p> <p>Mr. Gomez has extensive background in legal and regulatory compliance, real estate laws, commercial negotiations, contracts management, and enterprise risk and business continuity management. Prior to his appointment, he has previously held various positions within the AboitizPower Group as Assistant Vice President – Enterprise Risk Management for Therma Luzon and Compliance Manager for APRI.</p> <p>Mr. Gomez earned his Bachelor of Arts in Political Science degree from the University of the Philippines – Diliman and Bachelor of Laws degree from San Beda College of Law. He is not connected with any government agency or instrumentality. He is not a director of a publicly-listed company.</p>

Period in which the Directors Should Serve

The directors shall serve for a period of one year.

Term of Office of a Director

Pursuant to the Amended By-Laws of AboitizPower, the directors are elected at each annual stockholders’ meeting by stockholders entitled to vote. Each director holds office until the next annual election or for a term of one year and until his successor is duly elected, unless he resigns, dies or is removed prior to such election.

Any vacancy in the Board, other than by removal or expiration of term, may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his predecessor in office.

Significant Employees

AboitizPower considers the contribution of every employee important to the fulfillment of its goals.

Family Relationships

Mr. Sabin M. Aboitiz is an uncle of Mr. Danel C. Aboitiz. Mr. Luis Miguel O. Aboitiz is a first cousin of Mr. Jaime Jose Y. Aboitiz.

Other than these, no other officers or directors are related within the fourth degree of consanguinity.

Involvement in Certain Legal Proceedings as of 30 September 2021

To the knowledge and/or information of AboitizPower, none of its nominees for election as directors, its present members of the Board, or its executive officers, is presently involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree, or has violated the securities or commodities law in any court or government agency in the Philippines or elsewhere, for the past five years until 30 September 2021, which would put to question his/her ability and integrity to serve AboitizPower and its stockholders.

Parent Company

AboitizPower's parent company is AEV. As of 30 September 2021, AEV owns 76.88% of the voting shares of AboitizPower. In turn, ACO owns, as of 30 September, 48.59% of the voting shares of AEV.

Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the Board since the date of AboitizPower's last Annual Stockholders' Meeting because of a disagreement with AboitizPower on matters relating to its operations, policies and practices.

CORPORATE GOVERNANCE

In 2020, the Aboitiz Group celebrated the 100th anniversary of the incorporation of its parent company, Aboitiz & Company, Inc. (ACO). This historic milestone in the Group's history is a confirmation of its unwavering commitment to the highest standards of corporate governance for over five generations. Beginning from the time-honored philosophy of Don Ramon Aboitiz of Palabra de Honor, the Group now aspires to become a leader in environmental stewardship, social responsibility, good governance, and corporate citizenship. Committed to live by the Aboitiz core values of Integrity, Teamwork, Innovation, and Responsibility, the Group looks toward new horizons to expand in the next 100 years, and to continue to drive change for a better world by advancing businesses and communities.

Notable accomplishments of the AboitizPower Board for 2020 are as follows:

- Reviewed and affirmed the appropriateness of the Group's purpose and brand promise in addressing the challenges of a global pandemic.
- Reviewed and aligned the Group's short-term and long-term business strategies in response to the impact of COVID-19.
- Reviewed and ensured the sufficiency of the internal controls system and enterprise risk management framework of AboitizPower.
- Reviewed and approved the key amendments to the Articles of Incorporation and By-Laws of AboitizPower.
- Authorized and held the first Virtual Annual Stockholders' Meeting for AboitizPower.
- Approved amendments to the Revised Manual, Board and Committee Charters, and to the Group-wide Data Privacy Policy.
- Established an integrated governance structure to strengthen, promote, monitor, implement, and communicate the Group's ESCG-related programs and initiatives.
- Conducted regular virtual learning sessions to strengthen the continuous learning program for the Company's directors and officers.
- Conducted the Board Assessment with the assistance of a third-party facilitator.

Shareholders Rights and Equitable Treatment

The rights of shareholders are of paramount importance to the Company's By-laws, Codes, and Revised Manuals. The goal is to ensure the protection of shareholder interests and concerns through the free exercise of shareholder rights. Among the rights of these shareholders, regardless of the number of shares they own, are to receive notices of and to attend shareholders' meetings; to participate and vote on the basis of the one-share, one-vote policy; nominate and elect Board members (including via cumulative voting); inspect corporate books and records; vote in person, *in absentia*, or through proxy; receive dividends; and ratify corporate action.

In the conduct of its annual shareholder meetings, all shareholders receive notices not less than 28 days from the date of the meeting, and all agenda items to be discussed and decided upon during the said meeting are set out in the notices and no new agenda items are taken up during the conduct of the meeting. The rationale of agenda items, which are submitted to the shareholders for their approval, are included in the notices to shareholders' meetings.

In addition, AboitizPower ensures timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies.

Lastly, AboitizPower's Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders' commitments. This includes coordination with stock transfer agents to ensure appropriate responses to and timely resolution of shareholders' queries and requests.

For a more detailed discussion on the rights of the shareholders of the Company, please refer to the 2020 Consolidated Annual and Sustainability Report and the 2020 Integrated Annual Corporate Governance Report (IACGR), which will be available at www.aboitizpower.com.

Compliance with Governance Policies

AboitizPower has a Revised Manual and a Code of Ethics and Business Conduct (Code of Ethics) to guide the attainment of its corporate goals and the implementation of its strategies. The Revised Manual is generally aligned to the principles and recommendations laid down by the SEC under the Corporate Governance Code for Publicly-Listed Companies to further strengthen the Company's corporate governance practices. The Board regularly reviews the Revised Manual to ensure that the same remains relevant and responsive to the needs of the organization. Any amendments to the Revised Manual are promptly submitted to the SEC for confirmation and approval. In 2020, the members of the Board approved the amendments to the Revised Manuals to include the principles of ESG and defined each of the company's governance structure intended to identify, promote, monitor, and communicate their respective ESG commitments.

The Revised Manual is supported by various company policies that are regularly reviewed and issued by the Board including the Code of Ethics. AboitizPower ensures that its Code of Ethics is cascaded to new team members as part of their onboarding processes. Team members are also required to review the Code of Ethics and sign an affirmation that they have read and understood the same. In order to support this annual exercise, an e-learning module on the Group's Code of Ethics was developed and is rolled out every year. As part of the Group's commitments in the Code of Ethics, all team members are expected to act professionally, fairly, and with integrity in all of their business dealings, and to comply with all applicable laws and regulations, including those against bribery and corruption.

The Compliance Officer, together with the Human Resources Department, regularly monitors and evaluates compliance by the Board, management, and employees with the Revised Manual, the Code of Ethics, other company policies, and existing laws and regulations. The Compliance Officer also ensures the implementation of AboitizPower's policy against conflicts of interests and the misuse of confidential and proprietary information throughout the organization.

The Compliance Officer regularly reports the Company's compliance status with existing laws and regulations, as well as the Board's, management's and employees' compliance with internal governance policies to the Board ESCG Committee.

In addition, the Company has a Whistleblowing Policy to support the implementation of the Revised Manual and the Code of Ethics. Through this policy, allegations of violations of the Revised Manual, the Code of Ethics, or of other illegal conduct can be reported through an independent whistleblowing portal. Matters reported through the whistleblowing platform are discussed by the Board Corporate Governance Committee and, if necessary, escalated to the entire Board.

There are no major deviations from the Revised Manual as of the date of this report. There were also no corruption-related incidents reported in 2020.

In 2021, AboitizPower updated its Code to align with international best practices and promote the Company's Environmental, Social and Governance efforts. The following policies and guidelines were approved by the Board of Directors and the top management of the Company:

- Amended Code of Ethics and Business Conduct to (i) strengthen the Company's commitment to sustainability principles, and (ii) further elaborate on the Company's commitment to its stakeholders, particularly on anti-bribery and anti-corruption, trade compliance, and anti-money laundering.
- Amended the Company's Whistle-Blowing Policy. The Company is likewise set to rollout a new whistleblowing portal that has multiple language capabilities for website intake and a toll-free hotline to encourage team members, team leaders and third parties to report suspected or actual violation of the Code and Company policies.
- Aboitiz Group Investigation Standard Operating Procedure which provides the steps in handling reports of violations of the Code and Company policies. This likewise clarifies the reporting lines to

whom the concerns and reports will be referred for appropriate management action and monitoring.

- Anti-Corruption Guidelines to serve as a guide in detecting and preventing bribery and corruption. These guidelines also provide steps that the Company can incorporate with existing business processes to monitor compliance or deviations from the updated Code and the Company's commitment against bribery and corruption.
- Gifts, Meals, and Entertainment Guidelines to supplement the Code and ensure that team members make the right decisions when giving or accepting gifts, entertainment or travel when conducting business on behalf of the Aboitiz Group. The Company does not tolerate nor condone bribery and corruption when dealing with its business partners and stakeholders.
- Business Partner Due Diligence Guidelines to supplement the Code and give guidance to prevent and mitigate the risk of dealing or being associated with a business partner involved in fraud, bribery, corruption or other financial crimes. These guidelines set out the minimum due diligence and monitoring activities to be performed on existing and potential business partners of the Company.

For a full discussion on the Company's corporate governance initiatives, please refer to the 2020 Consolidated Annual and Sustainability Report, 2020 IACGR, and the Governance page which are available at www.aboitzpower.com.

Board of Directors

The Board leads the Group's corporate governance framework. Independent from management, its members are committed to serve and promote long-term success, and to secure the Group's sustained growth, competitiveness and sustainability. The Directors perform the crucial role of articulating and assessing the Group's purpose, vision and mission, and strategies to carry out its objectives. They ensure that the strategic business direction of the Group's businesses is soundly established and are in line with the overall Group's goals and strategy. In line with best practices, the members of the Board are responsible in establishing and monitoring the Group's commitment to the principles embodied in ESG. In performing these functions, the members of the AboitizPower Board, individually and collectively, are expected to act consistently with the Aboitiz core values.

The AboitizPower Board is composed of nine members, all of whom come from diverse professional backgrounds. They are composed of legal and finance professionals, engineers, former or current Chief Executive Officers/Chief Operating Officers, auditors, and accountants. Many of them have management experience in the private and government sectors, as well as in multilateral agencies. In 2020, the AboitizPower Board had three Independent Directors, three Non-Executive Directors, and three Executive Director. The Chairman of the AboitizPower Board, Mr. Sabin M. Aboitiz, is a highly experienced non-executive director. As a Non-Executive Director, he is not involved in the Company's day-to-day operations, which enables him to focus on ensuring that the AboitizPower Board properly discharges its duties and responsibilities. The AboitizPower Board appointed Mr. Raphael P.M. Lotilla as Lead Independent Director, a highly qualified professional who is familiar with the operations of AboitizPower and the industries it does business in. Mr. Lotilla is the Chairman of the ESCG Committee (the functions as the Nomination and Selection Committee) to ensure an independent and transparent nomination, selection, election, and performance assessment process of the Board.

Board's Participation

The Board's primary objectives are to improve shareholder returns, to develop responsible long-term investments, and to achieve disciplined and sustainable growth. To this end, board attendance and active participation during board and committee meetings are encouraged from the Directors. Attendance during board meetings is closely monitored and reported by the Compliance Officer to SEC and PSE, as well as in the Company's IACGR.

In 2020, the Board held nine meetings (Board and Annual Stockholders' Meeting). The Board and Board Committees also met on various occasions in the performance of their mandate as indicated in the Revised Manual and relevant Board Charters. Below is a summary of the attendance of the Directors:

ABOITIZ POWER CORPORATION							
	ASM	BOD/ ORG	Executive Committee	ESCG	Risk & Reputation Management	Audit Committee	RPT Committee
Number of Meetings	1	8	5	2	2	5	2
Erramon I. Aboitiz*	C 1/1	C 8/8	M 5/5	M 2/2	-	M 5/5	-
Mikel A. Aboitiz	VC 1/1	VC 8/8	M 3/5	M 2/2	-	-	-
Enrique M. Aboitiz	M 1/1	M 8/8	M 5/5	-	C 2/2	-	-
Emmanuel V. Rubio	M 1/1	M 8/8	C 5/5	-	M 2/2	-	-
Jaime Jose Y. Aboitiz	M 1/1	M 8/8	M 5/5	-	M 2/2	-	-
Danel C. Aboitiz	M 1/1	M 7/8	-	-	-	M 5/5	-
Romeo L. Bernardo**	M 1/1	M 8/8	-	C 1/2	M 2/2	M 5/5	M 1/2
Carlos C. Ejercito	M 1/1	M 8/8	-	M 2/2	M 2/2	C 5/5	M 2/2
Eric Ramon O. Recto	M 1/1	M 8/8	-	M 2/2	M 2/2	M 5/5	C 2/2

Legend:

C- Chairman; VC – Vice Chairman; M – Member

*Mr. Erramon I. Aboitiz was replaced by Mr. Sabin M. Aboitiz on 26 April 2021.

** Mr. Romeo L. Bernardo was replaced by Mr. Rapahel P.M. Lotilla on 26 April 2021.

Board Performance Assessment

The AEV and AboitizPower Boards of Directors conduct an annual performance assessment of their members and key officers. Each director conducts a self-assessment on the individual and the collective performance of each member of the Board and Board committees. In addition, each director evaluates the performance of their respective Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, and Compliance Officer. In turn, select key officers of AEV and AboitizPower are anonymously asked to evaluate the performance of each of their respective companies' Board directors.

The assessment forms are prepared and regularly reviewed by the Compliance Officers to elicit relevant and valuable insights on the following assessment criteria: (1) compliance with best governance practices and principles; (2) participation and contribution to the Board and committee meetings; and (3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws.

In addition, AEV and AboitizPower directors are evaluated by their respective key officers based on the following criteria: (1) business acumen, (2) independent judgment, (3) familiarity with the business, (4) active participation and effective challenge, (5) professional expertise and network, (6) value contribution, (7) embodiment of

Aboitiz core values, and (8) reputation. Assessment results are presented to the respective ESCG Committees as part of the nomination and selection process of incumbent Board members.

The Corporate Governance Code and the Revised Manuals requires that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third party facilitator. In 2020, AEV and AboitizPower engaged the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an independent association of corporate governance practitioners, to support their Board performance assessment exercise. The results of the assessment, as well as the recommendations from GGAPP, were presented and discussed at the ESCG Committee meetings on 16 February 2021.

Board Committees

The different Board committees - Audit, Corporate Governance, Risk and Reputation Management, Related Party Transactions, and Executive Committee - report regularly to the Board and are crucial in maintaining Board oversight in key management areas.

The mandate of each Board committee, including key accomplishments in 2020, are described below:

- a. The **Board Environmental, Social, and Corporate Governance Committee** represents the Board in discharging its responsibility relating to issues around the Group's governance principles and guidelines, nomination of persons into Board and Group senior leadership roles, and the various compensation matters. Independent Directors, including the Committee Chairman, comprise the majority of the voting members of the ESCG Committee.

In 2020, the ESCG Committee continued to (1) review and monitor AboitizPower's compliance with new laws and regulations (the Revised Corporation Code, various SEC and BIR issuances, among others); (2) review and update the Revised Manual to align with the best practices in the Integrated Annual Corporate Governance Report and the ASEAN Corporate Governance Scorecard; and (3) ensure that the nomination, selection, election, remuneration, and assessment of the Company's directors and officers are aligned with the Revised Manual. In the same year, the ESCG Committee amended the Manual and Charters to establish a Board oversight and governance framework to promote and integrate the sustainability and corporate governance initiatives of AboitizPower.

- b. The **Board Audit Committee** represents the Board in discharging its responsibility related to audit matters for the Group. Independent Directors comprise the majority of the members of the Board Audit Committee, including its Chairman. In 2020, the Audit Committee updated its Charter to improve Company's control performance by having an adequate and effective control system. The Audit Committee also assessed (1) the performance of the Company's external auditor, and (2) the sufficiency of the Company's internal control and compliance systems.
- c. The **Board Risk and Reputation Management Committee** represents the Board in discharging its responsibility relating to risk and reputation management related matters for the Group. In 2020, the Board Risk and Reputation Committees updated its charter to continually identify, monitor, and manage the Group's top risks.
- d. The **Board Related Party Transaction Committee** represents the Board in discharging its responsibility relating to transactions entered into between or among the Company or any of its subsidiaries, affiliates, directors and officers. In 2020, AboitizPower updated the RPT Certification for Directors and Officers in compliance with BIR Regulation No. 19-2020 on the reporting guidelines for the transactions of individuals and juridical entities with related parties. The RPT Committee continued to ensure that related party transactions are taken on an arm's-length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval. Except for the presence of the AboitizPower Chief Financial Officer as resource person, management is not invited to, and has no participation, in the RPT Committee.
- e. The **Executive Committee** assists the Board in overseeing the Company's day-to-day operations of the Company. The Committee ensures agility in the management of the Company and in strategic

decision-making, as well as compliance with the Company's governance policies, during the intervening period between Board meetings.

For more details on the AboitizPower Board and Board Committees matters, please refer to the 2020 Consolidated Annual and Sustainability Report and the 2020 Integrated Annual Corporate Governance Report, which will be available at www.aboitzpower.com.

Disclosure and Transparency

Pursuant to its commitment to transparency and accountability, AP's website, www.aboitzpower.com has its own dedicated corporate governance webpage which serves as a resource center and library for its stakeholders. The Company also submitted an Integrated Annual Corporate Governance Report (IACGR) to the SEC the PSE. A copy of the Company's 2020 IACGR is available for download at the Company's website www.aboitzpower.com

SUSTAINABILITY AND ENVIRONMENT, SOCIAL, AND GOVERNANCE PRACTICES

Sustainable business practices have enabled the Aboitiz Group to operate commercially for 100 years. A key component of AboitizPower's ESG strategy is to find a balance between business expansion with sustainability initiatives. It looks at a triple-bottom line to measure the impact of its activities not only on profit but also on people and the planet. In line with this, the Company continues to strengthen its commitment to ESG practices.

Indices and Ratings

AboitizPower continues to be recognized as a constituent company in the FTSE4Good Index Series. The company has sustained its rating in the FTSE4Good Index Series since 2018. The FTSE4Good Index Series, created by global index provider FTSE Russell, measures the performance of companies demonstrating strong ESG practices.

The Company's recent Corporate Sustainability Assessment by the highly regarded S&P Global has also shown marked improvements in its ESG performance. The company's score improved by 74% compared to last year's rating, while percentile ranking in our global peer group improved from 25th to 54th percentile.

AboitizPower also earned a Sustainalytics ESG Risk Rating of 33.9, a 3.5 decrease of risk exposure from last year. Meanwhile, the Company retained its BB rating from the MSCI ESG Rating and D- in CDP Climate Change Report.

Focus Areas

AboitizPower is driven by its Sustainability Vision which is to contribute to the OneAboitiz Sustainability goals through the 1AP Sustainability Culture. The Company manages its economic, environmental, and social impact through strong governance to deliver value to its stakeholders. AboitizPower will continue to focus on addressing gaps on various issues and areas of ESG, including governance improvements, addressing climate-related risk, and a long-term plan to transition to more renewable energy in its generation portfolio.

AboitizPower's growth strategy for the next ten years is to significantly grow its renewables portfolio, Cleanergy. The Company ensures its balance strategy is well-aligned with the government's efforts to address the energy trilemma of energy security, energy equity, and environmental sustainability. It remains committed to its goal of a more balanced energy mix, or an almost 50:50 Cleanergy and thermal capacities, by 2030.

The Company's focus areas on its ESG reports are team member engagement, talent development, Occupational Health and Safety (OHS), diversity and inclusion, corporate governance, Corporate Social Responsibility (CSR), customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, biodiversity and conservation, financial growth, financial returns, risk management, and ISO certification.

The Company conducts a report in compliance with the sustainability reporting initiatives of its parent company, AEV. Currently, AboitizPower is compliant with AEV's sustainability reporting initiatives. Its report has been prepared following the GRI Standards: Core Option and its key performance indicators are aligned with the United Nations Sustainable Development Goals (SDG).

United Nations Sustainable Development Goals

The Aboitiz Group is one of the first Philippine businesses to support the United Nations' 17 SDG and in 2020, became a participant in the United Nations Global Compact. AboitizPower, has, or expects to have, direct, significant, and profitable contributions to UN SDG 7 or Affordable and Clean Energy, through its total net sellable capacity of 1,248 MW as of 2020.

AboitizPower is submitting its Sustainability Report through the consolidated report that its parent company, AEV publishes annually. AEV began publishing its first Sustainability Report in 2009, being one of the few Philippine publicly-listed companies to publish and submit a report on its sustainability impacts and performances to SEC.

Sustainable Finance

In February 2016, Asian Development Bank ("ADB") provided a credit enhancement to its Subsidiary, APRI, for its Tiwi-MakBan geothermal energy facilities. The issuance by APRI of the ₱10.7 bn (U.S.\$225 mn) local currency bond was in addition to a direct loan from ADB of ₱1.8 bn (U.S.\$37.7 mn). ADB's credit enhancement was in the form of a guarantee of 75% of the principal and interest on the bond. The Climate Bond, which was certified by the Climate Bonds Initiative, was the first issuance of its kind in Asia.

Corporate Social Responsibility

AboitizPower and its Business Units contribute to social development programs in education, enterprise development, and environment implemented by the Aboitiz Group through its social development arm, Aboitiz Foundation. These CSR program projects are also aligned with the Aboitiz Group's core competencies and are made scalable nationwide to deliver long-term benefits to targeted communities and beneficiaries. The Aboitiz Group, through Aboitiz Foundation, invested a total of ₱423 mn in CSR projects and initiatives to support its communities in 2020, of which ₱266 mn was committed for its environmental programs, ₱106 mn for education, ₱8 mn for enterprise or livelihood programs, and ₱43 mn for other initiatives. All these are consistent with the Group's commitment to protecting and enriching our planet and uplifting the well-being of its communities. Through responsible operations and the implementation of various sustainability and CSR projects, the Company is constantly advancing business and communities by exploring opportunities to create shared value whenever possible.

Moreover, the Company provides additional funds for the communities through its compliance with the ER 1-94. This program is a policy under the DOE Act of 1992 and the EPIRA, which stipulates that host communities will get a share of ₱0.01/kWh generated by power plants operating in its area. The funds generated can be used by host beneficiaries for the electrification of areas or households that have no access to power, development and livelihood programs, as well as reforestation, watershed management, health, and environmental enhancement initiatives. Due to the COVID-19 pandemic in 2020, the DOE released a new circular which repurposed the ER 1-94 funds for projects that would help alleviate the COVID-19 situation in the host community. The Company has successfully downloaded about ₱153 mn worth of ER 1-94 funds to about 150 host beneficiaries. About ₱504 mn worth of outstanding ER 1-94 funds was also remitted by the DOE to the Company's beneficiaries. The remitted funds were used by the beneficiaries to build isolation facilities and purchase relief goods, medical supplies or equipment, and COVID-19 testing kits. The Company continues to extend assistance to its communities to ensure the full utilization of the available ER 1-94 funds.

Beyond Compliance

The Aboitiz Group's brand promise of advancing business and communities extends beyond compliance with government laws and regulations. The Aboitiz Group is committed to stakeholder-focused environmental management projects, such as the A-Park nationwide reforestation program, the Aboitiz Cleanergy Park in Davao City, the Cleanergy Center in Laguna, and the Energy Education Center (EEC) in TSI.

(a) A-Park Program

The A-Park Program is the Aboitiz Group's partnership with DENR's Expanded National Greening Program. The program targets to plant 9 mn trees by 2020 to promote reforestation and forest protection. In 2020, the Aboitiz Group has already planted about 11 mn seedlings across the country under the said program. AboitizPower supports the A-Park Program through the watershed management and carbon sink programs of its Subsidiaries.

(b) Aboitiz Cleanergy Park

The Aboitiz Cleanergy Park is an eight-hectare ecological preserve located in Sitio Punta Dumalag, Matina Aplaya, Davao City. The park showcases a mangrove reforestation site, nursery, botanical garden for the propagation of 29 native tree species and is also home to 100 species of birds. Aside from helping reduce carbon emissions, the park is also actively promoting habitat conservation and biodiversity management in an urban setting. Most importantly, it serves as a sanctuary and safe nesting ground for the hawksbill sea turtles, commonly called *pawikan*. Since 2014, the park has already released more than 4,939 hawksbill hatchlings to the sea, planted 13,992 mangroves, and rescued 16 *pawikans*.

(c) Cleanergy Center and Energy Education Resource Center

The Cleanergy Center, located within the compound of the Tiwi-Makban geothermal power plant, showcases interactive displays and learning materials devoted to sustainable ways of generating and consuming energy. To date, the center has welcomed more than 56,000 visitors, mostly students, government officials, and representatives of foreign institutions.

The Cleanergy Center is the first energy education facility of AboitizPower, which focuses on environmental awareness and renewable energy education through the use of audio-visual presentations, interactive displays, and a tour of a working geothermal power plant. Through AboitizPower, the Aboitiz Group aims to provide energy solutions that leave a lighter impact on the Earth's climate and its limited resources.

The Company also opened the Energy Education Center (EEC) in 2016 located at TSI's Davao baseload power plant. The center features interactive and informative displays on the Philippine energy sector and various power-generating technologies. As of 2020, the center has already accommodated around 3,500 visitors.

EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued to AboitizPower's Chief Executive Officer and four most highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years and the ensuing fiscal year, are as follows:

Name of Officer and Principal Position*	Year	Salary	Bonus	Other Compensation
Chief Executive Officer and the Four Most Highly Compensated Officers:				
1. EMMANUEL V. RUBIO - President and Chief Executive Officer				
2. ERRAMON I. ABOITIZ* - Chairman of the Board				
3. LIZA LUV T. MONTELIBANO - Senior Vice President - Chief Financial Officer/Corporate Information Officer				
4. LUIS MIGUEL O. ABOITIZ* - Executive Vice President & Chief Strategy Officer				
5. JOSEPH TRILLANA T. GONZALES* - First Vice President - General Counsel and Compliance Officer				
All above named officers as a group	Actual 2020	₱100,840,000.00	₱4,960,000.00	₱43,340,000.00
	Actual 2019	₱98,270,000.00	₱14,110,000.00	₱8,180,000.00
	Projected 2021	₱106,900,000.00	₱5,300,000.00	₱45,900,000.00
All other officers and directors as a group	Actual 2020	₱25,010,000.00	₱1,660,000.00	₱43,650,000.00
	Actual 2019	₱17,200,000.00	₱1,130,000.00	₱26,270,000.00
	Projected 2021	₱26,500,000.00	₱1,800,000.00	₱46,300,000.00

* Mr. Erramon I. Aboitiz was replaced by Mr. Sabin M. Aboitiz on 26 April 2021. Mr. Luis Miguel O. Aboitiz retired on 30 April 2020, and was elected as Vice Chairman on 26 April 2021. Mr. Joseph Trillana T. Gonzales was separated on 31 December, 2020.

The 2020 Amended By-Laws of the Company, as approved by the SEC on 1 October 2020, defined corporate officers as follows: the Chairman of the Board; the Vice Chairman; the Chief Executive Officer; the Chief Operating Officer; the Treasurer; the Corporate Secretary; the Assistant Corporate Secretary; and such other officers as may be appointed by the Board of Directors. For the year 2020, the Company's Summary of Compensation of Executive Officers covers the compensation of officers as reported under Item 5 (a)(1) of the Information Statement.

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned officers do not receive any other compensation in the form of warrants, options, and/or profit-sharing.

There is no compensatory plan or arrangement between the Company and any executive in case of resignation or any other termination of employment or from a change-in-control of the Company.

COMPENSATION OF DIRECTORS

Standard Arrangements

Following the 22 April 2019 ASM, the directors receive a monthly allowance of ₱150,000.00, while the Chairman of the Board receives a monthly allowance of ₱200,000.00. In addition, each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	₱150,000.00	₱200,000.00

Type of Meeting	Members	Chairman of the Committee
Board Committee Meeting	₱100,000.00	₱130,000.00

During its 16 February 2021 meeting, the Board ESCG Committee, which performs the function of the Nomination and Compensation Committee, upon the recommendation of the Company's management proposed an increase the per diem of the Board and Board Committee Chairmen for every meeting as follows:

Type of Meeting	Chairman of the Board	
	From	To
Board Meeting	₱200,000.00	₱225,000.00

Type of Meeting	Chairman of the Committee	
	From	To
Committee Meeting (except Audit Committee)	₱130,000.00	₱150,000.00
Audit Committee	₱130,000.00	₱200,000.00

The per diems for the Board and Committee chairpersons were last increased in 2019. Since then, the Company's businesses have expanded in scope and became more complicated in nature, particularly taking into account the challenges caused by the COVID-19 pandemic. As a matter of effective corporate governance, these challenges have led to an increase in the responsibilities of the Board and Committee chairpersons. The proposal by management to increase the per diems of the Board and Board Committee Chairmen was made after a review of the Board compensation structures of comparable companies with the same Board size, revenue, assets, and market capitalization.

During its Board Meeting last 5 March 2021, the Board of Directors reviewed the proposed increases in the per diems for the Board and Committee chairpersons, and, having considered the rationale provided for the proposed increases and greater responsibilities of the chairpersons, endorsed the same for stockholders' approval.

There are no proposed changes to the directors' monthly allowance and the per diem of other members of the Board.

A resolution approving the proposed increase in the per diem of the Board and Board Committee Chairmen will be presented to the stockholders for approval at the 2021 ASM.

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of 31 December 2020 is as follows:

Name of Director	Total Compensation Received as a Director ¹⁷
ERRAMON I. ABOITIZ¹⁸ <i>Chairman of the Board of the Board</i>	₱6,360,000.00
MIKEL A. ABOITIZ <i>Vice Chairman of the Board of the Board</i>	₱2,750,000.00

¹⁷ Consisting of the monthly allowance and per diem. Per diem is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships for the period 01 January to 31 December 2021.

¹⁸ Mr. Erramon I. Aboitiz was replaced by Sabin M. Aboitiz on 26 April 2021.

ENRIQUE M. ABOITIZ <i>Director</i>	₱3,710,000.00
EMMANUEL V. RUBIO <i>Director</i> <i>President and Chief Executive Officer</i>	₱3,370,000.00
JAIME JOSE Y. ABOITIZ <i>Director</i> <i>Executive Vice President and Chief Operating Officer</i>	₱3,650,000.00
DANEL C. ABOITIZ <i>Director</i> <i>Chief Commercial and Stakeholder Engagement Officer</i>	₱3,200,000.00
ROMEO L. BERNARDO <i>Lead Independent Director</i>	₱3,630,000.00
CARLOS C. EJERCITO <i>Independent Director</i>	₱4,200,000.00
ERIC RAMON O. RECTO <i>Independent Director</i>	₱4,610,000.00

Other Arrangements

Other than payment of the directors' per diem and monthly allowance as stated, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AboitizPower and any executive officer in case of resignation or any other termination of employment or from a change in the management or control of AboitizPower.

Warrants and Options Outstanding

To date, AboitizPower has not granted any stock options to its directors or officers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of 30 September 2021

Title of Class of Shares	Name and Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held and Nature of Ownership (Record and/or Beneficial)	Percentage of Ownership
Common	1. Aboitiz Equity Ventures Inc. (AEV) 32nd Street, Bonifacio Global City, Taguig City (Stockholder)	Aboitiz Equity Ventures Inc.	Filipino	5,657,530,774 (Record and Beneficial)	76.88%
Common	2. PCD Nominee Corporation (Filipino)¹⁹ 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers ²⁰	Filipino	1,249,825,724 (Record)	16.98%

On 27 September 2021, Jera entered into Share Purchase Agreements with each of AEV and ACO, which subject to customary closing conditions, would result in Jera holding a total of 27% stake in AboitizPower. See the section entitled "Recent Developments" on page 48 of this Offer Supplement.

As of 30 September 2021, the following entities own five per centum (5%) or more of AEV:

Title of Class of Shares	Name and Address of Stockholder and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Record and/or Beneficial)	Percentage of Ownership
Common	1. Aboitiz & Company, Inc. Aboitiz Corporate Center, Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City (Stockholder)	Aboitiz & Company, Inc.	Filipino	2,735,600,915 (Record and Beneficial)	48.59%
Common	2. PCD Nominee Corporation (Filipino) 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati (Stockholder)	PCD participants acting for themselves or for their customers	Filipino	978,389,812 (Record)	17.38%
Common	3. Ramon Aboitiz Foundation, Inc. 35 Lopez Jaena St., Cebu City (Stockholder)	Ramon Aboitiz Foundation, Inc.	Filipino	426,804,093 (Record and Beneficial)	7.58%
Common	4. PCD Nominee Corporation (Foreign)	PCD participants acting for themselves or for their customers	Non-Filipino	350,392,431 (Record)	6.22%

¹⁹ PCD Nominee Corporation (Filipino and Foreign) is not related to the Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.

²⁰ Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant.

	29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati, 1226 Metro Manila (Stockholder)				
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Security Ownership of Management as of 30 September 2021(Record and Beneficial)

Title of Class of Shares	Name of Owner and Position	No. of Shares and Nature of Ownership (Direct and/or Indirect)		Citizenship	Percentage of Ownership
Common	Sabin M. Aboitiz Chairman of the Board	5,667,406	Direct	Filipino	0.08%
		15,280,079	Indirect		0.21%
Common	Luis Miguel O. Aboitiz Vice Chairman of the Board	11,167,081	Direct	Filipino	0.15%
		21,238,323	Indirect		0.29%
Common	Mikel A. Aboitiz Director	1	Direct	Filipino	0.00%
		27,844,759	Indirect		0.38%
Common	Emmanuel V. Rubio Director/President and Chief Executive Officer	89,130	Direct	Filipino	0.00%
		78,000	Indirect		0.00%
Common	Danel C. Aboitiz Director	4,081,636	Direct	Filipino	0.06%
		459,160	Indirect		0.01%
Common	Edwin R. Bautista Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Raphael P.M. Lotilla Lead Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Carlos C. Ejercito Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Eric Ramon O. Recto Independent Director	1,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Jaime Jose Y. Aboitiz Executive Vice President and Chief Operating Officer	5,367,397	Direct	Filipino	0.07%
		4,719,302	Indirect		0.06%
Common	Liza Luv T. Montelibano Senior Vice President/Chief Financial Officer/Corporate Information Officer	19,600	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Maria Consolacion C. Mercado Compliance Officer	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Maria Veronica C. So Group Treasurer	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Manuel Alberto R. Colayco Corporate Secretary	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Mailene M. de la Torre Assistant Corporate Secretary	0	Direct	Filipino	0.00%
		5,000	Indirect		0.00%
Common	Sammy Dave A. Santos Assistant Corporate Secretary	0	Direct	Filipino	0.00%
		0	Indirect		0.00%

Common	Mark Louie L. Gomez Data Privacy Officer and Assistant Vice President for Risk and Organizational Performance Management	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
Common	Saturnino E. Nicanor, Jr Group Internal Audit Head	26,896	Direct	Filipino	0.00%
		0	Indirect		0.00%
TOTAL		96,047,770			1.31%

Voting Trust Holders of Five Per Centum (5%) or More of Common Equity

No person holds under a voting trust or similar agreement more than five per centum (5%) of AboitizPower's common equity.

Changes in Control

There are no arrangements that may result in a change in control of AboitizPower during the period covered by this report.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

AboitizPower and its Subsidiaries (the “Group”), in their regular conduct of business, have entered into related party transactions consisting of professional fees, advances, various guarantees, construction contracts, and rental fees. These are made on an arm’s length basis as of the time of the transactions.

AboitizPower (“Parent”) has provided support services to its Business Units, such as marketing, trading, billing and other technical services, necessary for the effective and efficient management and operations among and between the Subsidiaries and Associates.

The Group has existing Service Level Agreements (“SLAs”) with its parent company, AEV, for corporate center services, such as human resources, internal audit, legal, information technology, treasury and corporate finance, among others. These services are obtained from AEV to enable the Group to realize cost synergies and optimize expertise at the corporate center. AEV maintains a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transaction costs are always benchmarked on third party rates to ensure competitive pricing and consistency with prevailing industry standards. SLAs are in place to ensure quality of service.

Material and significant related party transactions are reviewed and approved by the Related Party Transactions Committee of the Board.

No other transactions, without proper disclosure, were undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Other than what has been discussed in this Definitive Information Statement and the Company’s 2020 Annual Financial Statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company’s directors.

AboitizPower employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are brought to the attention of the management.

In 2020, AboitizPower updated the Related Parties Certification for Directors and Officers in compliance with the Bureau of Internal Revenue (BIR) Regulation No. 19-2020 on the reporting guidelines for the transactions of individuals and juridical entities with related parties. The RPT Committee continued to ensure that related party transactions are taken on an arm’s-length basis, within market rates, and with sufficient documentation. Lastly, the RPT Committee ensured that RPTs falling below the SEC-defined materiality threshold are coursed through the appropriate levels of review, reporting, and/or approval process.

For detailed discussion on related party transactions, please refer to Note 32 or page 98 of the Consolidated Financial Statements.

DESCRIPTION OF DEBT

This section discusses additional debt incurred after the date of the Prospectus. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information found in the Prospectus.

As of the date of this Offer Supplement, AboitizPower has the following outstanding indebtedness since the date of the Prospectus:

AboitizPower ₱8 bn Fixed Rate Bonds due 2026

On 16 March 2021, AboitizPower issued fixed-rate bonds (the “2021 First Tranche Bonds”), with an aggregate amount of ₱4 bn and an oversubscription option ₱4 bn which was fully exercised. The 2021 First Tranche Bonds have an interest rate of 3.8224% per annum and are maturing on 16 March 2026. Interest shall be paid quarterly in arrear on March 16, June 16, September 16, and December 16 of each year, commencing on June 16, 2021, until and including the maturity date. The 2021 First Tranche Bonds were issued in scripless form in minimum denominations of ₱50,000 each, and in multiples of ₱10,000 thereafter. The 2021 First Tranche Bonds earlier received the highest possible rating of “PRS Aaa” from the Philippine Rating Services Corporation and AboitizPower intends to list them with the Philippine Dealing & Exchange Corporation (PDEX).

Remaining tranches of debt securities under AboitizPower’s shelf registration may be issued from time to time over the next three years, subject to market conditions and AboitizPower’s funding requirements.

AboitizPower appointed BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation and First Metro Investment Corporation as Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners; and BDO - Unibank, Inc. – Trust and Investments Group as the Trustee. Philippine Depository & Trust Corp. (PDTC) is the Registrar and Paying Agent of the 2021 First Tranche Bonds.

The 2021 First Tranche Bonds constitute the direct, unconditional, unsecured and unsubordinated Peso denominated obligations of AboitizPower and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by AboitizPower pursuant to Section 4.1 (k) of the trust agreement for the 2020 Bonds or as may be allowed therein, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the relevant issue date.

Transfers of the 2021 First Tranche Bonds shall be coursed through PDTC as Registrar. Transfer and/or settlement of the 2020 Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and Registrar.

AboitizPower is subject to the following negative covenants, among others:

1. Encumbrances - AboitizPower shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; *Provided*, however that this shall not prohibit the following:
 - (i) any Lien over any asset to secure: (x) payment of the purchase price or cost of leasehold rights of such asset; or (y) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (z) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
 - (ii) Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;

- (iii) any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
- (iv) any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction
- (v) any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
- (vi) any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
- (vii) any Lien created over (x) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (y) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness;
- (viii) any Lien on the properties and assets of the Issuer: (x) imposed by Applicable Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (y) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (z) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
- (ix) any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty-Five percent (35%) of the Issuer's total assets;
- (x) any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Forty Million (US\$40,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;
- (xi) other Liens: (x) created solely by operation of law; and (y) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of the trust agreement; and
- (xii) any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;

Provided that for purposes of "affiliate" as used in Section 5.2 (a) (iii), (iv), (v), and (xii) of the trust agreement, it shall refer to any Person in which AboitizPower has an investment, whether direct or indirect, in.

2. Declaration and Payment of Cash Dividends/Issuance of Share. AboitizPower shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the 2021 First Tranche Bonds are current and updated; and
3. Maintenance of Financial Ratios. Under the 2021 First Tranche Bonds, AboitizPower is not required to maintain any financial ratios. However, the Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the transaction date, after giving effect to the incurrence of such loan obligation and any other such cumulative obligations, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt to Consolidated Equity Ratio, as at the last day of the Relevant Period immediately preceding the transaction date (and giving effect to the incurrence of such loan obligation and any other such cumulative obligations), will exceed 3:1.

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

All legal opinions/matters in connection with the issuance of the Second Tranche Bonds will be passed upon by the Legal Management Services of AEV, the parent company of the Company, and Romulo Mabanta Buenaventura Sayoc & de los Angeles (“Romulo”) for the Company; and Picazo Buyco Tan Fider & Santos (“Picazo”), for the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners. Neither Romulo nor Picazo have any direct interest in the Company.

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

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at 31 December 2019 and 2018 and for each of the three years in the period ended 31 December 2019 have been audited by SyCip Gorres Velayo & Co., a member firm of Ernst & Young, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Offer Supplement.

The partner-in-charge is Maria Veronica Andresa R. Pore.

EXTERNAL AUDIT FEES AND NON-AUDIT RELATED SERVICES

The following table sets out the aggregate fees billed for each of the last two (2) fiscal years for the professional services rendered by the Company’s external auditors:

Fee Type	Year ended 31 December 2020	Year ended 31 December 2019
Audit Fees		
Audit Fees	₱502,000.00	₱500,000.00
Audit Related Fees – Bond issuance	8,200,000.00	6,600,000.00
Total	8,702,000.00	7,100,000.00
Non-Audit Fees		
Financial and Tax Due Diligence Fees	–	4,000,000.00
Total	–	4,000,000.00
Total Audit and Non-Audit Fees	₱8,702,000.00	₱11,100,000.00

AboitizPower engaged SGV to audit its 2020 and 2019 annual financial statements. SGV was also engaged to conduct post reviews and other procedures for the purpose of issuing a comfort letter in connection with the issuance of the ₱9.6 bn bonds in 2020 and ₱7.3 bn bonds in 2019. In 2019, the Company also engaged SGV to provide financial and tax due diligence in relation to the Company’s participation in biddings, acquisitions, and other projects.

As a policy, the Board Audit Committee makes recommendations to the Board of Directors concerning the choice of external auditor and pre-approves audit plans, scope, and frequency before the audit is conducted.

Audit services of SGV for 2020 and 2019 were pre-approved by the Board Audit Committee. The Board Audit Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors was preserved. SGV does not have any direct or indirect interest in the Company.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of SGV during the two most recent fiscal years. There are no disagreements with SGV on accounting and financial disclosure.

BOARD AUDIT COMMITTEE

The primary purpose of the Audit Committee is to assist the full Board in fulfilling its responsibility to the public, governmental and/or regulatory bodies in:

- (a) Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
- (b) Ensuring excellence in the Company's control performance by having an adequate and effective internal control system, governance and risk management processes and reviewing the performance of the Company's internal audit function;
- (c) Reviewing the annual independent audit of the Company's financial statements and the external auditors qualifications and independence;
- (d) Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- (e) Providing an avenue of communication among the Company's independent auditors, the management, the internal audit department and the Company.

The Committee in fulfilling its purpose, will establish a constructive and collaborative relationship with the Company's senior leadership especially the Company CEO, COO, CFO and the heads of the different departments.

The chairperson of the Board Audit Committee is Mr. Carlos C. Ejercito. The members are Raphael P.M.Lotilla, Eric Ramon O. Recto, Danel C. Aboitiz and Luis Miguel O. Aboitiz.

As part of this process, SyCip Gorres Velayo & Co. reports to the Board Audit Committee. The Board Audit Committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements and are of the highest quality.

TAXATION

The statements herein regarding taxation are based on the laws in force as of the date of this Offer Supplement and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Second Tranche Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Second Tranche Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Second Tranche Bonds.

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. On the other hand, a “non-resident alien” means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien engaged in trade or business in the Philippines”; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a “non-resident alien not engaged in trade or business within the Philippines”. A “domestic corporation” is created or organized under the laws of the Philippines while a “resident foreign corporation” is a foreign corporation engaged in trade or business in the Philippines. A “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident alien individuals from the Second Tranche Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Second Tranche Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Second Tranche Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Second Tranche Bonds is subject to a 25% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX-EXEMPT STATUS OR ENTITLEMENT TO PREFERENTIAL TAX RATE

Bondholders who are exempt from or are not subject to final withholding tax on interest income or entitled to be taxed at a preferential rate may claim such exemption or avail of such preferential rate by submitting the necessary documents. Said Bondholder shall submit the following requirements:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
 - i. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose,

a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof, and has not been revoked, amended or modified;

- ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
- iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) GOCC; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and
- iv. For entities claiming tax treaty relief – original or certified true copies of the following documents:

General requirements:

- A. Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- B. Original and duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer’s authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

- C. Authenticated copy of the Bondholder’s Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- D. For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- E. For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional requirements for entities:

- F. Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
- G. List of owners/beneficiaries of the Bondholder;
- H. Proof of ownership of the Bondholder; and
- I. TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for subsequent interests due and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed),

and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

2. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose, or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer, the Registrar, and the Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer, the Registrar, and the Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and
3. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar and Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (1), (2) and (3) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

The foregoing notwithstanding, the Issuer, the Registrar and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of Second Tranche Bonds, to the Joint Issue Managers, Joint Lead Underwriter, and Joint Bookrunners or Selling Agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar within three days from settlement date.

VALUE-ADDED TAX

Gross receipts derived by dealers in securities from the sale of the Second Tranche Bonds in the Philippines equivalent to the gross selling price less acquisition cost of the Second Tranche Bonds sold, shall be subject to a 12% value-added tax. "Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

GROSS RECEIPTS TAX

Banks and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less: 5%

Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five years or less: 5%
Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Second Tranche Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Second Tranche Bonds, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

TAXATION ON SALE OR OTHER DISPOSITION OF THE SECOND TRANCHE BONDS

Income Tax

Ordinary asset – The gain is included in the computation of taxable income, which is subject to the following graduated tax rates for Philippine citizens or resident foreign individuals, or non-resident alien engaged in trade or business in the Philippines effective 01 January 2018 until 31 December 2022:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	20% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱30,000 + 25% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱130,000 + 30% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱490,000 + 32% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,410,000 + 35% of the excess over ₱8,000,000

and effective 01 January 2023 and onwards:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱22,500 + 20% of the excess over ₱400,000

Over ₱800,000 but not over ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱402,500 + 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 + 35% of the excess over ₱8,000,000

For non-resident alien not engaged in trade or business, the gain shall be subject to the 25% final withholding tax.

Capital asset – Gains shall be subject to the same rates of income tax as if the Bonds were held as ordinary assets, except that if the gain is realized by an individual who held the Bonds for a period of more than twelve (12) months prior to the sale, only 50% of gain will be recognized and included in the computation of taxable income. If the Bonds were held by an individual for a period of twelve (12) months or less, 100% of gain is included.

Gains derived by domestic or resident foreign corporations on the sale or other disposition of the Bonds are subject to a 25% income tax. Gross income derived by non-resident foreign corporations on the sale or other disposition of the Bonds is subject to a 25% income tax unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with a maturity of more than five (5) years are not subject to income tax.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Second Tranche Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at 6%. For transfers through donation, a Bondholder shall be subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gift.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Second Tranche Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (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 the foreign country.

In case the Second Tranche Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Second Tranche Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes unless it can be proven that the transfer of property is made in the ordinary course of business (*i.e.*, a transaction which is *bona fide*, at arm's length, and free from any donative intent), in which case, it will be considered as made for an adequate and full consideration in money.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Second Tranche Bonds, trading the Second Tranche Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Second Tranche Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Second Tranche Bonds, documentary stamp tax is payable anew.

REGULATORY FRAMEWORK

For a further discussion of the laws and regulations applicable to the Issuer, please refer to pages 247 to 264 of the Prospectus.

FINANCIAL AND OTHER INFORMATION

1. Interim Financial Statements for the period ended 30 June 2021, Annex A
2. Audited Financial Statements for the fiscal year ended 31 December 2020, Annex B
3. Unaudited Interim Condensed Consolidated Financial Statements As of June 30, 2021 (with Comparative Figures as of December 31, 2020) and For the Six-Month Periods Ended June 30, 2021 and 2020

ISSUER

Aboitiz Power Corporation
32nd Street, Bonifacio Global City
1634 Taguig City, Metro Manila, Philippines

JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

BDO Capital & Investment Corporation
20th floor, South Tower, BDO Corporate
Center, 7899 Makati Avenue
Makati City 0726, Philippines

China Bank Capital Corporation
28th floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226, Philippines

First Metro Investment Corporation
45th Floor, GT Tower International
6813 Ayala Avenue cor. H.V. Dela Costa St.
Makati City 1229, Philippines

SB Capital Investment Corporation
18th Floor, Security Bank Centre
6776 Ayala Avenue
Makati City 1226, Philippines

TRUSTEE

**BDO Unibank, Inc. Trust and Investments
Group**
15th floor, South Tower, BDO Corporate Center,
7899 Makati Avenue
Makati City 0726, Philippines

REGISTRAR AND PAYING AGENT

Philippine Depository & Trust Corp.
29th floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City, 1226, Philippines

LEGAL ADVISERS

To the Issuer

**Romulo Mabanta Buenaventura
Sayoc & de los Angeles**
21st floor, Philamlife Tower
8767 Paseo de Roxas
Makati City, 1226, Philippines

To the Joint Issue Managers, Joint Lead
Underwriters, and Joint Bookrunners

Picazo Buyco Tan Fider & Santos
Penthouse, Liberty Center, 104 H.V. Dela Costa
Street, Salcedo Village, Makati City

INDEPENDENT AUDITORS OF THE ISSUER

SyCip, Gorres, Velayo & Co.
6760 Ayala Avenue,
Makati City, 1226, Philippines



August 13, 2021

via electronic mail

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO JR.**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosure Department

Gentlemen:

Please see enclosed SEC Form 17-Q (2nd Quarterly Report 2021) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:


MAILENE M. DE LA TORRE
Assistant Corporate Secretary^{FCA}

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

(Business Address: No. Street City / Town / Province)

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

2nd Quarterly Report 2021

1 7 - Q

FORM TYPE

4th Monday of April

0 4 2 6

Month Day
Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

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 **June 30, 2021**
2. Commission identification number **C199800134** 3. BIR Tax Identification No. **200-652-460-000**
4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines **1634**

8. Issuer's telephone number, including area code

(02) 8 886-2800

9. Former name, former address and former fiscal year, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of June 30, 2021)
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Common Stock P1 Par Value	7,358,604,307
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Amount of Debt Outstanding	P226,853,429,000.00
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11. Are any or all of the securities listed on a Stock Exchange?

Yes [] 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 No

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Aboitiz Power Corporation's (AboitizPower, Parent, or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to the acquisition of said investment, net of goodwill impairment cost, if any. It also indicates the profitability of the investment and investees' contribution to the Group's net income.

Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Manner of Computation:

Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).** The Company calculates EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation, and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.

3. **Cash Flow Generated.** Using the Consolidated Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.
4. **Current Ratio.** Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group.
5. **Debt-to-Equity Ratio.** Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total liabilities by stockholders' equity.

Six-Month Period Ended June 30, 2021 versus Six-Month Period Ended June 30, 2020

The table below shows the comparative figures of the key performance indicators for six-month period 2021 and 2020 and as of December 31, 2020:

Key Performance Indicators	June 30, 2021 (INTERIM)	June 30, 2020	December 31, 2020
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	5,229,505	979,818	2,675,136
EBITDA	24,593,023	18,319,470	44,687,315
CASH FLOW GENERATED:			
Net cash flows from operating activities	17,540,944	15,354,062	31,781,669
Net cash flows used in investing activities	4,119,589	(3,776,857)	(4,526,973)
Net cash flows used in financing activities	(18,969,254)	(9,311,963)	(25,914,010)
Net (Decrease)/Increase in Cash & Cash Equivalents	2,691,279	2,265,242	1,340,686
Cash & Cash Equivalents, Beginning	38,699,545	37,433,929	37,433,929
Cash & Cash Equivalents, End	41,594,818	39,829,177	38,699,545
CURRENT RATIO	1.28		1.38
DEBT-TO-EQUITY RATIO	1.87		1.96

- Share in net earnings in associates and joint ventures for the first half of 2021 increased by 434% compared to the first half of 2020. The increase was mainly due to higher water inflows for SN Aboitiz Power-Magat, Inc.'s (SN AboitizPower-Magat) and SN Aboitiz Power-Benguet, Inc.'s (SN AboitizPower-Benguet) hydro plants and the receipt of liquidated damages for the delay in the construction of the power plant of GNPowr Dinginin Ltd. Co. (GNPD or GNPowr Dinginin).
- EBITDA for the first half of 2021 increased by 34%. This was primarily due to commissioning revenue from GNPowr Dinginin Unit 1, higher water inflow, higher demand, and higher Wholesale Electricity Spot Market (WESM) dispatch in compliance with the must offer rule.
- For the six months ended 2021, cash and cash equivalents increased by ₱2.90 billion (bn). This was mainly due to proceeds from the Company's retail bond issuance in March 2021, which was partly offset by principal payments made on existing loans.

- Current Ratio as of June 30, 2021 was at 1.28x as compared to 1.38x as of December 31, 2020. The decline was primarily due to the Company loan that was reclassified from non-current to current during 2021.
- Debt-to-Equity Ratio as of June 30, 2021 was at 1.87x, lower than the 1.96x recorded at the end of 2020.

Results of Operations

Net income for the first half of 2021 was ₱10.13 bn, 171% higher than the ₱3.74 bn reported during the same period in 2020. This translated to earnings per share of ₱1.38 for the period. The Company recognized non-recurring gains of ₱5 million (mn) during the relevant period, lower than the non-recurring gains of ₱224 mn during the same period in 2020, due to net foreign exchange gains on the revaluation of dollar denominated liabilities. Without these one-off gains, the Company's core net income for the first half of 2021 was ₱10.1 bn, 188% higher than the ₱3.5 bn recorded during the same period in 2020. This was primarily due to commissioning revenue from GNPowr Dinginin Unit 1, higher water inflow, higher demand, and higher WESM dispatch in compliance with the must offer rule. AboitizPower was also able to recover liquidated damages for the delay in the construction of GNPowr Dinginin and received the final payment for business interruption claims resulting from GNPowr Mariveles Energy Center Ltd. Co.'s (GMEC or GNPowr Mariveles) outages in 2019.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱20.5 bn during the first half of 2021, 39% higher than the ₱14.8 bn recorded during the corresponding period in 2020. As discussed above, this was due to commissioning revenue from GNPowr Dinginin Unit 1, higher water inflows, higher demand, higher WESM dispatch, and other income from liquidated damages and business interruption claims. These factors offset the impact of the ongoing GMEC outage, which is currently expected to be resolved by September 2021. Capacity sold for the first half of 2021 increased by 6% to 3,600 megawatts (MW), compared to 3,388 MW in the same period in 2020. Energy sold increased by 10% to 11,790 gigawatt-hours (GWh) for the first half of 2021, compared to 10,764 GWh for the corresponding period in 2020.

Power Distribution

For the first half of 2021, AboitizPower's distribution business recorded EBITDA of ₱4.1 bn, 12% higher than the ₱3.7 bn recorded during the same period in 2020. Energy sales increased by 4% to 2,745 GWh during the first six months of 2021, compared to 2,629 GWh in the same period in 2020. This was driven by higher energy consumption resulting from recoveries in demand. Energy sales from the Residential customer segment were sustained, while energy sales from the Commercial and Industrial customer segments increased due to looser community quarantines and the resumption of operations of commercial and industrial customers.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent Company increased by ₱6.40 bn, or 171%. The various movements in line items are shown below to account for the increase:

Net Income Attributable to Equity Holders of the Parent (January - June 2020)	₱3,736,940
Increase in operating revenues	7,319,263
Increase in operating expenses	(5,274,324)
Decrease in interest income	(213,620)
Decrease in interest expense	84,381
Increase in share in net earnings of associates and joint ventures	4,249,687
Decrease in other income	(977,058)
Decrease in provision for taxes	980,536
Decrease in income attributable to non-controlling interests	227,944
Total	<u>6,396,809</u>
Net Income Attributable to Equity Holders of the Parent (January - June 2021)	<u>₱10,133,749</u>

Operating Revenues

(14% increase from ₱53.03 bn to ₱60.35 bn)

The increase in operating revenues was primarily due to higher demand and higher WESM dispatch in compliance with the must-offer rule.

Operating Expenses

(13% increase from ₱42.00 bn to ₱47.27 bn)

The increase in operating expenses was mainly due to the higher cost of purchased power and of generated power.

Interest Income

(53% decrease from ₱405.00 mn to ₱192.00 mn)

The decrease in interest income during the first half 2021 compared to first half of 2020 was primarily due to lower interest rates on placements.

Interest Expense and other financing costs

(1% decrease from ₱7.20 bn to ₱7.11 bn)

Interest expense decreased during the first half of 2021 compared to the same period in 2020 due to lower interest accretion on lease liabilities as timely payments were made on Therma Luzon, Inc.'s (TLI) obligation to Power Sector Assets and Liabilities Management Corporation (PSALM). The refinancing of Hedcor Bukidnon's project loan in September 2020 also contributed to lower interest payments during the first half 2021. These were offset by additional interest expenses recognized during the first half 2021 on AboitizPower's ₱9.55 bn and ₱8.00 bn retail bonds issued in July 2020 and March 2021, respectively.

Share in Net Earnings of Associates and Joint Ventures

(434% increase from ₱980.00 mn to ₱5.23 bn)

Share in net earnings in associates and joint ventures for the first half of 2021 increased by 434% compared to the first half 2020. The increase was mainly due to higher water inflows for the hydro plants of SN AboitizPower-Magat and SN AboitizPower-Benguet, as well as the recovery of liquidated damages for the delay in the construction of the GNPD power plant.

Other Income (Expenses) – net

(68% decrease from ₱1.43 bn to ₱451.00 mn other income)

The decrease in other income during the first half of 2021 compared to the first half of 2020 was mainly due to the losses on the revaluation of foreign-currency denominated liabilities.

Provision for Taxes

(52% decrease from ₱1.88 bn to ₱902.00 mn)

The decrease in provision for taxes was due to the application of the provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which reduced the regular corporate income tax rate from 30% to 25%.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity**Assets**

Total assets (as of June 30, 2021 compared to December 31, 2020) increased by ₱7.05 bn, or 2%. The major movements of the accounts leading to the increase were as follows:

- i. Cash and cash equivalents increased by ₱2.90 bn, or 7% (from ₱38.70 bn to ₱41.59 bn). This was mainly due to the additional loan availments by the Group during the first half of 2021.
- ii. Trade and other receivables increased by ₱2.95 bn, or 13% (from ₱22.02 bn to ₱24.97 bn), primarily due to higher revenues.
- iii. Inventories increased by ₱1.28 bn or 20% (from ₱6.31 bn to ₱7.59 bn). This was mainly driven by the increase in spare parts, supplies and fuel inventory.
- iv. Investments and advances increased by ₱1.56 bn, or 3% (from ₱61.83 bn to ₱63.39 bn). This was mainly driven by the new capital contributions to GNPD during the first half of 2021.
- v. Property, plant and equipment decreased by ₱2.41 bn, or 1% (from ₱203.45 bn to ₱201.04 bn). This was primarily due to the depreciation of existing assets.
- vi. Intangible assets increased by ₱521.00 mn or 1% (from ₱44.28 bn to ₱44.80 bn). This was primarily due to the forex revaluation of GMEC's goodwill partly offset by amortization of existing assets.
- vii. Deferred income tax assets decreased by ₱132.00 mn, or 9% (from ₱1.54 bn to ₱1.41 bn). This was mainly due to the application of the provisions of CREATE Act.
- viii. Other noncurrent assets decreased by ₱493.00 mn, or 5% (from ₱9.27 bn to ₱8.78 bn). This was mainly due to the regular reduction in PSALM deferred adjustment of the Power Distribution group.

Liabilities

Compared to December 31, 2020, total liabilities as of June 30, 2021 increased by ₱1.80 bn, or 1%. The major movements of accounts leading to the increase were as follows:

- i. Trade and other payables increased by ₱3.22 bn, or 18% (from ₱18.37 bn to ₱21.60 bn). This was primarily due to an increase in trade and fuel purchases during the first half of 2021.

- ii. Income tax payable decreased by ₱198.00 mn, or 27% (from ₱723.00 mn to ₱525.00 mn). This was mainly due to the application of the provisions of CREATE Act.
- iii. Long-term debt (current and non-current portions) increased by ₱1.54 bn (from ₱177.32 bn to ₱178.87 bn). This was mainly due to the Parent's retail bond issuance in March 2021, which was partly offset by principal payments made on existing loans during the first half of 2021.
- iv. Lease liabilities (current and noncurrent portions) decreased by ₱2.78 bn (from ₱39.26 bn to ₱36.48 bn), as TLI made timely payments during the first six months of 2021 of its obligation to PSALM.
- v. Long-term obligation on power distribution system (current and noncurrent portions) increased by ₱11.00 mn, or 6% (from ₱183.00 mn to ₱194.00 mn), due to interest accretion.
- vi. Net derivative asset and liability changed by ₱2.16 bn (from ₱1.79 bn liability to ₱367.00 mn asset) during the first half of 2021 due to hedging gains.
- vii. Deferred income tax liabilities decreased by ₱143.00 mn, or 19% (from ₱745.00 mn to ₱602.00 mn), mainly due to the application of the provisions of CREATE Act.
- viii. Other noncurrent liabilities decreased by ₱522.00 mn, or 48% (from ₱1.10 bn to ₱577.00 mn), mainly due to the regular payments of the PSALM deferred adjustments.

Equity

Equity attributable to equity shareholders of the Parent Company increased by 6% (from ₱127.16 bn as of December 31, 2020 to ₱134.29 bn as of June 30, 2021) after the declaration of dividends in March 2021, net of comprehensive income recognized during the first half 2021. Cumulative translation adjustments increased by ₱2.91 bn, due to the upward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts designated as cash flow hedges, as well as the net assets translation effect of GMEC and Luzon Hydro Corporation during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

As of June 30, 2021, the Group's cash and cash equivalents increased by 7% to ₱41.59 bn, from ₱38.70 bn as of December 31, 2020.

Higher water inflows, higher availability of the Company's thermal facilities, and higher spot sales resulted in an increase to cash generated from operations during the first half 2021 by ₱2.19 bn, which was a 14% increase compared to first half 2020.

Net cash flows from (used in) investing activities reversed from negative ₱3.78 bn in the first half of 2020 to positive ₱4.12 bn in the first half of 2021, mainly due to the increase in dividends received from associates.

The net cash flows used in financing activities increased from ₱9.31 bn in the first half of 2020 to ₱18.97 bn in the first half 2021, mainly due to higher payments of long-term debt, short-term loans and lease liabilities.

Financial Ratios

As of June 30, 2021, current assets increased by 10% and current liabilities increased by 20% compared to the end of 2020. The current ratio as of June 30, 2021 was at 1.28x compared to 1.38x as of December 31, 2020.

Consolidated debt to equity ratio as of June 30, 2021 was at 1.87x, lower than the 1.96x recorded at the end of 2020. This was due to a 5% increase in total equity during the first half 2021.

Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant

AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, the Company believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of six (6) new power generation projects: (1) the GNPower Dinginin project; (2) the SN AboitizPower-Magat Floating Solar project; (3) the APRI steam drilling project; (4) the TMI Hybrid Battery Energy Storage System ("BESS") project; (5) the SNAP Magat BESS project; and (6) the PV (Photovoltaic) Sinag Power project.

The GNPower Dinginin project is in the final stages of construction, with Unit 1 achieving first synchronization last February 5, 2021. The commissioning and testing of Unit 1 is currently ongoing. The target date for commercial operations (including the issuance of the appropriate ERC Certificate of Compliance/authority) has been moved from August 2021 to late-September 2021, while complete turnover of the unit by the EPC contractor is expected to extend beyond said date. For Unit 2, progress of the construction is going well, with the completion of the chemical cleaning of the boiler. Developments are still hampered by travel bans and slow processing of travel authorizations for foreign experts and personnel. Accordingly, the target date for Unit 2's commercial operations (including the issuance of the appropriate ERC COC/authority) is scheduled around the second quarter of 2022.

In June 2019, SN Aboitiz Power-Magat switched on its first 200kW floating solar project over the Magat reservoir in Isabela. This was the first non-hydro renewable energy project of SN Aboitiz Power Group, which was looking at other renewables and complementary technologies to expand its portfolio. The SN Aboitiz Power Magat floating solar project has proven its technical and commercial viability. SN Aboitiz Power Magat is working on the renewable energy service contract application with the Department of Energy (DOE). Since the National Irrigation Administration (NIA) is the government agency in charge of dams and reservoirs, SN AboitizPower Magat secured an extension of the memorandum of understanding with NIA on the conduct of the feasibility study, with ongoing discussions regarding the agreement for use of the reservoir. Based on the results of the pre-feasibility studies, phase one of the project will be for 67 MW. The plan is to install up to 150 MW, depending on the final technical solution and layout.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of additional steam capacity by 2023. The two make-up wells for MakBan had been completed and started flowing into the system since April 10 and June 8, respectively, providing added steam to Makban Plant B. The new wells have provided an incremental increase of approximately 10MW to the plant's generation capacity. Another well with a projected 5 MW capacity was also completed on August 4, 2021. A total of three new make-up wells was completed in Makban, contributing to around 15 MW of MakBan's generation. Together with the 11 MW well at Tiwi which was completed last 2020, APRI and the Philippine Geothermal Production Company, Inc. are expected to complete 4 out of the 12 wells this year. APRI is also developing a 14 MW Binary power plant project in Tiwi, Albay. Negotiations with top ranked bidders for design optimization and final contracting are still ongoing. APRI is expected to award the project by year-end, while commissioning is targeted by 2023. These projects are significant

as they will allow APRI to optimize its current net sellable capacity of 290 MW.

In November 2020, AboitizPower announced its two battery projects. Therma Marine, Inc.'s (TMI) Hybrid BESS project ("TMI BESS") is located in Maco, Compostela Valley. It has a storage capacity of 49 MW and is intended to be used for ancillary services. Development activities are ongoing to integrate the battery energy storage system with TMI's Maco oil barge. The project is currently 50% complete and commercial operations are currently targeted to commence in the first half of 2022. TMI's hybrid BESS is one of the 12 projects with a total capacity of 248 MW for regulating and contingency reserves which the Company is targeting to develop in the next 10 years. It will serve as a model for future battery investments as well as hybrid renewable energy projects.

SN AboitizPower-Magat's BESS project ("SNAP BESS") is located in Ramon, Isabela. It has a storage capacity of 20 MW and will be used to provide ancillary services. Early work activities have been completed, including site surveys and basic engineering design. Early work activities have been completed, including site surveys and basic engineering design. The project is expected to commence commercial operations in the second half of 2024. In connection with the project, SN AboitizPower Magat is also looking at upgrading the Magat-Santiago transmission line which is now included in the Transmission Development Plan of the National Grid Corporation of the Philippines. The benefit of this upgrade is to ensure full dispatch of the Magat power plant capacity, the battery energy storage system, and the proposed expansion in the floating solar.

PV (Photovoltaic) Sinag Power project is a 74 MW plant located in barangay Cayanga, municipality of Bugallon, Pangasinan. Preparations for its planned construction and execution are in progress. The permits are 75% complete and the Company is on target to obtain all the permits and clearances necessary prior to start of the construction. The planned issuance of the notice to proceed for the solar plant and transmission line works is expected on October 30, 2021. The project is expected to commence commercial operations by the end of 2022.

The Company is currently planning to double its net attributable capacity by the end of the decade, with a target of 9,200 MW by 2030. It will achieve a 50:50 balance between its renewable ("Cleanergy") and thermal capacities without new coal builds. This is expected to come from a portfolio of renewables and selective baseload builds.

The Company aims to maximize opportunities from the implementation of the Renewable Portfolio Standards ("RPS") by the DOE starting in 2021. In line with DOE's aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. The Company will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high-growth geographic markets with acceptable regulatory environments. The Company will significantly grow Cleanergy by 3,700 MW, both domestically and internationally, and bring its renewables portfolio to 4,600 MW by 2030.

The Company is optimizing its existing baseload facilities to meet the existing critical market needs. Its options for a third unit in its existing baseload facilities remain open to address future baseload needs of the market if called upon. For baseload growth, the Company is shifting its focus to gas. The Company has early feasibility studies and, within the next 10 years, is targeting to build one gas plant with a capacity of 1,000 MW, unless a cleaner technology proves to be the more economical option.

AboitizPower fully supports the DOE's coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. The Company has been a pioneer of renewable energy in the country and currently has the highest megawatts in renewable installed capacity based on market

control. AboitizPower's diversification into thermal technologies was primarily driven by the country's need for a reliable, accessible, and affordable power supply.

The Company believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. It expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

AboitizPower, together with its partners, has allotted ₱23 bn for capital expenditures in 2021, about 70% of which is for expansions and upgrades. These include the remaining investment for GNPD's construction, as well as for the Company's battery energy storage system projects.

Despite the challenges posed by the global pandemic and the currently challenging business situation, the Company continues to operate with its business continuity plans in force, in accordance with the protocols and guidelines of the government's community quarantine. The Company will continue to provide the country with the much-needed power supply for hospitals, government institutions, and critical businesses, while ensuring the safety of its teams, partners, and communities.

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 80 of the Company's 2020 Definitive Information Statement).


PART II--OTHER INFORMATION

There are no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

SIGNATURES


Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer ABOITIZ POWER CORPORATION

Principal Accounting Officer  Myla M. Espinosa

Signature and Title AVP – Divisional Operating Profit Management and Special Projects

Date August 13, 2021

Authorized Officer of the Issuer  _____

Signature and Title Corporate Secretary

Date August 13, 2021

Aboitiz Power Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of June 30, 2021 (with Comparative Figures as of December 31, 2020)
and For the Six-Month Periods Ended June 30, 2021 and 2020

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
(With Comparative Figures as of December 31, 2020)
(Amounts in Thousands)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱41,594,818	₱38,699,545
Trade and other receivables (Note 6)	24,969,345	22,017,309
Derivative assets (Note 20)	1,253,963	—
Inventories	7,588,846	6,308,200
Other current assets (Note 7)	10,100,689	10,479,648
Total Current Assets	85,507,661	77,504,702
Noncurrent Assets		
Investments and advances (Note 8)	63,391,862	61,828,801
Property, plant and equipment	201,038,310	203,451,243
Intangible assets (Note 10)	44,800,144	44,279,386
Net pension assets	50,410	50,410
Deferred income tax assets	1,406,993	1,539,020
Other noncurrent assets	8,778,826	9,271,556
Total Noncurrent Assets	319,466,545	320,420,416
TOTAL ASSETS	₱404,974,206	₱397,925,118
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 12)	₱11,503,528	₱11,743,413
Current portions of:		
Long-term debts (Note 13)	25,571,412	17,254,213
Lease liabilities (Note 21)	7,501,571	7,104,181
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 20)	233,004	787,273
Trade and other payables (Note 11)	21,595,733	18,371,798
Income tax payable	525,150	722,715
Total Current Liabilities	₱66,970,398	₱56,023,593

(Forward)

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
(With Comparative Figures as of December 31, 2020)
(Amounts in Thousands)

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 13)	₱153,294,779	₱160,067,119
Lease liabilities (Note 21)	28,982,139	32,158,796
Long-term obligation on power distribution system	154,484	143,436
Derivative liabilities - net of current portion (Note 20)	654,021	1,001,529
Customers' deposits	7,036,471	6,798,845
Decommissioning liability	5,112,476	5,008,033
Deferred income tax liabilities	601,948	745,214
Net pension liabilities	294,086	294,086
Other noncurrent liabilities	577,129	1,099,394
Total Noncurrent Liabilities	196,707,533	207,316,452
Total Liabilities	263,677,931	263,340,045
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	19,947,498	19,947,498
Share in net unrealized valuation gain on fair value through other comprehensive income (FVOCI) of an associate (Note 8)	98,602	98,602
Cumulative translation adjustments	466,041	(2,446,773)
Share in cumulative translation adjustments of associates and joint ventures (Note 8)	(348,316)	(684,042)
Actuarial losses on defined benefit plans	(1,239,184)	(1,239,612)
Share in actuarial gains on defined benefit plans of associates and joint ventures (Note 8)	7,676	8,748
Acquisition of non-controlling interests	(6,321,325)	(6,321,325)
Excess of cost over net assets of investments	(421,260)	(421,260)
Loss on dilution	(433,157)	(433,157)
Retained earnings (Note 22)		
Appropriated	20,060,000	33,660,000
Unappropriated	102,468,835	84,989,900
	134,285,410	127,158,579
Non-controlling Interests	7,010,865	7,426,494
Total Equity	141,296,275	134,585,073
TOTAL LIABILITIES AND EQUITY	₱404,974,206	₱397,925,118

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Amounts)

	Jan - Jun 2021	Jan - Jun 2020	Apr - Jun 2021	Apr - Jun 2020
OPERATING REVENUES (Note 18)	₱60,351,117	₱53,031,854	₱33,501,736	₱25,155,704
OPERATING EXPENSES (Note 15)	47,270,654	41,996,330	27,286,351	20,169,476
FINANCIAL INCOME (EXPENSES) - net				
Interest income	191,675	405,295	103,215	173,116
Interest expense and other financing costs (Note 19)	(7,112,742)	(7,197,123)	(3,556,691)	(3,435,033)
	(6,921,067)	(6,791,828)	(3,453,476)	(3,261,917)
OTHER INCOME (EXPENSES)				
Share in net earnings of associates and joint ventures (Note 8)	5,229,505	979,818	1,420,401	515,345
Other income - net (Note 16)	450,658	1,427,716	338,750	1,255,386
	5,680,163	2,407,534	1,759,151	1,770,731
INCOME BEFORE INCOME TAX	11,839,559	6,651,230	4,521,060	3,495,042
PROVISION FOR INCOME TAX	901,973	1,882,509	172,878	1,241,706
NET INCOME	₱10,937,586	₱4,768,721	₱4,348,182	₱2,253,336
ATTRIBUTABLE TO:				
Equity holders of the parent	₱10,133,749	₱3,736,940	₱3,957,230	₱1,677,187
Non-controlling interests	803,837	1,031,781	390,952	576,149
	₱10,937,586	₱4,768,721	₱4,348,182	₱2,253,336
EARNINGS PER COMMON SHARE (Note 17)				
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱1.38	₱0.51	₱0.54	₱0.23

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Jan - Jun 2021	Jan - Jun 2020	Apr - Jun 2021	Apr - Jun 2020
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱10,133,749	₱3,736,940	₱3,957,230	₱1,677,187
Non-controlling interests	803,837	1,031,781	390,952	576,149
	10,937,586	4,768,721	4,348,182	2,253,336
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Share in net unrealized valuation loss on FVOCI investment of an associate (Note 8)	—	(3,124)	—	(3,126)
Movement in cumulative translation adjustments	3,031,842	(1,573,124)	1,649,179	(1,019,838)
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 8)	335,726	44,187	336,760	4,500
	3,367,568	(1,532,061)	1,985,939	(1,018,464)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plans, net of tax	(2)	—	—	—
Share in actuarial gains (loss) on defined benefit plans of associates and joint ventures, net of tax (Note 8)	(1,072)	1,220	—	519
	(1,074)	1,220	—	519
Total other comprehensive income (loss) for the period, net of tax	3,366,494	(1,530,841)	1,985,939	(1,017,945)
TOTAL COMPREHENSIVE INCOME	₱14,304,080	₱3,237,880	₱6,334,121	₱1,235,391
ATTRIBUTABLE TO:				
Equity holders of the parent	₱13,381,645	₱2,601,801	₱5,824,571	₱1,054,945
Non-controlling interests	922,435	636,079	509,550	180,446
	₱14,304,080	₱3,237,880	₱6,334,121	₱1,235,391

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020

(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent												Total
	Paid-in Capital	Share in Net Unrealized Valuation Gain on FVOCI Investments of an Associate (Note 8)	Cumulative Translation Adjustments (Note 8)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Gains on Defined Benefit Plans of Associates and Joint Ventures (Note 8)	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Loss on Dilution	Retained Earnings (Note 22)		Non-controlling Interests	
										Appropriated	Unappropriated		
Balances at January 1, 2021	₱19,947,498	₱98,602	(₱2,446,773)	(₱684,042)	(₱1,239,612)	₱8,748	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱84,989,900	₱7,426,494	₱134,585,073
Net income for the period	-	-	-	-	-	-	-	-	-	-	10,133,749	803,837	10,937,586
Other comprehensive income (loss)	-	-	2,912,814	335,726	428	(1,072)	-	-	-	-	-	118,598	3,366,494
Total comprehensive income (loss)	-	-	2,912,814	335,726	428	(1,072)	-	-	-	-	10,133,749	922,435	14,304,080
Cash dividends - ₱0.85 per share (Note 22)	-	-	-	-	-	-	-	-	-	-	(6,254,814)	-	(6,254,814)
Reversal of appropriation	-	-	-	-	-	-	-	-	-	(13,600,000)	13,600,000	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,238,597)	(1,238,597)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(99,467)	(99,467)
Balances at June 30, 2021	₱19,947,498	₱98,602	(₱466,041)	(₱348,316)	(₱1,239,184)	₱7,676	(₱6,321,325)	(₱421,260)	(₱433,157)	₱20,060,000	₱102,468,835	₱7,010,865	₱141,296,275

	Attributable to Equity Holders of the Parent												Total
	Paid-in Capital	Share in Net Unrealized Valuation Gain on FVOCI Investments of an Associate (Note 8)	Cumulative Translation Adjustments (Note 8)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Gains on Defined Benefit Plans of Associates and Joint Ventures (Note 8)	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Loss on Dilution	Retained Earnings (Note 22)		Non-controlling Interests	
										Appropriated	Unappropriated		
Balances at January 1, 2020	₱19,947,498	₱101,727	(₱994,253)	(₱153,485)	(₱923,833)	(₱14,299)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱81,095,377	₱8,100,021	₱133,643,011
Net income for the period	-	-	-	-	-	-	-	-	-	-	3,736,940	1,031,781	4,768,721
Other comprehensive income (loss)	-	(3,125)	(1,177,421)	44,187	-	1,220	-	-	-	-	-	(395,702)	(1,530,841)
Total comprehensive income (loss)	-	(3,125)	(1,177,421)	44,187	-	1,220	-	-	-	-	3,736,940	636,079	3,237,880
Cash dividends - ₱1.18 per share (Note 22)	-	-	-	-	-	-	-	-	-	-	(8,683,153)	-	(8,683,153)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,147,781)	(1,147,781)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,396,220	1,396,220
Balances at June 30, 2020	₱19,947,498	₱98,602	(₱2,171,674)	(₱109,298)	(₱923,833)	(₱13,079)	(₱6,321,325)	(₱421,260)	(₱433,157)	₱33,660,000	₱76,149,164	₱8,984,539	₱128,446,177

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Jan - Jun 2021	Jan - Jun 2020	Apr - Jun 2021	Apr - Jun 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱11,839,559	₱6,651,230	₱4,521,060	₱3,495,042
Adjustments for:				
Interest expense and other financing costs (Note 19)	7,112,742	7,197,123	3,556,691	3,435,033
Depreciation and amortization	5,463,731	5,338,223	2,760,457	2,727,263
Net unrealized foreign exchange losses	565,264	(718,193)	349,721	(653,822)
Loss (gain) on disposal of property, plant and equipment	31,657	44,910	31,182	(2,614)
Share in net earnings of associates and joint ventures (Note 7)	(5,229,505)	(979,818)	(1,420,401)	(515,345)
Interest income	(191,675)	(405,295)	(103,215)	(173,116)
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL (Note 20)	(36,942)	30,428	(23,022)	11,661
Operating income before working capital changes	19,554,831	17,158,608	9,672,473	8,324,102
Decrease (increase) in:				
Trade and other receivables	(3,827,744)	(3,458,464)	(5,292,414)	(3,152,184)
Inventories	(1,280,646)	287,489	387,470	880,926
Other current assets	1,254,362	1,352,285	(490,558)	(522,839)
Increase (decrease) in:				
Trade and other payables	3,603,420	1,573,371	5,068,089	1,451,596
Customers' deposits	237,626	214,248	(1,975,423)	91,838
Net cash generated from operations	19,541,849	17,127,537	7,369,637	7,073,439
Income and final taxes paid	(2,000,905)	(1,773,475)	(772,602)	(1,560,406)
Net cash flows from operating activities	17,540,944	15,354,062	6,597,035	5,513,033
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash dividends received (Note 8)	5,835,459	1,241,939	1,279,941	767,572
Interest received	172,264	411,997	95,198	183,786
Proceeds from redemption of shares	14,413	6,939	8,007	6,939
Decrease (increase) in other noncurrent assets	1,477,461	(3,015,782)	1,169,660	182,966
Net collection (payment) of advances	4,616	(15,789)	4,616	—
Proceeds from sale of property, plant and equipment	8,851	—	—	—
Disposal of assets at FVTPL	1	(5,254)	1	—
Acquisitions through business combinations, net of cash acquired	1,367	—	116	1,306
Additions to:				
Property, plant and equipment	(2,422,601)	(820,681)	(1,545,611)	(639,212)
Intangible assets - service concession rights (Note 10)	(17,747)	(46,808)	(2,233)	(18,517)
Additional investments (Note 8)	(954,384)	(1,533,418)	(2,243)	(262,545)
Net cash flows from (used in) investing activities	4,119,700	(3,776,857)	1,007,452	222,295
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from (payments of) long-term debt (Note 13)	(848,447)	(3,140,097)	(5,632,511)	286,414
Net availments (payments) of short-term loans (Note 12)	(239,885)	12,672,914	(2,769,781)	1,976,900
Cash dividends paid (Note 22)	(6,254,626)	(8,682,746)	3	(8,682,746)
Payments of lease liabilities, including interest accretion (Note 21)	(5,053,327)	(3,803,727)	(2,457,523)	(1,638,973)
Changes in non-controlling interests	(1,238,597)	(1,147,781)	(299,200)	(647)
Interest paid	(5,334,483)	(5,210,526)	(1,871,283)	(1,913,332)
Net cash flows used in financing activities	(18,969,365)	(9,311,963)	(13,030,295)	(9,972,384)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,691,279	2,265,242	(5,425,808)	(4,237,056)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	203,994	130,006	82,404	35,899
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,699,545	37,433,929	46,938,222	44,030,334
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱41,594,818	₱39,829,177	₱41,594,818	₱39,829,177

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. As of June 30, 2021, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 77% of the Company. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

2. Group Information

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and joint operation that are subject to joint control (collectively referred to as “the Group”).

The following are the subsidiaries as of June 30, 2021 and December 31, 2020:

	Nature of Business	June 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
AP Solar Tiwi, Inc.*	Power generation	–	100.00	–	100.00
Retensol, Inc.*	Power generation	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power generation	–	100.00	–	100.00
PV Sinag Power, Inc. (former Hedcor Ifugao, Inc.)*	Power generation	–	100.00	–	100.00
Amihan Power, Inc. (former Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (former Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
Mt. Apo Geopower, Inc.*	Power generation	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc.*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
La Filipina Elektrika Inc.*	Power generation	–	100.00	–	–
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97

(Forward)

	Nature of Business	June 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)*	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (former GNPower Mariveles Coal Plant) (GMEC)	Power generation	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	–	80.00	–	80.00
Abovant Holdings, Inc. (Abovant)	Holding company	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	100.00	–	100.00	–
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
Malvar Enerzone Corporation	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding company	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power generation	–	100.00	–	100.00
AboitizPower International B.V.	Holding company	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–

* No commercial operations as of June 30, 2021

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at FVTPL which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On July 28, 2021, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the accompanying unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new and revised standards and Philippine Interpretations which were applied starting January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 9, PFRS 7, PFRS 4, Insurance Contracts, and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly RFR:

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group also included, as one of its main considerations, the impact of the continuing impact of COVID-19 pandemic in making significant judgments and assumptions.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. 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.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual audited consolidated financial statements.

5. Cash and Cash Equivalents

	June 30, 2021	December 31, 2020
Cash on hand and in banks	₱15,859,788	₱14,790,197
Short-term deposits	25,735,030	23,909,348
	₱41,594,818	₱38,699,545

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates.

6. Trade and Other Receivables

	June 30, 2021	December 31, 2020
Trade receivables - net of allowance for expected credit losses	₱18,288,174	₱15,450,006
Others		
Dividends receivable	600,000	1,498,000
Advances to contractors	468,016	226,123
Non-trade receivable	4,516,990	3,766,426
Interest receivable	53,304	33,893
PSALM deferred adjustment	1,042,861	1,042,861
	₱24,969,345	₱22,017,309

Trade and other receivables are non-interest bearing and are generally on 10 - 30 days' term.

Non-trade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies of TSI, and receivable of GMEC from National Grid Corporation of the Philippines (NGCP) related to the sale of transmission assets in 2019 and advances to partners in GMEC.

7. Other Current Assets

	June 30, 2021	December 31, 2020
Restricted cash	₱5,935,117	₱5,324,213
Input VAT	1,321,795	1,972,706
Prepaid expenses	1,560,660	561,739
Advances to National Grid Corporation of the Philippines (NGCP)	615,792	1,167,296
Prepaid tax	580,984	1,352,645
Others	86,341	101,049
	₱10,100,689	₱10,479,648

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's lenders as per loan agreement. The asset will be used to pay the current portion of loans payable, interest payments and operating costs in the following period.

Advances to NGCP pertain to TVI's cost of installation of substation and transmission facilities which are subject for reimbursement after completion of the project in 2020.

Prepaid expenses mainly include prepayments for insurance.

8. Investments and Advances

	June 30, 2021	December 31, 2020
Acquisition cost:		
Balance at beginning of the period	₱60,470,649	₱58,144,997
Additions during the period	954,384	2,332,591
Step acquisition to subsidiary	(77)	—
Redemptions during the period	(14,413)	(6,939)
Balance at end of period	61,410,543	60,470,649
Accumulated equity in net earnings:		
Balance at beginning of the period	2,482,442	3,345,164
Share in net earnings	5,229,505	2,675,136
Step acquisition to subsidiary	1,082	—
Dividends received or receivable	(4,937,458)	(3,537,858)
Balance at end of period	2,775,571	2,482,442
Share in net unrealized valuation gain on FVOCI investment of an associate	98,602	98,602
Share in actuarial gains on defined benefit plans of associates and joint ventures	7,676	8,748
Share in cumulative translation adjustments of associates and joint ventures	(348,316)	(684,042)
	(242,038)	(576,692)
	63,944,076	62,376,399
Less allowance for impairment losses	568,125	568,125
Investments at equity	63,375,951	61,808,274
Advances	15,911	20,527
	₱63,391,862	₱61,828,801

2021

In 2021, the Group, through TPI and ATI, made capital contributions to GNPD amounting to ₱952.1 million.

In 2021, the Group made capital contributions to MEC amounting to ₱2.2 million.

In 2021, AEV Aviation, Inc. (AAI) redeemed 6,406 RPS held by the Company for ₱6.4 million.

In 2021, the Group, through Aboitiz Renewables, Inc. acquired 100% of La Filipina Electrica, Inc. (LFEI) from TPI (40%) and La Filipina Uy Gongco Corporation (60%) at its par value of ₱192,500. As a result, LFEI (formerly an associate) became a subsidiary.

The Group's associates and joint ventures and the corresponding equity ownership as of June 30, 2021 and December 31, 2020 are as follows:

	Nature of Business	Percentage of ownership	
		June 30, 2021	December 31, 2020
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33	83.33
GNPower Dinginin Ltd. Co. (GNPD) ²	Power generation	70.00	70.00
AA Thermal, Inc. (ATI)	Holding company	60.00	60.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84	42.84
La Filipina Elektrika, Inc.*	Power generation	—	40.00
STEAG State Power, Inc. (STEAG)	Power generation	34.00	34.00
AEV Aviation, Inc. (AAI)	Service	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00	20.00

¹ Joint venture.

² GNPD change in ownership based on the Partnership Agreement.

* No commercial operations as of June 30, 2021

The principal place of business and country of incorporation of the Group's associates and joint venture are in the Philippines. Other than the changes highlighted, associates and joint ventures are the same as those presented as of December 31, 2020 audited financial statements.

The carrying values of investments, which are accounted for under the equity method follow:

	June 30, 2021	December 31, 2020
ATI	₱25,754,768	₱24,146,045
GNPD	20,729,135	17,713,271
MORE	7,810,878	10,653,803
CEDC	3,739,789	3,409,799
STEAG	3,201,291	3,855,162
PEVI	575,112	532,796
RPEI	520,784	522,347
SFELAPCO	430,311	395,698
Hijos	212,038	213,524
WMPC	205,428	168,244
SPPC	52,904	53,246
Others	143,513	144,339
	₱63,375,951	₱61,808,274

9. Joint Operations

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		June 30, 2021	December 31, 2020
Pagbilao Energy Corporation (PEC)	Power generation	50%	50%

** PEC's principal place of business and country of incorporation is the Philippines;*

On May 15, 2014, the Group entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through PEC. TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the unaudited interim condensed consolidated financial statements on a line-by-line basis.

10. Intangible Assets

June 30, 2021

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱38,812,852	₱5,411,326	₱3,078,431	₱702,671	₱60,068	₱538,776	₱48,604,124
Additions	—	17,747	—	25,211	—	8,377	51,335
Exchange differences	613,757	9,146	—	—	—	—	622,903
Balances at end of period	39,426,609	5,438,219	3,078,431	727,882	60,068	547,153	49,278,362
Accumulated amortization:							
Balances at beginning of period	—	3,403,951	583,620	—	60,068	277,099	4,324,738
Amortization	—	81,945	38,480	—	—	33,055	153,480
Balances at end of period	—	3,485,896	622,100	—	60,068	310,154	4,478,218
Net book values	₱39,426,609	₱1,952,323	₱2,456,331	₱727,882	₱—	₱236,999	₱44,800,144

11. Trade and Other Payables

	June 30, 2021	December 31, 2020
Trade payables	₱12,177,504	₱9,266,804
Output VAT	3,446,472	3,370,163
Amounts due to contractors and other third parties	544,795	397,707
PSALM deferred adjustment	1,042,861	1,042,861
Accrued expenses:		
Interest	1,750,778	2,134,625
Materials and supplies cost	66,087	66,087
Taxes and fees	788,497	896,429
Claims conversion costs	460,489	105,627
Insurance	20,898	21,464
Dividends payable (see Note 22)	187,245	235,538
Unearned revenues	36,899	37,337
Customers' deposit	3,537	23,378
Nontrade	813,618	329,490
Others	256,053	444,288
	₱21,595,733	₱18,371,798

Trade payables are non-interest bearing and generally on 30-day terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

Amounts due to contractors and other third parties include liabilities arising from construction projects.

Others include withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

12. Short-term Loans

		June 30, 2021	December 31, 2020
Peso loans - financial	1.95% - 4.92% in 2021		
institutions - unsecured	2.00% - 4.92% in 2020	₱11,464,000	₱11,717,000
Temporary advances		39,528	26,413
		₱11,503,528	₱11,743,413

The bank loans are unsecured short-term notes payable obtained from local banks. These loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.

13. Long-term Debts

	2021 Interest Rate	2020 Interest Rate	June 30, 2021	December 31, 2020
Company:				
Bonds (see Note 14)	3.13% to 8.51%	3.13% to 8.51%	₱48,000,000	₱40,000,000
Financial institutions - unsecured	5.28%	5.28%	4,950,000	4,950,000
Financial institutions - unsecured	LIBOR + 1.20%	LIBOR + 1.20%	10,736,000	14,406,900
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.00%	33,646,554	33,711,803
TMI				
Financial institutions - secured	4.54%	—%	780,000	—
TVI				
Financial institutions - secured	5.56% to 9.00%	5.56% to 9.00%	27,983,935	29,418,667
AESI				
Financial institutions - secured	4.87%	4.87%	594,000	600,000
TSI				
Financial institutions - secured	5.26%	5.26%	18,073,856	18,729,025
APRI				
Financial institutions - secured	4.25% - 5.20%	4.48% - 5.20%	6,248,800	6,873,920
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	4.00% - 5.34%	9,014,858	9,315,000
TPVI				
Financial institutions - unsecured	3.32%-5.06%	3.32%-5.06%	1,500,000	1,500,000
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	4.63% - 5.42%	3,702,401	3,702,401
HI				
Financial institution - secured	7.41%	7.41%	423,000	423,000
Financial institution - secured	7.87%	7.87%	1,170,001	1,207,000
VECO				
Financial institution - unsecured	4.73% - 4.81%	4.73% - 4.81%	579,000	579,000
LHC				
Financial institutions - secured	LIBOR + 2.00%	LIBOR + 2.00%	168,360	271,330
DLP				
Financial institution - unsecured	4.73% to 4.92%	4.73% to 4.92%	434,250	434,250
AI				
AEV - unsecured	3.50%	3.50%	300,000	300,000
SEZ				
Financial institution - unsecured	5.00%	5.00%	56,500	56,500
CLP				
Financial institution - unsecured	4.73% to 4.92%	4.73% to 4.92%	86,850	86,850
Joint operation (see Note 9)				
Financial institutions - secured	5.77% - 6.27%	5.50% - 8.31%	11,775,801	12,251,259
			180,224,166	178,816,905
Less deferred financing costs			1,357,975	1,495,573
			178,866,191	177,321,332
Less current portion - net of deferred financing costs			25,571,412	17,254,213
			₱153,294,779	₱160,067,119

In April 2021, the Company prepaid \$80.0 million of the \$300.0 million syndicated bridge loan facility availed in 2019 to finance the AA Thermal, Inc. acquisition. This loan is due on 2024.

In March 2021, the Company issued another ₱8.00 billion 5-year bond due 2026 at an annual fixed rate equivalent to 3.82% as part of the first tranche of its ₱30.00 billion debt securities program.

In March 2021, TMI availed a new loan for a total of ₱780 million.

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restriction with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate

set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group based on each loan covenant required as of calculation date.

14. Debt Securities

As of June 30, 2021, the Company registered and issued peso-denominated fixed-rate retail bonds totaling ₱48.0 billion under the following terms:

Maturity	Interest Rate (p.a.)	Amount
12-year bonds to mature on September 10, 2026	6.10%	₱3,400,000
10-year bonds to mature on September 10, 2021	5.21%	6,600,000
10-year bonds to mature on July 3, 2027	5.34%	3,000,000
5.25-year bonds to mature on January 25, 2024	7.51%	7,700,000
7-year bonds to mature on October 25, 2025	8.51%	2,500,000
7-year bonds to mature on October 14, 2026	5.28%	7,250,000
2-year bonds to mature on July 6, 2022	3.13%	9,000,000
5-year bonds to mature on July 6, 2025	3.94%	550,000
5-year bonds to mature on March 16, 2026	3.82%	8,000,000

15. Operating Expenses

	For the periods ended June 30	
	2021	2020
Cost of purchased power	₱19,127,581	₱16,280,335
Cost of generated power	13,181,137	12,392,597
Depreciation and amortization	5,463,731	5,338,223
General and administrative	4,363,089	3,961,755
Operations and maintenance	5,135,116	4,023,420
	₱47,270,654	₱41,996,330

16. Other Income (Expenses)

	For the periods ended June 30	
	2021	2020
Surcharges	₱313,738	₱145,514
Non-utility operating income	68,821	290,191
Rental income	51,223	18,767
Losses on disposal of property, plant and equipment	(31,657)	(44,910)
Net foreign exchange gain (loss)	(373,963)	506,709
Others - net	422,496	511,445
	₱450,658	₱1,427,716

Included in “Net foreign exchange gain (loss)” are the net gains and losses relating to currency forward transactions.

“Others” include other non-recurring items like sale of scrap and sludge oil.

17. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	For the periods ended June 30	
	2021	2020
a. Net income attributable to equity holders of the parent	₱10,133,749	₱3,736,940
b. Weighted average number of outstanding shares	7,358,604,307	7,358,604,307
Earnings per share (a/b)	₱1.38	₱0.51

There are no dilutive potential common shares for the six-month periods ended June 30, 2021 and 2020.

18. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group’s Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group’s operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group’s identified operating segments, which are consistent with the segments reported to the BOD, which is the Group’s CODM, are as follows:

- “Power Generation” segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;
- “Power Distribution” segment, which is engaged in the distribution and sale of electricity to the end-users; and
- “Parent Company and Others”, which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers and electricity related services of the Group such as installation of electrical equipment.

The power generation segment's revenue from contracts with customers is mainly from power supply contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers:

January - June 2021

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱22,935,505	₱—	₱—	₱22,935,505
Revenue from distribution services	—	21,429,233	—	21,429,233
Revenue from retail electricity sales	—	—	9,456,294	9,456,294
Revenue from non-power supply contracts	6,486,723	—	—	6,486,723
Revenue from technical and management services	—	—	43,362	43,362
	₱29,422,228	₱21,429,233	₱9,499,656	₱60,351,117

January - June 2020

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱21,170,288	₱—	₱—	₱21,170,288
Revenue from distribution services	—	20,886,795	—	20,886,795
Revenue from retail electricity sales	—	—	7,449,270	7,449,270
Revenue from non-power supply contracts	3,457,452	—	—	3,457,452
Revenue from technical and management services	—	—	68,049	68,049
	₱24,627,740	₱20,886,795	₱7,517,319	₱53,031,854

The revenue from contracts with customers is consistent with the revenue with external customers presented in Segment information.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the unaudited interim condensed consolidated statements of income. Interest expense and other financing costs, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length transaction basis.

Adjustments as shown below include items not presented as part of segment assets and liabilities.

Financial information on the operations of the various business segments are summarized as follows:

June 30, 2021

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱29,422,228	₱21,429,233	₱9,499,656	₱—	₱60,351,117
Inter-segment	13,600,651	624,212	408,195	(14,633,058)	—
Total Revenue	₱43,022,879	₱22,053,445	₱9,907,851	(₱14,633,058)	₱60,351,117
Segment Results					
Segment Results	₱10,249,950	₱2,867,866	(₱37,353)	₱—	₱13,080,463
Unallocated corporate income - net	119,728	497,904	(166,974)	—	450,658
INCOME FROM OPERATIONS					
Interest expense	(5,230,744)	(302,338)	(1,579,660)	—	(7,112,742)
Interest income	82,502	2,793	106,380	—	191,675
Share in net earnings of associates and joint ventures	5,083,390	146,010	11,914,324	(11,914,219)	5,229,505
Provision for income tax	(407,995)	(454,681)	(39,297)	—	(901,973)
NET INCOME	₱9,896,831	₱2,757,554	₱10,197,420	(₱11,914,219)	₱10,937,586
OTHER INFORMATION					
Investments	₱62,014,978	₱1,016,412	₱177,651,641	(₱177,307,080)	₱63,375,951
Segment Assets	₱287,714,387	₱34,399,236	₱223,795,437	(₱140,934,854)	₱404,974,206
Segment Liabilities	₱170,049,298	₱29,240,352	₱80,102,736	(₱15,714,455)	₱263,677,931
Depreciation and Amortization	₱4,791,148	₱574,933	₱25,141	₱72,509	₱5,463,731

June 30, 2020

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱24,627,740	₱20,886,795	₱7,517,319	₱—	₱53,031,854
Inter-segment	10,994,255	301,839	864,539	(12,160,633)	—
Total Revenue	₱35,621,995	₱21,188,634	₱8,381,858	(₱12,160,633)	₱53,031,854
Segment Results					
Segment Results	₱8,485,343	₱2,464,195	₱85,986	₱—	₱11,035,524
Unallocated corporate income - net	662,035	519,555	246,126	—	1,427,716
INCOME FROM OPERATIONS					
Interest expense	(5,340,296)	(353,717)	(1,503,110)	—	(7,197,123)
Interest income	255,967	38,077	111,251	—	405,295
Share in net earnings of associates and joint ventures	836,239	121,171	5,140,462	(5,118,054)	979,818
Provision for income tax	(1,032,563)	(743,562)	(106,384)	—	(1,882,509)
NET INCOME	₱3,866,725	₱2,045,719	₱3,974,331	(₱5,118,054)	₱4,768,721
OTHER INFORMATION					
Investments	₱61,293,783	₱976,512	₱162,813,993	(₱162,470,600)	₱62,613,688
Segment Assets	₱299,612,269	₱35,841,766	₱195,632,289	(₱115,515,479)	₱415,570,845
Segment Liabilities	₱188,919,373	₱30,962,780	₱78,775,845	(₱11,533,329)	₱287,124,669
Depreciation and Amortization	₱4,704,911	₱538,371	₱22,432	₱72,509	₱5,338,223

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, investments in equity securities, short-term loans, trade and other payables, lease liabilities, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases and interest rate swap agreement to hedge its floating rate exposure on its foreign currency-denominated loan.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, commodity price risk and foreign exchange risk.

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 14.87% of the Group's debt will mature in less than one year as of June 30, 2021 (December 31, 2020: 10.90%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of June 30, 2021 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱11,503,528	₱11,503,528	₱—	₱11,503,528	₱—	₱—
Trade and other payables*	17,900,399	17,904,458	2,249,904	15,077,422	577,132	—
Long-term debts	178,866,191	180,224,165	—	25,825,837	96,946,033	57,452,295
Customers' deposits	7,036,471	7,036,471	—	171	410,186	6,626,114
Lease liabilities	36,483,710	47,253,763	—	10,595,976	32,004,018	4,653,769
Long-term obligation on PDS	194,484	320,000	—	40,000	200,000	80,000
Derivative liabilities	887,025	887,025	—	233,004	654,021	—
	₱252,871,808	₱265,129,410	₱2,249,904	₱63,275,938	₱130,791,390	₱68,812,178

*Include the noncurrent portion of the PSALM deferred adjustment presented under noncurrent liabilities in the unaudited interim consolidated balance sheet.

Commodity swap contracts

In 2018, TLI entered into commodity swap contracts to hedge the price volatility of forecasted coal purchases. The commodity swaps do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal. TLI hedges approximately 30% of its expected coal purchases considered to be highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward and commodity swap contracts match the terms of the expected highly probable forecasted transactions.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of June 30, 2021, 14% of the Group's long-term debt had annual floating interest rates ranging from 1.32% to 2.27%, and 86% have annual fixed interest rates ranging from 4.00% to 8.50%. As of December 31, 2020, 16% of the Group's long-term debt had annual floating interest rates ranging from 3.09% to 4.81%, and 84% have annual fixed interest rates ranging from 4.05% to 9.00%.

The following tables set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

As of June 30, 2021

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱8,768,769	₱6,056,723	₱9,564,647	₱24,390,139

As of June 30, 2020

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,845,449	₱22,740,584	₱3,761,728	₱28,347,761

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the

instrument. The other financial instruments of the Group that are not included in the above tables are non-interest-bearing and are therefore not subject to interest rate risk. The Group's derivative assets and liabilities are subject to fair value interest rate risk.

The interest expense and other financing costs recognized according to source are as follows:

	For the periods ended June 30	
	2021	2020
Short-term loans and long-term debt	₱5,081,140	₱5,341,577
Lease liabilities (Note 21)	1,919,321	1,743,694
Customers' deposits	197	853
Other long-term obligations	112,084	110,999
	₱7,112,742	₱7,197,123

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
June 2021	100	(₱243,901)
	(50)	121,951
June 2020	200	(₱566,955)
	(100)	283,478

There is no other impact on the Group's equity other than those already affecting the unaudited interim condensed consolidated statements of income.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 27% and 32% of total consolidated borrowings as of June 30, 2021 and December 31, 2020.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of June 30, 2021 and December 31, 2020, translated to Philippine Peso:

	June 30, 2021		December 31, 2020	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$158,704	₱7,744,755	\$156,869	₱7,533,320
Trade and other receivables	2,442	119,218	461	22,139
Total financial assets	161,146	7,863,973	157,330	7,555,459
Financial liabilities:				
Short-term loans	810	39,528	550	26,413
Trade and other payables	43,422	2,118,993	39,054	1,875,490
Long-term debt	220,000	10,736,000	300,000	14,406,900
Lease liabilities	358,876	17,513,149	394,341	18,937,438
Total financial liabilities	623,108	30,407,670	733,945	35,246,241
Total net financial liabilities	(\$461,962)	(₱22,543,697)	(\$576,615)	(₱27,690,782)

¹\$1 = 48.80

²\$1 = 48.02

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of June 30:

	Increase (decrease) in US Dollar	Effect on income before tax
2021		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,127,185)
US Dollar denominated accounts	US Dollar weakens by 5%	1,127,185
2020		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,682,670)
US Dollar denominated accounts	US Dollar weakens by 5%	1,682,670

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

There is no other impact on the Group's equity other than those already affecting the unaudited interim consolidated statements of comprehensive income.

Credit risk

For its cash investments (including restricted portion), financial assets at FVTPL and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and financial assets at FVTPL, the risk is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to only enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and it has internal mechanisms to monitor the granting of credit and management of credit exposures.

Concentration Risk

Credit risk concentration of the Group's receivables according to the customer category is summarized in the following table:

	June 30, 2021	December 31, 2020
Power distribution:		
Industrial	₱5,089,099	₱4,005,713
Residential	1,821,535	1,922,998
Commercial	1,147,837	1,144,382
City street lighting	788,748	764,702
Power generation:		
Power supply contracts	9,227,564	8,066,769
Non-power supply contracts	2,573,996	1,821,815
	₱20,648,779	₱17,726,379

Capital Management

Capital includes equity attributable to the equity holders of the parent. 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 or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt and lease liabilities) less cash and short-term deposits (including restricted cash).

Gearing ratios of the Group as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Short-term loans	₱11,503,528	₱11,743,413
Long-term obligations	215,349,901	216,584,309
Cash and cash equivalents	(41,594,818)	(38,699,545)
Restricted cash	(5,935,117)	(5,324,213)
Net debt (a)	179,323,494	184,303,964
Equity	141,296,275	134,585,073
Equity and net debt (b)	320,619,769	318,889,037
Gearing ratio (a/b)	55.93%	57.80%

No changes were made in the objectives, policies or processes during the periods ended June 30, 2021 and December 31, 2020.

20. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a

forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	June 30, 2021		December 31, 2020	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	₱1,618,795	₱1,485,954	₱2,140,226	₱1,939,398
Financial Liabilities				
Lease liabilities	₱36,483,710	₱34,531,387	₱39,262,977	₱37,907,883
Long-term debt - fixed rate	154,476,052	168,622,461	149,420,018	164,336,417
PSALM deferred adjustment	1,618,795	1,485,954	2,140,226	1,939,398
Long-term obligation on power distribution system	194,484	162,164	183,436	162,164
	₱192,773,041	₱204,801,966	₱191,006,657	₱204,345,862

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables. The carrying amounts of cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Lease liabilities. The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates.

Long-term obligation on PDS and PSALM deferred adjustment. The fair value of the long-term obligation is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL. These equity securities are carried at fair value.

Derivative financial instruments. The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group enters into non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities and purchases.

The Group also entered into an interest rate swap agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign-currency denominated payments.

The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

The movements in fair value changes of all derivative instruments for the six-month period ended June 30, 2021 and for the year ended December 31, 2020 are as follows:

	2021	2020
At beginning of period	(₱1,788,802)	(₱2,385,997)
Net changes in fair value of derivatives designated as cash flow hedges	2,016,360	1,107,316
Net changes in fair value of derivatives not designated as accounting hedges	36,942	(4,848)
Fair value of settled instruments	102,438	(505,273)
At end of period	₱366,938	(₱1,788,802)

Fair Value Hierarchy

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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of June 30, 2021, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative assets	₱1,253,963	₱—	₱1,253,963	₱—
Derivative liabilities	887,025	—	887,025	—
Disclosed at fair value:				
Lease liabilities	34,531,387	—	—	34,531,387
Long-term debt - fixed rate	168,622,461	—	—	168,622,461
Long-term obligation on PDS	162,164	—	—	162,164

During the six-month period ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

21. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Land	Building	Power Plant	Equipment and Others	Total	Lease liabilities
As at January 1, 2021	₱2,822,342	₱71,638	₱32,504,564	₱82,094	₱35,480,638	₱39,262,977
Amortization expense	(85,450)	(11,829)	(523,968)	(4,153)	(625,400)	—
Interest expense	—	—	—	—	—	1,919,321
Payments	—	—	—	—	—	(5,053,327)
Others	—	—	—	176,140	176,140	354,739
As at June 30, 2021	₱2,736,892	₱59,809	₱31,980,596	₱254,081	₱35,031,378	₱36,483,710

Set out below, are the amounts recognized in the unaudited interim consolidated statement of income for the six months ended June 30, 2021:

Amortization expense of right-of-use assets	₱625,400
Interest expense on lease liabilities	1,919,321
Rent expense - short-term leases	33,113
	<u>₱2,577,834</u>

22. Retained Earnings

- On March 5, 2021, the BOD approved the declaration of regular cash dividends of ₱0.85 a share (₱6.25 billion) to all stockholders of record as of March 19, 2021. These dividends were paid on March 31, 2021.
- On March 5, 2021, the BOD also approved the reversal of a total of ₱13.60 billion retained earnings.
- On March 6, 2020, the BOD approved the declaration of regular cash dividends of ₱1.18 a share (₱8.68 billion) to all stockholders of record as of March 20, 2020. These dividends were paid on April 3, 2020.

- d. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱70.40 billion and ₱65.96 billion as at June 30, 2021 and December 31, 2020, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

23. Disclosures

1. COVID 19

The Philippines has been placed in a stringent community quarantine, varying in terms of degree and location since the COVID-19 outbreak in 2020. This community quarantine negatively affects business, especially those that are not considered essentials.

The Group has experienced the negative effect of the COVID-19 pandemic in its 2020 operations, but on a lesser magnitude. This includes lower energy dispatch level because of the decreased demand during the community quarantines as well as certain delays in terms of collections of energy billings because of the staggered payment scheme implemented by the Energy Regulatory Commissions in 2020. In addition, because of the decrease in energy demand, market prices are down. Significant improvements have been felt in the latter part of 2020, as the economy started to improve, and has been continuing during the first six months of 2021.

The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. However, considering the evolving nature of this outbreak, the Group will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.

2. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well-distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This precipitation seasonality greatly affects subsidiary companies HI, HSI, Hedcor Tudaya, Hedcor Sabangan and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

3. Pagbilao IPP Administration Agreement

TLI and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity (the "Capacity") of NPC in the coal-fired power plant in Pagbilao, Quezon.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

TLI has the following rights, among others, under the IPP Administration Agreement:

- a. The right to receive, manage and control the Capacity of the power plant for its own account and at its own cost and risk;
- b. The right to trade, sell or otherwise deal with the Capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and its own risk and cost. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- c. The right to receive the transfer of the power plant at the end of the IPP Administration Agreement (which is technically the end of the ECA) for no consideration; and
- d. The right to receive an assignment of NPC's interest to existing short-term bilateral Power Supply Contract from the effective date of the IPP Administration Agreement the last of which were scheduled to end in November 2011.

4. Property, Plant and Equipment

During the six-month period ended June 30, 2021, the Group's additions to property, plant and equipment amounted to ₱2.42 billion.

5. Dividends to Non-controlling Interests

The Group's material partly-owned subsidiary VECO paid cash dividends amounting to ₱938.1 million and ₱952.7 million to non-controlling interests during the six-month periods ended June 30, 2021 and 2020, respectively.

6. Material Events and Changes

₱8 billion bond issuance

The Company issued the first tranche of its 30 billion debt securities program, equivalent to ₱8 billion in March 2021. The Fixed Rate "Series A Bonds" has an interest rate of 3.8224% per annum maturing in 2026. The bonds have been rated PRS Aaa by PhilRatings.

7. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Company obtained Standby Letters of Credit and is acting as surety for the benefit of certain associates and a subsidiary in connection with loans and credit accommodations.

8. Application of the Provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the Office of the President of the Philippines signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the consolidated financial statements of the Group as of and for the year ended December 31, 2020 because of their retroactive effect:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event in the consolidated financial statements of the Group as of and for the year ended December 31, 2020. Accordingly, current and deferred income taxes continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

The Group reflected the changes in the current and deferred income taxes in its unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2021, including the retroactive effect of the change in tax rates arising from the CREATE Act, reducing provisions for current and deferred income tax by ₱333 million.

SCHEDULE A - USE OF PROCEEDS**1) Series "E" and "F" of the Thirty Billion Shelf Registration issued in 2020**

As of June 30, 2021, the proceeds from the 2020 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI	6,736,749	6,736,749
Fund Succeeding Equity Infusions in AA Thermal and TPI	2,082,873	1,735,894
General corporate purposes	614,889	127,338
Bond issuance costs	115,489	113,547
TOTAL	9,550,000	8,713,528

	Per Final Prospectus	Actual
Gross proceeds	9,550,000	9,550,000
Net proceeds	9,434,511	9,436,453

Balance of the proceeds as of June 30, 2021:	₱836,472
--	----------

2) Series "A" of the Thirty Billion Shelf Registration issued in 2021

As of June 30, 2021, the proceeds from the 2021 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Redemption of the 2014 Series A Bonds Maturing in 2021	6,600,000	—
Partial Funding for the Early Redemption of the 2014 Series B Bonds Originally Maturing in 2026	1,295,303	—
Bond issuance costs	104,697	93,805
TOTAL	8,000,000	93,805

	Per Final Prospectus	Actual
Gross proceeds	8,000,000	8,000,000
Net proceeds	7,895,303	7,906,195

Balance of the proceeds as of June 30, 2021:	₱7,906,195
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SCHEDULE B – RELEVANT FINANCIAL RATIOS

	Formula	June 30, 2021	December 31, 2020
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.28	1.38
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.01	1.08
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.87	1.96
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.87	2.96
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.27	1.37
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	55.93%	57.80%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a	2.54
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a	24%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a	11%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of June 30, 2021

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables					
Power Distribution Customers	3,862,042	737,507	234,179	751,105	5,584,833
Power Generation Customers	8,221,345	308,229	148,577	3,123,409	11,801,560
Management & Other Services Customers	3,099,439	48,319	52,749	61,879	3,262,386
	15,182,826	1,094,055	435,505	3,936,393	20,648,779
Less : Allowance for estimated credit losses					2,360,605
Net trade receivables					18,288,174
Non-trade receivables	6,451,214	219,302	9,063	1,592	6,681,171
Grand Total	21,634,040	1,313,357	444,568	3,937,985	24,969,345

2.) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

3.) NORMAL OPERATING CYCLE

Power Subsidiaries

Distribution - 60 days

Generation - 65 days

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C 1 9 9 8 0 0 1 3 4

COMPANY NAME

A B O I T I Z P O W E R C O R P O R A T I O N A N D
S U B S I D I A R I E S

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

3 2 n d S t r e e t , B o n i f a c i o G l o b a l
C i t y , T a g u i g C i t y , M e t r o M a n i l
a , P h i l i p p i n e s 1 6 3 4

Form Type

A A C F S

Department requiring the report

C F D

Secondary License Type, if Applicable

- N A -

COMPANY INFORMATION

Company's Email Address

www.aboitizpower.com

Company's Telephone Number

(02) 8886-2800

Mobile Number

None

No. of Stockholders

598

Annual Meeting (Month / Day)

April 26

Fiscal Year (Month / Day)

December/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Liza Luv T. Montelibano

Email Address

liza.montelibano@aboitiz.com

Telephone Number/s

(02) 8886-2813

Mobile Number

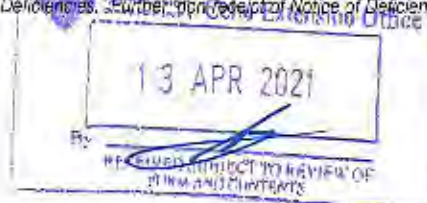
Not Available

CONTACT PERSON'S ADDRESS

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1634

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
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Aboitiz Power Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 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 financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



ERRAMON I. ABOITIZ
Chairman of the Board



EMMANUEL V. RUBIO
President & Chief Executive Officer



LIZA LOVINA MONTELIBANO
SVP & Chief Financial Officer/Corporate Information Officer



Signed this March 05, 2021

Republic of the Philippines)
City of Taguig) S.S.

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

Name Passport/CTC No. Date/Place Issued

ERRAMON I. ABOITIZ

EMMANUEL V. RUBIO

LIZA LUV T. MONTELIBANO



who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this Mar 17 2021

Doc. No. 096 ;

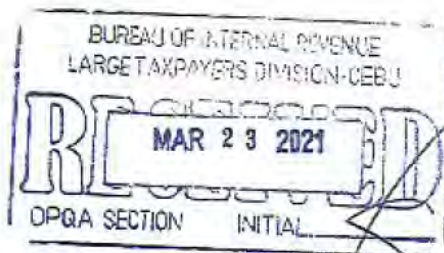
Page No. 81 ;

Book No. X ;

Series of 2021



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until June 30, 2021
NA Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025311, January 6, 2021 Taguig City
IBP OR no. 144348, January 6, 2021
Reg. No. 00209
MCE Compliance No. VI-0011090





SyCip Gonsalves Velayo & Co.
8760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

SOA/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 9, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2020 and 2019, 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, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

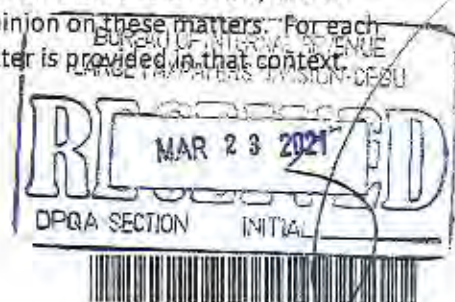
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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 PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2020, the goodwill attributable to several cash-generating units (CGUs) amounted to ₱38.81 billion or 10% of total assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in assessing the methodologies and assumptions used. These assumptions include discount and growth rates, revenue assumptions, and material price inflation. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱41.87 billion accounts for 38% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 20 to the consolidated financial statements.

Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial



reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

Recoverability of Certain Segments of Property, Plant and Equipment

Based on the assessment of the Group as of December 31, 2020, certain segments of its property, plant and equipment totaling ₱41.6 billion, may be impaired due to the existence of impairment indicators. As such, the Group assessed the recoverable amount of these segments of property and equipment and this requires significant judgment and involves estimation and assumptions about future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, we consider such assessment as a key audit matter in our audit.

The disclosures about the recoverability of certain segments of property, plant and equipment are included in Note 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist in assessing the methodologies and assumptions used. These assumptions include future electricity generation levels and costs, as well as external inputs such as fuel prices, electricity prices and discount rates. We compared the key assumptions used against the historical performance of certain segments of property, plant and equipment, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. 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 test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of certain segments of property, plant and equipment.

Consolidation Process

Aboitiz Power Corporation owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosures on the basis of consolidation are in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's consolidation process and the related controls, the process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation and reviewed the



eliminating entries recorded, including fair value adjustments. In addition, we reviewed the foreign currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

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, 2020 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, 2020 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
Maria Veronica Andresa R. Pore

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

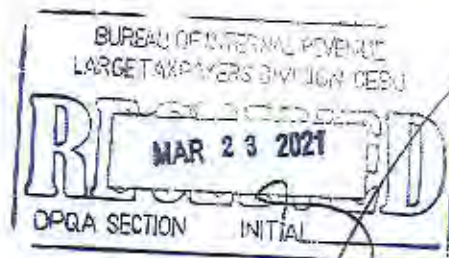
SEC Accreditation No. 0662-AR-4 (Group A),
November 21, 2019, valid until November 20, 2022

Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-071-2020,
December 3, 2020, valid until December 2, 2023

PTR No. 8534345, January 4, 2021, Makati City

March 5, 2021



ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

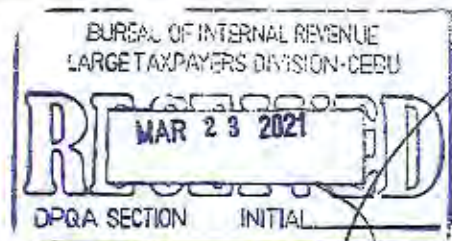
	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱38,699,545	₱37,433,929
Trade and other receivables (Note 6)	22,017,309	21,747,422
Inventories (Note 7)	6,308,200	6,632,029
Other current assets (Note 8)	10,479,648	11,083,405
Total Current Assets	77,504,702	76,896,785
Noncurrent Assets		
Investments and advances (Note 9)	61,828,801	60,878,541
Property, plant and equipment (Notes 11 and 34)	203,451,243	209,521,466
Intangible assets (Note 12)	44,279,386	46,712,501
Derivative assets (see Note 33)	—	82,327
Net pension assets (Note 26)	50,410	68,209
Deferred income tax assets - net (Note 28)	1,539,020	2,786,310
Other noncurrent assets (Note 13)	9,271,556	13,523,218
Total Noncurrent Assets	320,420,416	333,572,572
TOTAL ASSETS	₱397,925,118	₱410,469,357

LIABILITIES AND EQUITY

Current Liabilities

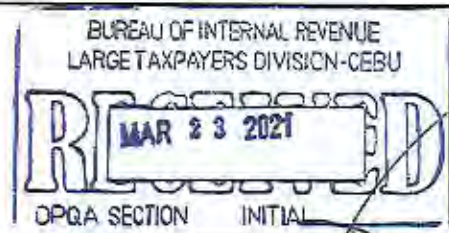
Short-term loans (Note 15)	₱11,743,413	₱10,335,420
Current portions of:		
Long-term debts (Note 16)	17,254,213	10,386,311
Lease liabilities (Note 34)	7,104,181	5,486,745
Long-term obligation on power distribution system (Note 12)	40,000	40,000
Derivative liabilities (Note 33)	787,273	2,255,736
Trade and other payables (Note 14)	18,371,798	22,376,120
Income tax payable (Note 28)	722,715	510,137
Total Current Liabilities	56,023,593	51,390,469

(Forward)



	December 31	
	2020	2019
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Note 16)	₱160,067,119	₱167,585,311
Lease liabilities (Note 34)	32,158,796	39,302,899
Long-term obligation on power distribution system (Note 12)	143,436	159,350
Derivative liabilities - net of current portion (Note 33)	1,001,529	212,588
Customers' deposits (Note 17)	6,798,845	6,521,469
Decommissioning liability (Note 18)	5,008,033	3,567,492
Deferred income tax liabilities - net (Note 28)	745,214	848,471
Net pension liabilities (Note 26)	294,086	426,047
Other noncurrent liabilities (Note 39k)	1,099,394	6,812,250
Total Noncurrent Liabilities	207,316,452	225,435,877
Total Liabilities	263,340,045	276,826,346
Equity Attributable to Equity Holders of the Parent		
Paid-in capital (Note 19a)	19,947,498	19,947,498
Share in net unrealized valuation gains on fair value through other comprehensive income (FVOCI) of an associate (Note 9)	98,602	101,727
Cumulative translation adjustments (Note 33)	(2,446,773)	(994,253)
Share in cumulative translation adjustments of associates and joint ventures (Note 9)	(684,042)	(153,485)
Actuarial losses on defined benefit plans (Note 26)	(1,239,612)	(923,833)
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures (Note 9)	8,748	(14,299)
Acquisition of non-controlling interests (Note 9)	(6,321,325)	(6,321,325)
Excess of cost over net assets of investments	(421,260)	(421,260)
Loss on dilution (Note 2)	(433,157)	(433,157)
Retained earnings (Note 19b)		
Appropriated	33,660,000	33,660,000
Unappropriated (Notes 9 and 19c)	84,989,900	81,095,377
	127,158,579	125,542,990
Non-controlling Interests	7,426,494	8,100,021
Total Equity	134,585,073	133,643,011
TOTAL LIABILITIES AND EQUITY	₱397,925,118	₱410,469,357

See accompanying Notes to Consolidated Financial Statements.



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2020	2019	2018
OPERATING REVENUES			
Sale of power (Notes 20 and 31):			
Generation	₱51,750,660	₱55,895,587	₱61,854,685
Distribution	41,872,331	46,120,403	44,880,546
Retail electricity supply	16,476,713	22,805,450	24,216,767
Technical, management and other fees (Note 31)	276,945	813,717	620,086
OPERATING REVENUES	110,376,649	125,635,157	131,572,084
OPERATING EXPENSES			
Cost of purchased power (Notes 21 and 31)	31,409,251	35,835,144	36,006,080
Cost of generated power (Note 22)	23,461,858	35,526,706	35,674,218
Depreciation and amortization (Notes 11, 12 and 34)	10,973,364	9,895,695	8,681,403
Operations and maintenance (Note 24)	8,988,916	7,366,372	6,525,189
General and administrative (Note 23)	8,663,373	8,155,366	8,188,512
	83,496,762	96,779,283	95,075,402
FINANCIAL INCOME (EXPENSES) - net			
Interest income (Notes 5 and 31)	653,076	1,291,703	880,085
Interest expense and other financing costs (Notes 15, 16, 32 and 34)	(14,253,528)	(14,047,646)	(12,082,158)
	(13,600,452)	(12,755,943)	(11,202,073)
OTHER INCOME (EXPENSES) - net			
Share in net earnings of associates and joint ventures (Note 9)	2,675,136	3,813,962	4,356,825
Other income (expenses) - net (Note 27)	4,928,563	3,483,387	(1,292,311)
	7,603,699	7,297,349	3,064,514
INCOME BEFORE INCOME TAX	20,883,134	23,397,280	28,359,123
PROVISION FOR INCOME TAX (Note 28)	6,061,912	3,215,498	2,925,623
NET INCOME	₱14,821,222	₱20,181,782	₱25,433,500
ATTRIBUTABLE TO:			
Equity holders of the parent	₱12,577,676	₱17,322,677	₱21,707,603
Non-controlling interests	2,243,546	2,859,105	3,725,897
	₱14,821,222	₱20,181,782	₱25,433,500
EARNINGS PER COMMON SHARE (Note 29)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱1.71	₱2.35	₱2.95

See accompanying Notes to Consolidated Financial Statements.



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Years Ended December 31		
	2020	2019	2018
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	₱12,577,676	₱17,322,677	₱21,707,603
Non-controlling interests	2,243,546	2,859,105	3,725,897
	14,821,222	20,181,782	25,433,500
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Movement in cumulative translation adjustments	(1,985,467)	(1,767,498)	584,087
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 9)	(530,557)	(474,624)	465,646
Share in net unrealized valuation losses on FVOCI investments of an associate (Note 9)	(3,125)	—	(22,394)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	(2,519,149)	(2,242,122)	1,027,339
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Share in actuarial gains (loss) on defined benefit plans of associates and joint ventures, net of tax (Note 9)	23,047	(44,028)	24,766
Actuarial gain (loss) on defined benefit plans, net of tax (Note 26)	(327,505)	(329,029)	8,893
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods	(304,458)	(373,057)	33,659
Total other comprehensive income (loss) for the period, net of tax	(2,823,607)	(2,615,179)	1,060,998
TOTAL COMPREHENSIVE INCOME	₱11,997,615	₱17,566,603	₱26,494,498
ATTRIBUTABLE TO:			
Equity holders of the parent	₱10,298,742	₱14,947,290	₱22,602,094
Non-controlling interests	1,698,873	2,619,313	3,892,404
	₱11,997,615	₱17,566,603	₱26,494,498

See accompanying Notes to Consolidated Financial Statements.



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent												
	Paid in Capital (Note 19a)	Share in Net Unrealized Valuation Gains on FVOCI (Note 9)	Cumulative Translation Adjustments	Adjustments of Associates and Joint Ventures (Note 9)	Actuarial Losses on Defined Benefit Plans (Note 26)	Share in Actuarial Gains (Loss) on Defined Benefit Plans of Associates and Joint Ventures (Note 9)	Acquisition of Non-controlling Interests (Note 9)	Excess of cost over net assets of investment	Loss on Dilution	Retained Earnings (Note 19b)	Non-controlling interests	Total	
Balances at January 1, 2020	P19,947,498	P101,727	(P994,253)	(P153,485)	(P923,833)	(P14,299)	(P6,321,325)	(P421,260)	(P433,157)	P33,660,000	P81,095,377	P6,100,021	P133,643,011
Net income for the year	—	—	—	—	—	—	—	—	—	—	12,577,676	2,243,546	14,821,222
Other comprehensive income (loss)	—	(3,125)	—	—	—	—	—	—	—	—	—	—	(3,125)
Share in movement in unrealized loss on FVOCI Investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Movement in cumulative translation adjustments	—	—	(1,452,520)	—	—	—	—	—	—	—	—	—	(1,452,520)
Share in movement in cumulative translation adjustment of associates and joint ventures	—	—	—	(530,557)	—	—	—	—	—	—	—	—	(530,557)
Actuarial loss on defined benefit plans, net of tax	—	—	—	—	(315,779)	—	—	—	—	—	—	(11,726)	(327,505)
Share in actuarial gain on defined benefit plans of associates and joint ventures	—	—	—	—	—	23,047	—	—	—	—	—	—	23,047
Total comprehensive income (loss) for the year	—	(3,125)	(1,452,520)	(530,557)	(315,779)	23,047	—	—	—	—	12,577,676	1,698,873	11,997,615
Cash dividends - P1.18 per share (Note 19b)	—	—	—	—	—	—	—	—	—	—	(8,683,153)	—	(8,683,153)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(2,350,216)	(2,350,216)
Change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(22,184)	(22,184)
Balances at December 31, 2020	P19,947,498	P98,602	(P2,446,773)	(P684,042)	(P1,239,612)	P1,748	(P6,321,325)	(P421,260)	(P433,157)	P33,660,000	P84,989,900	P7,426,494	P134,585,073

BUREAU OF INTERNAL REVENUE
 LARGE TAXPAYERS DIVISION - CEBU
 SECTION 23
 MAR 23 2021



Attributable to Equity Holders of the Parent

	Paid-in Capital (Note 19)	Share in Net Unrealized Valuation Gain on FVOCI (Note 9)	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 7)	Actuarial Losses on Defined Benefit Plans (Note 26)	Share in Actuarial Gains (Losses) on Defined Benefit Plans and Joint Ventures (Note 9)	Acquisition of Non-controlling Interests (Note 9)	Excess of cost over net assets of investment	Loss on Dilution	Appropriated	Unappropriated	Non-controlling Interests	Total
Balances at January 1, 2019, as previously reported	₱19,947,498	₱101,727	₱525,916	₱321,139	₱587,267	₱29,729	₱259,147	₱421,260	₱433,157	₱34,060,000	₱74,427,738	₱8,863,751	₱136,576,667
Effect of adoption - PFMS 16											(237,890)	(40,070)	(277,960)
Balances at January 1, 2019, as restated	19,947,498	101,727	525,916	321,139	(587,267)	29,729	(259,147)	(421,260)	(433,157)	34,060,000	74,189,848	8,823,681	136,296,707
Net income for the year											17,322,677	2,859,105	20,181,782
Other comprehensive income (loss)													
Movement in cumulative translation adjustments													
Share in movement in cumulative translation adjustment of associates and joint ventures			(1,520,169)									(247,329)	(1,767,498)
Actuarial gains (losses) on defined benefit plans, net of tax				(474,024)									(474,024)
Share in actuarial loss on defined benefit plans of associates and joint ventures					(336,566)							7,537	(329,029)
						(44,028)							(44,028)
Total comprehensive income (loss) for the year			(1,520,169)	(474,024)	(336,566)	(44,028)					17,322,677	2,819,313	17,566,603
Reversal of appropriation										(12,300,000)	12,300,000		
Appropriations										11,900,000	(11,900,000)		
Acquisition of non-controlling interest (Note 9)							(6,067,178)					(710,890)	(6,778,068)
Cash dividends - ₱1.47 per share (Note 19b)											(10,817,148)		(10,817,148)
Cash dividends paid to non-controlling interests												(2,580,724)	(2,580,724)
Change in non-controlling interests												(51,419)	(51,419)
Balances at December 31, 2019	₱19,947,498	₱101,727	₱394,753	₱153,435	₱923,833	₱14,799	₱6,321,325	₱421,260	₱433,157	₱33,660,000	₱61,095,377	₱8,100,021	₱133,643,011

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS DIVISION-DEBU
MAR 23 2021



Attributable to Equity Holders of the Parent

	Paid-in Capital (Note 19a)	Net Unrealized Losses on AFS Investments (Note 25)	Share in Net Unrealized Valuation Gain on FVOCI (Note 9)	Cumulative Translation Adjustments Joint Ventures (Note 9)	Share in Cumulative Translation Adjustments of Associates and Joint Ventures (Note 9)	Actuarial Gains (Losses) on Defined Benefit Plans (Note 26)	Share in Actuarial Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures (Note 9)	Acquisition of Non- controlling Interests (Note 9)	Excess of cost over net assets of investment	Retained Earnings (Note 19b)		Non- controlling Interests	Total
										Appropriated	Unappropriated		
Balances at January 1, 2018, as previously reported	P19,947,498	(P625)	P124,121	P113,637	(P144,507)	(P601,461)	P4,963	(P259,147)	(P421,260)	(P433,157)	P51,060,000	P8,581,094	P13,978,464
Effect of adoption - PFIS 9		625									(57,713)	(3,767)	(60,855)
Balances at January 1, 2018, as restated	19,947,498	-	124,121	113,637	(144,507)	(601,461)	4,963	(259,147)	(421,260)	(433,157)	34,060,000	8,578,327	13,917,609
Net income for the year	-	-	-	-	-	-	-	-	-	-	21,707,603	3,725,897	25,433,500
Other comprehensive income													
Share in movement in unrealized loss on FVOCI Investments	-	-	(22,394)	-	-	-	-	-	-	-	-	-	(22,394)
Movement in cumulative translation adjustments	-	-	-	412,279	-	-	-	-	-	-	-	171,808	584,087
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	465,646	-	-	-	-	-	-	-	465,646
Actuarial gains (losses) on defined benefit plans, net of tax	-	-	-	-	-	14,194	-	-	-	-	-	(5,301)	8,893
Share in actuarial gain on defined benefit plans of associates and joint ventures	-	-	-	-	-	24,766	-	-	-	-	-	-	24,766
Total comprehensive income (loss) for the year	-	-	(22,394)	412,279	465,646	14,194	24,766	-	-	-	21,707,603	3,891,404	26,494,408
Cash dividends - P. 39 per share (Note 19b)	-	-	-	-	-	-	-	-	-	-	(10,228,460)	-	(10,228,460)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,768,596)	(4,768,596)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,161,616	1,161,616
Balances at December 31, 2018	P19,947,498	P-	P101,727	P525,916	P421,139	(P587,267)	P29,729	(P259,147)	(P421,260)	(P433,157)	P34,060,000	P8,863,751	P15,676,667

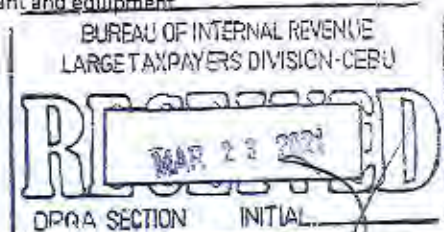
See accompanying Notes to the Consolidated Financial Statements.



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

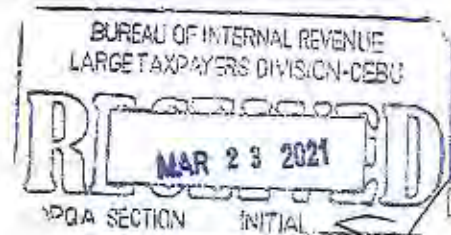
	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱20,883,134	₱23,397,280	₱28,359,123
Adjustments for:			
Interest expense and other financing costs (Note 32)	14,253,528	14,047,646	12,082,158
Depreciation and amortization (Notes 11 and 12)	10,973,364	9,895,695	8,681,403
Losses on disposal of property, plant and equipment (Note 27)	88,227	304,631	292,799
Write-off of project costs and other assets (Note 12)	7,240	31,431	50,922
Unrealized fair valuation loss on derivatives and financial assets at fair value through profit or loss (FVTPL) (Note 33)	4,848	1,424	196,297
Share in net earnings of associates and joint ventures (Note 9)	(2,675,136)	(3,813,962)	(4,356,825)
Net unrealized foreign exchange (gain) loss	(2,022,493)	(1,950,762)	997,010
Interest income (Notes 5 and 31)	(653,076)	(1,291,703)	(880,085)
Unrealized fair valuation losses on investment property (Note 27)	(115,829)	(126,842)	—
Impairment loss (recovery) on property, plant and equipment, goodwill and other assets (Notes 4, 11, 12 and 13)	—	(245,489)	847,619
Gain on sale of financial assets at FVTPL	—	(1,251)	—
Operating income before working capital changes	40,743,807	40,248,098	46,270,421
Decrease (increase) in:			
Trade and other receivables	(8,407,645)	(5,765,526)	(3,449,871)
Inventories	323,829	58,424	(1,057,730)
Other current assets	2,857,713	2,780,992	(3,401,458)
Increase (decrease) in:			
Long-term obligation on power distribution system	(40,000)	(40,000)	(40,000)
Trade and other payables	632,050	5,230,984	2,687,675
Customers' deposits	277,376	513,105	(86,326)
Net cash generated from operations	36,387,130	43,026,077	40,922,711
Income and final taxes paid	(4,605,461)	(3,669,115)	(3,634,811)
Net cash flows from operating activities	31,781,669	39,356,962	37,287,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Note 9)	3,238,926	3,784,671	4,346,071
Interest received	654,133	1,421,536	919,255
Proceeds from redemption of shares (Note 9)	6,939	5,340	80,216
Decrease in other noncurrent assets	(634,764)	(2,109,404)	(1,450,074)
Net collection of advances from associates and joint ventures (Note 9)	2,035	—	2,054
Proceeds from sale of property, plant and equipment	8,851	63,555	18,388
Disposal of assets at FVTPL	—	101,251	—

(Forward)



	Years Ended December 31		
	2020	2019	2018
Additions to:			
Property, plant and equipment (Note 11)	(P5,428,730)	(P9,675,816)	(P8,607,781)
Intangible assets - service concession rights (Note 12)	(41,772)	(60,625)	(52,343)
Additional investments in associates and joint ventures (Note 9)	(2,332,591)	(27,591,092)	(2,498,905)
Net cash flows used in investing activities	(4,526,973)	(34,060,584)	(7,243,119)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term debt (Note 16)	21,447,441	33,500,091	24,494,810
Net availments (payment of) short-term loans (Note 15)	1,407,993	(1,187,800)	6,829,260
Cash dividends paid (Note 19b)	(8,682,746)	(10,817,148)	(10,228,460)
Payments of:			
Long-term debt (Note 16)	(19,905,432)	(11,819,230)	(20,626,654)
Lease liabilities, including accretion of interest (Note 34)	(7,632,923)	(7,424,990)	(7,804,460)
Acquisition of non-controlling interest (Note 9)	—	(6,773,008)	—
Changes in non-controlling interests	(2,515,930)	(2,580,724)	(3,387,726)
Interest paid	(10,032,413)	(7,273,246)	(8,432,523)
Net cash flows used in financing activities	(25,914,010)	(14,376,055)	(19,155,753)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,340,686	(9,079,677)	10,889,028
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(75,070)	170,565	(245,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,433,929	46,343,041	35,699,631
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P38,699,545	P37,433,929	P46,343,041

See accompanying Notes to Consolidated Financial Statements.



ABOITIZ POWER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation, retail electricity supply and power distribution in the Aboitiz Group. As of December 31, 2020, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 77.00% of the Company. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The Company's registered office address is 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1634.

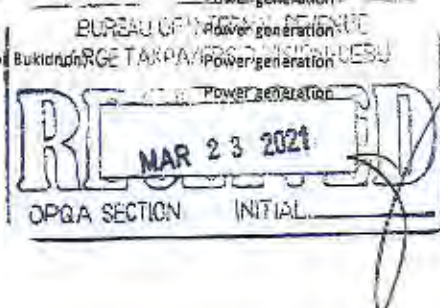
The consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) of the Company on March 5, 2021.

2. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and a joint operation that is subject to joint control (collectively referred to as "the Group"; see Note 10). The following are the subsidiaries as of December 31 of each year:

	Nature of Business	Percentage of Ownership					
		2020		2019		2018	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	-	100.00	-	100.00	-
AP Renewables, Inc. (APRI)	Power generation	-	100.00	-	100.00	-	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	-	100.00	-	100.00	-	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	-	100.00	-	100.00	-	100.00
Hedcor, Inc. (HI)	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	-	100.00	-	100.00	-	100.00
Luzon Hydro Corporation (LHC)	Power generation	-	100.00	-	100.00	-	100.00
AP Solar Tiwi, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Retensol, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
AP Renewable Energy Corporation*	Power generation	-	100.00	-	100.00	-	100.00
Aseagas Corporation (Aseagas)*	Power generation	-	100.00	-	100.00	-	100.00
Bakun Power Line Corporation*	Power generation	-	100.00	-	100.00	-	100.00
Cleanergy, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Cordillera Hydro Corporation*	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Benguet, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Kabayan, Inc.*	Power generation	-	100.00	-	100.00	-	100.00

(Forward)



	Nature of Business	Percentage of Ownership					
		2020		2019		2018	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
PV Sinag Power, Inc. (formerly Hedcor Iugao, Inc.)*	Power generation	-	100.00	-	100.00	-	100.00
Amlhan Power, Inc. (formerly Hedcor Kalinga, Inc.)*	Power generation	-	100.00	-	100.00	-	100.00
Acopiz Solar Power, Inc. (formerly Hedcor Itogon, Inc.)*	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Manila Fortich, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Mt. Province, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	-	100.00	-	100.00	-	100.00
Hedcor Tamugan, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Mt. Apo Geopower, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Negron Cuarado Geopower, Inc. (NCGI)*	Power generation	-	100.00	-	100.00	-	100.00
Tagoloan Hydro Corporation*	Power generation	-	100.00	-	100.00	-	100.00
Luzon Hydro Company Limited*	Power generation	-	100.00	-	100.00	-	100.00
Hydro Electric Development Corporation*	Power generation	-	99.97	-	99.97	-	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	-	100.00	-	100.00	-
Mindanao Sustainable Solutions, Inc.*	Services	-	100.00	-	100.00	-	100.00
Therma Luzon, Inc. (TLI)	Power generation	-	100.00	-	100.00	-	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	-	100.00	-	100.00	-	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	-	100.00	-	100.00	-	100.00
Therma South, Inc. (TSI)	Power generation	-	100.00	-	100.00	-	100.00
Therma Power-Visayas, Inc. (TPVI)	Power generation	-	100.00	-	100.00	-	100.00
Therma Central Visayas, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Therma Subic, Inc.*	Power generation	-	100.00	-	100.00	-	100.00
Therma Mariveles Holdings, Inc.	Holding company	-	100.00	-	100.00	-	100.00
GNPower Mariveles Energy Center Ltd. Co. (formerly GNPower Mariveles Coal Plant; GMCC) (B)	Power generation	-	78.33	-	78.33	-	66.07
Therma Dingin Holding Cooperatief U.A. (A,C)	Holding company	-	-	-	-	-	100.00
Therma Dingin B.V. (A,C)	Holding company	-	-	-	-	-	100.00
Therma Dingin Holdings, Inc.	Holding company	-	100.00	-	100.00	-	100.00
Therma Visayas, Inc. (TVI)	Power generation	-	80.00	-	80.00	-	80.00
Abovart Holdings, Inc.	Holding company	-	60.00	-	60.00	-	60.00
Abovart Power International Pte. Ltd. (APJ)	Holding company	100.00	-	100.00	-	100.00	-
Abovart Energy Solutions, Inc. (AESJ)	Retail electricity supplier	100.00	-	100.00	-	100.00	-
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	-	100.00	-	100.00	-
Balabuan Enerzone Corporation (BEZ)	Power distribution	100.00	-	100.00	-	100.00	-
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	-	100.00	-	100.00	-
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	-	100.00	-	100.00	-
Maiver Enerzone Corporation (MVEZ)	Power distribution	100.00	-	100.00	-	100.00	-
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	-	99.94	-	99.94	-
Cotabato Ice Plant, Inc.	Manufacturing	-	100.00	-	100.00	-	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	-	99.93	-	99.93	-
Maaraw Holdings San Carlos, Inc. (MHSC)	Holding company	-	100.00	-	100.00	-	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power generation	-	100.00	-	100.00	-	100.00
Abovart Power International B.V. (APIBV)	Holding company	-	100.00	-	100.00	-	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	55.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	-	60.00	-	60.00	-
Prism Energy, Inc. (PEI)	Retail electricity supplier	60.00	-	60.00	-	60.00	-
Visayan Electric Company, Inc. (VFCO)	Power distribution	55.26	-	55.26	-	55.26	-

* Part of Therma Dingin Group

† In 2019, ownership increased in relation to AA Thermal acquisition (Note 5).

‡ Dissolved and liquidated in 2019 as part of TPI's restructuring of its offshore intermediary companies acquired as part of the GNPower acquisition.

* No commercial operations as of December 31, 2020.



All of the foregoing subsidiaries are incorporated and registered with the Philippine SEC and operate in the Philippines except for the following:

<u>Subsidiary</u>	<u>Country of incorporation</u>
API	Singapore
APIBV	Netherlands
Therma Dinginin Holding Cooperatief U.A.	Netherlands
Therma Dinginin B.V.	Netherlands

Material partly-owned subsidiary

Information of subsidiaries that have material non-controlling interests is provided below:

	2020	2019	2020	2019	2020	2019
	TVI	TVI	GMEC	GMEC	VECO	VECO
Summarized balance sheet information						
Current assets	₱8,884,283	₱10,470,714	₱8,799,937	₱10,006,452	₱3,927,347	₱4,989,549
Noncurrent assets	34,999,698	40,431,490	31,011,841	32,432,202	13,172,421	13,621,804
Current liabilities	5,085,904	5,550,324	5,413,454	4,612,885	6,983,082	6,869,764
Noncurrent liabilities	27,114,919	33,843,394	32,243,565	35,149,248	4,084,624	4,945,832
Non-controlling interests	9,471,619	9,417,229	2,376,538	2,277,399	2,534,720	2,680,701
Summarized comprehensive income information						
Profit for the year	₱283,194	₱810,948	₱4,133,938	₱3,803,229	₱1,883,558	₱2,468,943
Total comprehensive income	271,949	805,883	3,746,717	3,428,913	1,848,845	2,482,145
Summarized other financial information						
Profit attributable to non-controlling interests	₱56,639	₱162,190	₱1,401,774	₱1,289,565	₱814,947	₱1,076,870
Dividends paid to non-controlling interests	—	—	714,687	1,628,509	952,742	555,622
Summarized cash flow information						
Operating	₱57,912	₱59,558	₱7,042,638	₱9,044,012	₱1,790,658	₱2,779,002
Investing	(533,532)	(413,262)	(769,887)	(62,051)	(658,185)	(1,107,726)
Financing	(2,104,388)	(1,878,686)	(6,311,812)	(9,867,586)	(1,954,658)	(732,901)
Net increase (decrease) in cash and cash equivalents	(2,580,008)	(2,232,390)	(39,061)	(885,625)	(822,185)	938,375



3. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at FVTPL which are measured at fair value. The consolidated financial statements are presented in Philippine peso which is the Company's functional currency and all values are rounded to the nearest thousand except for earnings per share and exchange rates and as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous periods.

Statement of Compliance

The consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries controlled by the Company and a joint operation that is subject to joint control as of December 31 of each year. 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses 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 acquired or disposed of during the year 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 are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, 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 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, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals of non-controlling interest is also recognized directly in equity.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as of January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, except for the amendments to PFRS 16, *Leases*.

Except as otherwise indicated, adoption of the following new and amended standards and interpretations did not have any significant impact on the consolidated financial statements:

- Amendments to PFRS 3, *Business Combination, 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. These amendments do not have an impact on the consolidated financial statements but will be applied to future business combinations of the Group.

- Amendments to Philippine Accounting Standard (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.

- *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.

The Group adopted the amendments starting January 1, 2020 and availed the reliefs covered by the amendments. The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relations that will be affected by interbank offered rate (IBOR) reform as financial instruments transition to risk-free interest rates (RFRs), analyzed by interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure the Group manages through hedging relationships.

<u>Interest rate swaps</u>	<u>Nominal Amount</u>	<u>Average maturity (years)</u>
USD LIBOR (3 months)	₱21.7 billion	3.56
USD LIBOR (6 months)	₱429.8 million	1.32

The Group's treasury function is managing the Group's LIBOR transition plan. The greatest change will be amendments to the contractual terms of the LIBOR-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

The Group has applied the following reliefs that were introduced by the amendments:

- When considering the 'highly probable' requirement, the Group has assumed that the LIBOR interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to RFRs during 2022 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument;
- No other changes to the terms of the floating-rate debt are anticipated; and



- The Group has incorporated the uncertainty over when the floating-rate debt will move to RFR, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalised by adding an additional spread to the discount rate used in the calculation.

- **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 adopted the amendments beginning January 1, 2020.



New Standards and Interpretation Issued and Effective after December 31, 2020

The Group will adopt the standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRSs, PAS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4, *Insurance Contracts*, and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly RFR:

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are applied prospectively.



- *Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- *Amendments to PAS 37, Onerous Contracts - Costs of Fulfilling a Contract*

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of PFRS - Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- *Amendments to PFRS 9, Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

o *PAS 41, Agriculture - Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

• *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. 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:

- o A specific adaptation for contracts with direct participation features (the variable fee approach)
- o 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, 2023, with comparative figures required. Early application is permitted.

• *Amendments to PAS 1: Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- o What is meant by a right to defer settlement
- o That a right to defer must exist at the end of the reporting period
- o That classification is unaffected by the likelihood that an entity will exercise its deferral right.



- o That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The amendments are applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

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

Business Combination 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 non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition-related costs incurred are expensed 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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.



Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability that is within the scope of PFRS 9 will be recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as "bargain purchase gain" in profit or loss.

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 (CGUs) 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 forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized.

Common control business combination

Business combination of entities under common control is accounted for similar to pooling of interest method, which is scoped out of PFRS 3. Under the pooling of interest method, any excess of acquisition cost over the net asset value of the acquired entity is recorded in equity.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/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 months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Fair Value Measurement

Fair value is 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. 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 as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



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 re-assessing 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 as explained above.

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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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 of 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 neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. 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 the profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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 balance sheet 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 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 profit or loss.

Interest in Joint Operations

A joint arrangement is classified as a joint operation if the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. For interest in joint operations, the Group recognizes:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

The accounting and measurement for each of these items is in accordance with the applicable PFRS.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to 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 as 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 date when the fair value was determined.

The functional currency of its subsidiaries: GMEC, Therma Dinginin Group, and LHC, and its associate: STEAG State Power, Inc. (STEAG), is the United States (US) Dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Group (the Philippine peso) at the rate of exchange ruling at the balance sheet date and their statement of income and statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income as cumulative translation adjustments. Upon disposal of the subsidiary and associate, the cumulative translation adjustment recognized in other comprehensive income relating to that disposed entity is recognized in the consolidated statement of income.



Cash and Cash Equivalents

Cash and cash equivalents in the consolidated balance sheet consist of cash on hand and with banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined on weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

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 fair value through profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at fair value through other comprehensive income, 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 SPPI 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 'Interest income' 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 and impairment losses' in the consolidated statement of income.

The Group's debt financial assets as of December 31, 2020 and 2019 consist of cash in banks, including restricted cash, cash equivalents, and trade and other receivables and the Power Sector Assets and Liabilities Management Corporation (PSALM) deferred adjustment - net of current portion included in "Other noncurrent assets" in the consolidated balance sheet. The Group assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Group concluded these debt financial assets to be measured at amortized cost.

Financial assets at FVOCI

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 SPPI 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.



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.

The Group does not have any financial asset at FVOCI as of December 31, 2020 and 2019.

Financial assets at FVTPL

Financial assets at FVTPL are measured as at unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and 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 statement of income as incurred.

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.

The Group's investments in quoted equity securities and in unquoted equity shares are measured at FVTPL as of December 31, 2020 and 2019.

Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at fair value through profit or loss;
- 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 fair value through profit or loss, 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.

The Group's financial liabilities measured at amortized cost (which were initially recognized at fair value, net of directly attributable transaction costs) as of December 31, 2020 and 2019 include trade and other payables (excluding taxes and fees, output value-added tax (VAT) and unearned revenue), customers' deposits, short-term loans, lease liabilities, long-term obligation on power distribution system, long-term debts and other noncurrent liabilities (see Note 32).

Reclassifications of financial instruments

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

The Group does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments, including embedded derivatives, are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at FVTPL, unless designated as effective hedge. Changes in fair value of derivative instruments not accounted as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.



The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial or non-financial contract and accounted for as a separate derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVTPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVTPL. The Group uses derivative financial instruments, such as foreign currency forward, interest rate swap (IRS) and commodity swap contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

For the purpose of hedge accounting, the Group's hedges are classified as cash flow hedges. Hedges are classified as cash flow hedge 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.

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 Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Group's hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognized in the cumulative translation adjustment, while any ineffective portion is recognized immediately in the consolidated statement of income. The cumulative translation adjustment 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 foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecast transactions, IRS contracts to manage its floating interest rate exposure on its loans and commodity swap contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to these contracts are recognized in other operating income or expenses as realized gain or loss on derivative instruments.

The Group designated all of the foreign currency forward, IRS and commodity swap contracts as hedging instrument. The amounts accumulated in other comprehensive income 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 other comprehensive income 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 other comprehensive income is reclassified to the consolidated statement of income 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 other comprehensive must remain in other comprehensive income 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 other comprehensive must be accounted for depending on the nature of the underlying transaction as described above.

Derecognition of Financial Assets and 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 derecognized when, and only when:

- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset,

When the Group retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Group treats the transaction as a transfer of a financial asset if the Group:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;



- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount'). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

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 consolidated 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 liabilities

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- loan commitments; and
- financial guarantee contracts.



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 balance sheet date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three 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 balance sheet 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 EIR to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the balance sheet 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 debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', or when the exposure is less than 30 days past due.

Determining the stage for impairment

At each balance sheet date, the Company 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 balance sheet 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.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Company has established a provision matrix for customer segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Guarantee Contracts and Loan Commitments

Financial guarantees are contracts issued by the Group that require it to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially recognized in the consolidated financial statements at fair value. Subsequently, these are measured at the higher of:

- the amount of the loss allowance determined in accordance with the ECL model and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of PFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans that can be settled net in cash or by delivering or issuing another financial instrument or that are issued at below-market interest rates.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for financial instruments that include both a loan and an undrawn commitment (i.e. loan commitment) component where the Group cannot separately identify the expected credit losses on the loan commitment component from those on the loan component, the expected credit losses on the loan commitment should be recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognized as a provision.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements whereby the related assets and liabilities are presented gross in the consolidated balance sheet.



Classification of financial instruments between liability and equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as income or expense. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Property, Plant and Equipment

Except for land, property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. The initial cost of property, plant and equipment comprises its purchase price, including import duties, if any, and nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing parts of such property, plant and equipment when that cost is incurred if the recognition criteria are met. Cost also include decommissioning liability relating to the decommissioning of power plant equipment, if any. Repairs and maintenance costs are recognized in the consolidated statement of income as incurred.

Land is stated at cost less any accumulated impairment in value.



Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Estimated Useful Life (in years)
Buildings, warehouses and improvements	10-50
Power plant equipment	2-50
Transmission, distribution and substation equipment	12-40
Transportation equipment	5-10
Office furniture, fixtures and equipment	2-20
Electrical equipment	5-25
Meters and laboratory equipment	25
Steam field assets	20-25
Tools and others	2-20

Leasehold improvements are amortized over the shorter of the lease terms and the lives of the improvements.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts, and any resulting gain or loss is credited or charged to current operations. An item of property, plant and equipment 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 in the year the asset is derecognized.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year-end.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Leases (prior to adoption of PFRS 16 in 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.



A reassessment is made after inception of the lease only if one of 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 specific asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Finance lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Obligations arising from plant assets under finance lease agreement are classified in the consolidated balance sheet as lease liabilities.

Lease payments are apportioned between financing charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financing charges are recognized in profit or loss.

Capitalized leased assets are depreciated over the estimated useful life of the assets when there is reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Leases (upon adoption of PFRS 16 in 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

<u>Category</u>	<u>Number of years</u>
Land	10-50
Building	2-50
Power plant	20-25
Equipment and others	2-20

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also 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 lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense 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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. 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.

Service Concession Arrangements

Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the entities in the Group must provide with the infrastructure, to whom it must provide them, and at what price; and (b) the grantor controls-through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement, are accounted for under the provisions of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of this Interpretation if the conditions in (a) are met.

This interpretation applies to both: (a) infrastructure that the entities in the Group constructs or acquires from a third party for the purpose of the service arrangement; and (b) existing infrastructure to which the grantor gives the entity in the Group access for the purpose of the service arrangement.

Infrastructures within the scope of this Interpretation are not recognized as property, plant and equipment of the Group. Under the terms of contractual arrangements within the scope of this Interpretation, an entity acts as a service provider. An entity constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

An entity recognizes and measures revenue in accordance with PFRS 15, for the services it performs. If an entity performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

When an entity provides construction or upgrades services, the consideration received or receivable by the entity is recognized at its fair value. An entity accounts for revenue and costs relating to construction or upgrade services in accordance with PFRS 15. Revenue from construction contracts is recognized based on the percentage-of-completion method, measured by reference to the percentage of costs incurred to date to estimated total costs for each contract. The applicable entities account for revenue and costs relating to operation services in accordance with PFRS 15.

An entity recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. An entity recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.



When the applicable entities have contractual obligations it must fulfill as a condition of its license (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures these contractual obligations in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the balance sheet date.

Borrowing cost attributable to the construction of the asset if the consideration received or receivable is an intangible asset, is capitalized during the construction phase. In all other cases, borrowing costs are expensed as incurred.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Software and licenses

Software and licenses are initially recognized at cost. Following initial recognition, the software and licenses are carried at cost less accumulated amortization and any accumulated impairment in value.

The software and licenses is amortized on a straight-line basis over its estimated useful economic life of three to five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the software development costs is available for use. The amortization period and the amortization method for the software development costs are reviewed at each financial year-end. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treating them as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the software development costs.

Service concession right

The Group's intangible asset - service concession right pertains mainly to its right to charge users of the public service in connection with the service concession and related arrangements. This is recognized initially at the fair value which consists of the cost of construction services and the fair value of future fixed fee payments in exchange for the license or right. Following initial recognition, the intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses.

The intangible asset - service concession right is amortized using the straight-line method over the estimated economic useful life, which is the service concession period, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated economic useful life is ranging from 18 to 25 years. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.



Franchise

The Group's franchise pertains to VECO's franchise to distribute electricity within an area granted by the Philippine Legislature, acquired in the business combination in 2013. The franchise is initially recognized at its fair value at the date of acquisition. Following initial recognition, the franchise is carried at cost less accumulated amortization and any accumulated impairment losses. The Group's franchise is amortized using the straight-line method over the estimated economic useful life, and assessed for impairment whenever there is an indication that the franchise may be impaired. The estimated economic useful life of the franchise is 40 years. The amortization period and amortization method for franchise are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the franchise are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimates. The amortization expense on franchise is recognized in the consolidated statement of income in the expense category consistent with its function.

Intangible assets - customer contracts

The Group's intangible assets - customer contracts pertain to contracts entered by subsidiaries relating to the provision of utility services to locators within an industrial zone.

These 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.

The intangible assets - customer contracts are amortized using the straight-line method over the remaining life of the contract, and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and method are reviewed at least at each financial year end.

The amortization expense is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Project development costs

Project development costs include power plant projects in the development phase which meet the "identifiability" requirement under PAS 38, *Intangible Assets*, as they are separable and susceptible to individual sale and are carried at acquisition cost. These assets are transferred to "Property, plant and equipment" when construction of each power plant commences. During the period of development, the asset is tested for impairment annually.

Research and Development Expenditure

The Group's policy is to record research expenses in the consolidated statement of income in the period when they are incurred.

Development costs are recognized as an intangible asset on the consolidated balance sheet if the Group can identify them separately and show the technical viability of the asset, its intention and capacity to use or sell it, and how it will generate probable future economic benefits.



Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of Non-financial Assets

Property, plant and equipment, intangible assets, investment and advances and other current and noncurrent assets excluding restricted cash, PSALM deferred adjustment and Financial assets at FVTPL

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset 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. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Decommissioning Liability

The decommissioning liability arose from the Group's obligation, under their contracts, to decommission, abandon and perform surface rehabilitation at the end of the useful lives of the steam field assets, or the end of the lease term, or upon abandonment of the plant. A corresponding asset is recognized as part of property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of income under "Interest expense" account. The estimated future costs of decommissioning are reviewed annually and adjusted prospectively.



Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of property, plant and equipment. The amount deducted from the cost of property, plant and equipment, shall not exceed its carrying amount.

If the decrease in the liability exceeds the carrying amount of the property, plant and equipment, the excess shall be recognized immediately in the consolidated statement of income.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Capital stock includes common stock and preferred stock.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are debited to the "Paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against equity.

Retained Earnings

The amount included in retained earnings includes accumulated earnings of the Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the BOD. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the balance sheet date. Retained earnings may also include effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

Revenue Recognition

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 assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of power

For power generation 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 buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.



Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

In contracts with fixed capacity payments which are determined at contract inception, the fixed capacity payments for the entire contract period is determined at day 1 and is recognized over time. Specifically, on contracts where capacity payments are fixed but escalates throughout the contract period without any reference to market indices, the fixed escalation is recognized on a straight-line basis over the contract period.

Some contracts with customers provide unspecified quantity of energy, includes provisional Energy Regulatory Commission (ERC) rates, and volume and prompt payment discounts that give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Power distribution and retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue is recognized over time and based on amounts billed.

Technical, management and other fees

Technical, management and other fees are recognized when the related services are rendered.

Interest income

Interest is recognized as it accrues taking into account the effective interest method.

Other income

Revenue is recognized when non-utility operating income and surcharges are earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Pension Benefits

The Group has defined benefit pension plans which require contributions to be made to separately administered funds. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying 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 shall be the weighted average of the borrowing costs applicable to the borrowings of the Group 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.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods 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 as of the balance sheet date.



Current income tax relating to items recognized directly in equity is recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where 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 profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in 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 profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit 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 to 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 as of the balance sheet date.

Income tax relating to items recognized directly in other comprehensive income is also recognized in other comprehensive income and not in the consolidated statement of income.



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.

VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Input VAT, which is presented as part of "Other current assets" and/or "Other noncurrent assets" in the consolidated balance sheet, is recognized as an asset and will be used to offset the Group's current output VAT liabilities and/or applied for claim for tax credit certificates. Input VAT is stated at its estimated NRV.

Provisions

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. Where 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 any 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's financial position at balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.



Earnings Per Common Share

Basic earnings per common share are computed by dividing consolidated net income for the year attributable to the equity holders of the Company by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect for any stock dividends declared and stock rights exercised during the year.

Diluted earnings per share amounts are calculated by dividing the consolidated net income for the year attributable to the equity holders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents. The Group does not have dilutive potential common shares.

Operating Segments

For management purposes, the Group is organized into two major operating segments (power generation and power distribution) according to the nature of the services provided, with each segment representing a significant business segment. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker (CODM). Financial information on the operating segment is presented in Note 30.

4. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRSs require management to make judgment, estimates and assumptions that affect amount reported in the financial statements and related notes. The judgment, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under circumstances. The following items are those matters which the Group assesses to have significant risk arising from judgements and estimation uncertainties:

Judgments

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining functional currency

Based on the economic substance of the underlying circumstances relevant to the companies in the Group, the functional currency of the companies in the Group has been determined to be the Philippine Peso except for certain subsidiaries and an associate whose functional currency is the US Dollar. The Philippine Peso is the currency of the primary economic environment in which companies in the Group operates and it is the currency that mainly influences the sale of power and services and the costs of power and of providing the services. The functional currency of the Group's subsidiaries and associates is the Philippine Peso except for GMEC, Therma Dingenin Group, and LHC (subsidiaries), and STEAG (associate) whose functional currency is the US Dollar.



Service concession arrangements - Companies in the Group as Operators

Based on management's judgment, the provisions of Philippine Interpretation IFRIC 12 apply to SEZ's Distribution Management Service Agreement (DMSA) with Subic Bay Metropolitan Authority (SBMA); MEZ's Built-Operate-Transfer agreement with Mactan Cebu International Airport Authority (MCIAA) and LHC's Power Purchase Agreement (PPA) with the National Power Corporation (NPC). SEZ, MEZ and LHC's service concession agreements were accounted for under the intangible asset model.

The Company's associate, STEAG, has also determined that the provisions of Philippine Interpretation IFRIC 12 apply to its PPA with NPC. STEAG's service concession agreement was accounted for under the financial asset model. Refer to the accounting policy on service concession arrangements for the discussion of intangible asset and financial asset models.

Determining fair value of customers' deposits

In applying PFRS 9 on transformer and lines and poles deposits, the Group has made a judgment that the timing and related amounts of future cash flows relating to such deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using alternative valuation techniques since the expected timing of customers' refund or claim for these deposits cannot be reasonably estimated. These customers' deposits, which are therefore stated at cost, amounted to ₱6.80 billion and ₱6.52 billion as of December 31, 2020 and 2019, respectively (see Note 17).

Determining whether Independent Power Producer (IPP) Administration Agreement Contains a Lease

In accounting for its IPP Administration Agreement with PSALM, the Group's management has made a judgment that the IPP Administration Agreement of TLI is an arrangement that contains a lease. The Group's management has made a judgment that TLI has substantially acquired all the risks and rewards incidental to ownership of the power plant principally by virtue of its right to control the capacity of power plant and its right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration. Accordingly, the Group accounted for the agreement as a lease and recognized the power plant and lease liability at the present value of the agreed monthly payments to PSALM (see Note 34).

The power plant is depreciated over its estimated useful life, as there is reasonable certainty that the Group will obtain ownership by the end of the lease term. As of December 31, 2020 and 2019, the carrying value of the power plant amounted to ₱32.48 billion and ₱33.58 billion, respectively (see Notes 11 and 34). The carrying value of the lease liability related to this contract amounted to ₱37.15 billion and ₱42.07 billion as of December 31, 2020 and 2019, respectively.

Nonconsolidation of Manila-Oslo Renewable Enterprise, Inc. (MORE) and its investees, AA Thermal, Inc. (AA Thermal) and GNPowr Dinginin Ltd. Co. (GNPD)

The Group has 83.33% interest in MORE which has a 60% ownership interest in SN Aboitiz Power-Magat, Inc. (SNAP M), SN Aboitiz Power-Benguet, Inc. (SNAP B), SN Aboitiz Power-RES, Inc. (SNAP RES), and SN Aboitiz Power-Generation, Inc.

The Group has 70% and 60% interest in GNPD and AA Thermal, respectively.

The Group does not consolidate MORE, AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees, AA Thermal and GNPD. This is a result of partnership and shareholders' agreements which, among



others, stipulate the management and operation of MORE, AA Thermal and GNPD. Management of MORE, AA Thermal and GNPD are vested in their respective BOD or "Management Committee" and the affirmative vote of the other shareholder or partners is required for the approval of certain company actions which include financial and operating undertakings (see Note 9).

Determining a joint operation

The Group has 50% interest in Pagbilao Energy Corporation (PEC). The Group assessed that the joint arrangement is a joint operation as the financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

Classification of financial instruments

The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Contractual cash flows assessment

For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of SPPI.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Evaluation of business model in managing financial instruments

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.



The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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 customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

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 services 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 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 buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct goods or 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.

Power distribution and retail supply also qualify as a series of distinct goods or services which is accounted for as one performance obligation since the delivery of energy every month are distinct services which are recognized over time and have the same measure of progress.

Revenue recognition

The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group's revenue from power generation, power distribution, ancillary services and retail supply are to be recognized over time, since customers simultaneously receives and consumes the benefits as the Group supplies power.

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 power generation and ancillary services, the Group determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Group recognizes revenue based on:

For power generation and ancillary services:

- a. For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.
- b. For fixed capacity payments, the Group allocates the transaction price on a straight-line basis over the contract term. The allocated fixed payments are also billed on a monthly basis.

For power distribution and retail supply, the Group uses the actual kilowatt hours consumed, 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 the 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 susceptibility to factors outside the Group's influence, ii) timing of resolution of the uncertainty, and iii) having a large number and broad range of possible considerations amount are considered.

Some contracts with customers provide unspecified quantity of energy, provisional ERC rates, and volume and prompt payment discounts that give rise to variable consideration. In estimating the variable consideration, the Group applies the expected value method in estimating the variable consideration given the large number of customer contracts that have similar characteristics and 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., volume and 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., provisional ERC rates).

Allocation of variable consideration

Variable consideration may be attributable to the entire contract or to a specific part of the contract. For power generation, power distribution, ancillary services and retail supply revenue streams which are considered as series of distinct goods or services that are substantially the same and have the same pattern of transfer, the Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month) which forms part of the single performance obligation, and forms part of the monthly billing of the Group.



Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:

Estimating allowance for impairment losses on investments and advances

Investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impairment indicators in 2020 and 2019 based on management's assessment. The carrying amounts of the investments in and advances to associates and joint ventures amounted to ₱61.83 billion and ₱60.88 billion as of December 31, 2020 and 2019, respectively. The allowance for impairment losses amounted to ₱568.13 million as of December 31, 2020 and 2019 (see Note 9).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2020 and 2019 amounted to ₱38.81 billion and ₱40.88 billion, respectively (see Note 12). Goodwill impairment recognized in 2018 amounted to ₱45.93 million (see Note 27). No impairment of goodwill was recognized in 2020 and 2019.

Estimating useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of property, plant and equipment 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, the estimation of the useful lives of property, plant and equipment is based on collective assessment of 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 the factors and circumstances mentioned above. As of December 31, 2020 and 2019, the net book values of property, plant and equipment, excluding land and construction in progress, amounted to ₱198.88 billion and ₱204.07 billion, respectively (see Note 11).

Estimating residual value of property, plant and equipment

The residual value of the Group's property, plant and equipment is estimated based on the amount that would be obtained from disposal of the asset, after deducting estimated costs of disposal, if the asset is already of the age and in the condition expected at the end of its useful life. Such estimation is based on the prevailing price of property, plant and equipment of similar age and condition. The estimated residual value of each asset is reviewed periodically and updated if expectations differ from previous estimates due to changes in the prevailing price of a property, plant and equipment of similar age and condition. As of December 31, 2020 and 2019, the aggregate net book values of property, plant and equipment, excluding land and construction in progress, amounted to ₱198.88 billion and ₱204.07 billion, respectively (see Note 11).



Estimating useful lives of intangible asset - franchise

The Group estimates the useful life of VECO distribution franchise based on the period over which the asset is estimated to be available for use over 40 years, which consist of the 15 years remaining contract period from the date of business combination and an expected probable renewal covering another 25 years. As of December 31, 2020 and 2019, the carrying value of the franchise amounted to ₱2.49 billion and ₱2.57 billion, respectively (see Note 12).

Estimating useful lives of intangible asset - service concession rights

The Group estimates the useful lives of intangible asset arising from service concessions based on the period over which the asset is expected to be available for use which is 18 to 25 years. The Group has not included any renewal period on the basis of uncertainty, as of balance sheet date, of the probability of securing renewal contracts at the end of the original contract term. As of December 31, 2020 and 2019, the aggregate net book values of intangible asset - service concession rights amounted to ₱2.01 billion and ₱2.41 billion, respectively (see Note 12).

Assessing impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for non-financial assets at each balance sheet date. These non-financial assets (property, plant and equipment, intangible assets (excluding goodwill), and other current and noncurrent assets (excluding restricted cash, PSALM deferred adjustment and financial asset at FVTPL)) are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Determining the recoverable amount of non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment, intangible assets (excluding goodwill), and other current and noncurrent assets (excluding restricted cash, PSALM deferred adjustment and financial asset at FVTPL) are impaired. Any resulting impairment loss could have a material adverse impact on the consolidated balance sheets and consolidated statements of income.

As of December 31, 2020 and 2019, the aggregate net book values of these assets amounted to ₱222.24 billion and ₱228.7 billion, respectively (see Notes 8, 11, 12 and 13). Impairment losses recognized on these non-financial assets in 2020, 2019 and 2018 amounted to ₱157.78 million, ₱9.9 million and ₱740.3 million, respectively (see Notes 11, 12 and 13).

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 balance sheet 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 balance sheet date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.



- *Financial guarantee contracts:* as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group leverages existing risk management indicators (e.g. internal credit risk classification and restructuring triggers), 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

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 Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (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 statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. 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. 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 the balance sheet 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 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.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the balance sheet date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by customer segment.



The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies including contracted debt sales and price.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs change, are monitored and reviewed on a quarterly basis.

Simplified approach for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by geography, customer segment and coverage by letters of credit).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industrial segment, the historical default rates are adjusted. At every balance sheet 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.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates, gross domestic product growth and net personal income growth.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 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.

An increase in the Group's allowance for expected credit losses of trade and other receivables will increase the Group's recorded expenses and decrease current assets. As of December 31, 2020 and 2019, allowance for expected credit losses amounted to ₱2.28 billion and ₱1.97 billion, respectively. Trade and other receivables, net of allowance for ECL, amounted to ₱22.02 billion and ₱21.75 billion as of December 31, 2020 and 2019, respectively (see Note 6).

Estimating allowance for inventory obsolescence

The Group estimates the allowance for inventory obsolescence based on the age of inventories. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in allowance for inventory obsolescence would increase recorded expenses and decrease current assets. As of December 31, 2020 and 2019, allowance for inventory obsolescence amounted to ₱102.8 million and ₱88.2 million, respectively. The carrying amount of the inventories amounted to ₱6.31 billion and ₱6.63 billion as of December 31, 2020 and 2019, respectively (see Note 7).

Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its 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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The carrying amount of the lease liabilities amounted to ₱39.26 billion and ₱44.79 billion as of December 31, 2020 and 2019, respectively, (see Note 34).

Estimating decommissioning liability

Under the Geothermal Resource Service Contract (GRSC), the Group has a legal obligation to decommission, abandon and perform surface rehabilitation on its steam field asset at the end of its useful life. The Group also has a legal obligation under its land lease agreements to decommission the power plants at the end of its lease term. The Group recognizes the present value of the obligation to decommission the plant, abandon and perform surface rehabilitation of the steam field asset and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related asset.

These costs are accrued based on in-house estimates, which incorporates estimates of the amount of obligations and interest rates, if appropriate. Assumptions used to compute the provision are reviewed and updated annually. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense, included under "Interest expense" in the consolidated statements of income.



Changes in the decommissioning liability that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the consolidated statements of income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Decommissioning liability amounted to ₱5.01 billion and ₱3.57 billion as of December 31, 2020 and 2019, respectively, (see Note 18).

Recognition of deferred income tax assets

The Group reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred income tax assets to be utilized. The Group recognize deferred income taxes based on enacted or substantially enacted tax rates for renewable of 10% and for non-renewable of 30%. The Group has deferred income tax assets amounting to ₱3.07 billion and ₱4.36 billion as of December 31, 2020 and 2019, respectively.

Details of the Group's unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) when no deferred income tax assets are recognized are disclosed in Note 28.

Pension benefits

The cost of defined benefit pension plans, 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 balance sheet date.

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 26.

Net benefit expense amounted to ₱231.0 million in 2020, ₱182.3 million in 2019, and ₱195.7 million in 2018. The net pension assets as of December 31, 2020 and 2019 amounted to ₱50.4 million and ₱68.2 million, respectively. Net pension liabilities as of December 31, 2020 and 2019 amounted to ₱294.1 million and ₱426.0 million, respectively.



Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques which include the discounted cash flow model and other generally accepted market valuation model. The inputs for these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair values of the Group's financial instruments are presented under Note 33.

Legal contingencies

The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. No provision for probable losses arising from legal contingencies was recognized in the consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

5. Cash and Cash Equivalents

	2020	2019
Cash on hand and in banks	₱14,790,197	₱14,177,919
Short-term deposits	23,909,348	23,256,010
	₱38,699,545	₱37,433,929

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates. Interest income earned from cash and cash equivalents amounted to ₱602.9 million in 2020, ₱1.3 billion in 2019, and ₱880.1 million in 2018.

6. Trade and Other Receivables

	2020	2019
Trade receivables – net of allowance for expected credit losses of ₱2.28 billion and ₱1.97 billion in 2020 and 2019, respectively (Note 31 and 32)	₱15,450,006	₱16,420,952
Others		
Dividends receivable (Note 9)	1,498,000	1,199,068
Advances to contractors	226,123	63,339
Non-trade receivable	3,766,426	2,972,536
Interest receivable	33,893	48,666
PSALM deferred adjustment (Note 39k)	1,042,861	1,042,861
	₱22,017,309	₱21,747,422



Trade and other receivables are non-interest bearing and are generally on 10 - 30 days' term.

For terms and conditions relating to related party receivables, refer to Note 31.

Advances to contractors refer to non-interest bearing advance payments made for project mobilization which are offset against progress billings to be made by the contractors.

Non-trade receivable relates mostly to claims from insurance against the property damage and business interruption insurance policies of TSI, and receivable of GMEC from National Grid Corporation of the Philippines (NGCP) related to the sale of transmission assets in 2019 and advances to partners in GMEC.

The rollforward analysis of allowance for expected credit losses as of December 31, 2020 and 2019, which pertains to trade receivables, is presented below:

	2020	2019
January 1	₱1,973,520	₱1,749,991
Provision (see Note 23)	719,193	87,086
Write-off	(121,618)	(89,496)
Effect of changes in foreign exchange rate	(294,722)	225,939
December 31	₱2,276,373	₱1,973,520

7. Inventories at cost

	2020	2019
Plant spare parts and supplies	₱3,154,218	₱2,507,832
Fuel and lube oil	1,635,333	2,514,447
Transmission and distribution supplies	1,469,095	1,492,222
Other parts and supplies	49,554	117,528
	₱6,308,200	₱6,632,029

Inventories are carried at lower of cost and NRV as of December 31, 2020 and 2019.

The cost of inventories recognized as part of cost of generated power in the consolidated statements of income amounted to ₱19.65 billion in 2020, ₱29.39 billion in 2019, and ₱29.42 billion in 2018 (see Note 22). The cost of inventories recognized as part of operations and maintenance in the consolidated statements of income amounted to ₱305.8 million in 2020, ₱353.7 million in 2019, and ₱286.7 million in 2018 (see Note 24). Write-down on inventories to arrive at NRV amounted to ₱102.8 million and ₱88.2 million in 2020 and 2019, respectively.



8. Other Current Assets

	2020	2019
Restricted cash (Note 16)	₱5,324,213	₱4,449,716
Input VAT	1,972,706	2,049,496
Prepaid tax	1,352,645	1,854,792
Advances to NGCP	1,167,296	1,727,028
Prepaid expenses	561,739	610,426
Others	101,049	391,947
	₱10,479,648	₱11,083,405

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's lenders as per loan agreement (see Note 16). The asset will be used to pay the current portion of loans payable, interest payments and operating costs in the following period.

Advances to NGCP pertain to TVI's cost of construction and installation of substation and transmission facilities which is subject for reimbursement after completion of the project. As of December 31, 2020, the substation is 100.0% completed.

In 2020, TVI reclassified portion of its advances to NGCP to "Other noncurrent assets" based on its assessment of the expected timing of collection of these assets (see Note 13).

Prepaid expenses mainly include prepayments for insurance.



9. Investments and Advances

	2020	2019
Acquisition cost:		
Balances at beginning of the year	₱58,144,997	₱30,559,245
Additions	2,332,591	27,591,092
Redemptions	(6,939)	(5,340)
Balances at end of year	60,470,649	58,144,997
Accumulated equity in net earnings:		
Balances at beginning of the year	3,345,164	3,867,849
Transition adjustment	—	(18,691)
Share in net earnings	2,675,136	3,813,962
Dividends received or receivable	(3,537,858)	(4,317,956)
Balances at end of year	2,482,442	3,345,164
Share in net unrealized valuation gains on FVOCI investment of an associate	98,602	101,727
Share in actuarial gain (loss) on defined benefit plans of associates and joint	8,748	(14,299)
Share in cumulative translation adjustments of associates and joint ventures	(684,042)	(153,485)
	(576,692)	(66,057)
	62,376,399	61,424,104
Less allowance for impairment losses	568,125	568,125
Investments at equity	61,808,274	60,855,979
Advances	20,527	22,562
	₱61,828,801	₱60,878,541

As of December 31, 2020 and 2019, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱2.48 billion and ₱3.35 billion, respectively, are not available for distribution to the stockholders unless declared by the investees (see Note 19).

2020

In 2020, the Group converted the advances to Hijos de F. Escaño, Inc. (Hijos) to equity in the form of common and redeemable preferred shares amounting to ₱15.4 million.

In 2020, AEV Aviation, Inc. (AAI) redeemed 6,939 RPS held by the Company for ₱6.9 million.

In 2020, the Group, through TPI and AA Thermal made capital contributions to GNPD amounting to US\$48.25 million (₱2.32 billion).

2019

In 2019, the Group, through TPI and AA Thermal made capital contributions to GNPD amounting to US\$81.45 million (₱4.21 billion).

In 2019, AAI redeemed 5,340 RPS held by the Company for ₱5.34 million.



Acquisition of AA Thermal

On May 2, 2019, the Company completed its acquisition of a 49% voting stake and a 60% economic stake in AA Thermal, AC Energy’s thermal platform in the Philippines. The transaction is valued at \$572.9 million (₱29.79 billion).

AA Thermal has interests in GMEC, the owner and operator of an operating 2x316 MW coal plant in Mariveles, Bataan, and in GNPD, the developer and owner of a 2x668 MW supercritical coal plant project in Mariveles, Bataan, which is currently under construction.

The completion of the transaction increases the Company’s economic interests in GMEC, and GNPD to 78.3%, and 75.0%, respectively.

2018

In 2018, the Group, through TPI, made capital contributions to GNPD amounting to US\$47.0 million (₱2.50 billion).

In 2018, AEV Aviation, Inc. (AAI) redeemed 80,216 RPS held by the Company for ₱80.2 million.

The Group’s associates and joint ventures and the corresponding equity ownership are as follows:

	Nature of Business	Percentage of Ownership		
		2020	2019	2018
MORE ¹	Holding company	83.33	83.33	83.33
GNPD ²	Power generation	70.00	72.50	45.00
AA Thermal ^{2/3}	Holding company	60.00	60.00	—
Hijos	Holding company	46.73	46.73	46.73
Mazaratay Energy Corporation (MEC)	Retail electricity supplier	44.87	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84	42.84	42.84
La Filipina Electrica, Inc. (LFEI) ⁴	Power generation	40.00	40.00	40.00
STEAG	Power generation	34.00	34.00	34.00
AAI	Service	26.69	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40	26.40	26.40
Redondo Peninsula Energy, Inc. (RPEI) ⁴	Power generation	25.00	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00	20.00	20.00

¹ Joint ventures.

² GNPD change in ownership based on the Partnership Agreement and in 2019 due to AA Thermal acquisition.

³ Economic interest.

⁴ No commercial operations as of December 31, 2020.

The principal place of business and country of incorporation of the Group’s associates and joint ventures are in the Philippines.

All ownership percentages presented in the table above are direct ownership of the Group except for GNPD and SFELAPCO. As of December 31, 2020, AA Thermal has an indirect ownership in GNPD of 50% while the Group’s direct ownership in GNPD is 40% resulting to the Group’s effective ownership



in GNPD of 70%. PEVI has direct ownership in SFELAPCO of 54.83% while the Group's direct ownership in SFELAPCO is 20.29% resulting to the Group's effective ownership in SFELAPCO of 43.78%.

The carrying values of investments, which are accounted for under the equity method are as follows:

	2020	2019
AA Thermal	P24,146,045	P24,084,947
GNPD	17,713,271	17,172,530
MORE	10,653,803	10,180,552
STEAG	3,855,162	4,032,405
CEDC	3,409,799	3,447,491
RPEI	522,347	525,769
PEVI	532,796	508,895
SFELAPCO	395,698	372,917
Hijos	213,524	176,037
WMPC	168,244	142,577
SPPC	53,246	61,497
Others	144,339	150,362
	P61,808,274	P60,855,979

Following is the summarized financial information of significant associates and joint ventures:

	2020	2019	2018
MORE:			
Total current assets	P1,046,825	P681,925	P141,293
Total noncurrent assets	12,724,102	12,222,826	12,196,002
Total current liabilities	(961,848)	(610,443)	(54,462)
Total noncurrent liabilities	(24,516)	(75,721)	-
Equity	P12,784,563	P12,218,587	P12,282,833
Gross revenue	P178,636	P198,636	P180,236
Operating profit	3,194,516	3,750,522	4,133,911
Net income	3,193,335	3,732,874	4,125,996
Other comprehensive income (loss)	22,889	(152,630)	96,116
Group's share in net income	P2,658,476	P3,110,204	P3,438,589
Additional information:			
Cash and cash equivalents	P36,165	P34,480	P31,873
Current financial liabilities	9,890	11,745	54,462
Noncurrent financial liabilities	13,785	43,821	-
Depreciation and amortization	20,124	18,163	7,347
Interest income	500	1,175	808
Interest expense	(2,132)	(4,272)	-
Income tax expense	4,836	14,373	9,043

(Forward)



	2020	2019	2018
WMPC:			
Total current assets	₱786,831	₱643,983	₱717,162
Total noncurrent assets	338,568	348,174	454,108
Total current liabilities	(203,776)	(193,157)	(551,781)
Total noncurrent liabilities	(80,403)	(83,804)	(74,341)
Equity	₱841,220	₱715,196	₱545,148
Gross revenue	₱1,390,204	₱1,157,772	₱1,393,417
Operating profit	427,771	280,417	13,006
Net income	348,795	195,693	20,521
Other comprehensive loss	—	—	—
Group's share in net income	₱69,667	₱36,053	₱2,104
SPPC:			
Total current assets	₱149,970	₱148,228	₱182,303
Total noncurrent assets	222,642	265,422	311,472
Total current liabilities	(51,339)	(39,137)	(36,361)
Total noncurrent liabilities	(55,041)	(76,324)	(58,491)
Equity	₱266,232	₱298,189	₱398,923
Gross revenue	₱12,857	₱—	₱160,831
Operating profit	(56,722)	(88,013)	(19,307)
Net income (loss)	(48,136)	(77,295)	(23,407)
Other comprehensive income	—	—	—
Group's share in net income	(₱8,250)	(₱20,359)	(₱4,681)
SFELAPCO*:			
Total current assets	₱1,112,909	₱1,135,431	₱1,104,307
Total noncurrent assets	2,825,295	2,691,104	2,567,663
Total current liabilities	(831,991)	(868,787)	(763,966)
Total noncurrent liabilities	(826,003)	(784,368)	(699,175)
Equity	₱2,280,210	₱2,173,380	₱2,208,829
Gross revenue	₱4,318,340	₱4,448,624	₱4,088,124
Operating profit	573,989	479,553	408,160
Net income	437,566	342,199	302,677
Other comprehensive income (loss)	8,203	(51,500)	(63,679)
Group's share in net income	₱198,142	₱164,080	₱168,307
STEAG:			
Total current assets	₱5,053,099	₱3,107,046	₱3,459,931
Total noncurrent assets	9,000,415	9,967,406	10,477,038
Total current liabilities	(1,605,648)	(1,379,138)	(1,672,896)
Total noncurrent liabilities	(4,205,178)	(2,840,129)	(3,262,770)
Equity	₱8,242,688	₱8,855,185	₱9,001,363
Gross revenue	₱3,941,673	₱4,812,414	₱4,468,016
Operating profit	1,504,642	1,250,028	1,115,567
Net income	1,022,111	1,150,501	687,186
Other comprehensive losses	(42,194)	(29,106)	(37,173)
Group's share in net income	₱210,781	₱249,432	₱87,508

*Amounts are based on appraised values which are adjusted to historical amounts upon equity take-up of the Group. Using cost method in accounting for property, plant and equipment, net income amounted to ₱449.2 million, ₱374.8 million and ₱952.8 million in 2020, 2019, and 2018, respectively, for SFELAPCO.

(Forward)



	2020	2019	2018
CEOC:			
Total current assets	₱4,611,404	₱5,199,140	₱4,986,619
Total noncurrent assets	11,851,774	12,842,201	13,371,586
Total current liabilities	(7,751,429)	(2,496,096)	(2,158,754)
Total noncurrent liabilities	(1,008,946)	(7,672,244)	(8,943,522)
Equity	₱7,702,803	₱7,873,001	₱7,255,929
Gross revenue	₱7,718,729	₱8,578,452	₱9,728,163
Operating profit	2,726,815	3,017,831	3,300,164
Net income	1,576,645	2,317,071	1,880,853
Other comprehensive income	(17,256)	29,483	13,277
Group's share in net income	₱710,307	₱1,002,882	₱827,576
AA Thermal			
Total current assets	₱491,206	₱75,243	₱—
Total noncurrent assets	15,998,648	14,827,626	—
Total current liabilities	(134)	(7,762)	—
Total noncurrent liabilities	—	—	—
Equity	₱15,489,720	₱14,895,107	₱—
Gross revenue	₱—	₱—	₱—
Operating profit	—	—	—
Net income	—	—	—
Other comprehensive income	—	—	—
Group's share in net loss	(₱6,937)	₱—	₱—
GNPD			
Total current assets	₱3,949,591	₱1,612,549	₱1,705,863
Total noncurrent assets	71,095,383	67,043,356	40,707,048
Total current liabilities	(2,542,327)	(5,623,202)	(3,342,924)
Total noncurrent liabilities	(56,958,752)	(48,514,482)	(29,473,440)
Equity	₱15,543,895	₱14,518,221	₱9,596,547
Gross revenue	₱1,725,867	₱—	₱—
Operating loss	(752,254)	(1,161,098)	(352,858)
Net loss	(1,642,379)	(2,160,004)	(68,174)
Other comprehensive income	1,514	—	—
Group's share in net loss	(₱683,376)	(₱726,682)	(₱15,435)
Additional information:			
Cash and cash equivalents	₱272,868	₱1,093,991	₱911,642
Current financial liabilities	1,213,841	2,033,297	3,246,671
Noncurrent financial liabilities	2,146,158	48,514,482	29,473,440
Depreciation and amortization	8,053	61,005	41,169
Interest income	3,702	590	487
Interest expense	(24,494)	(63,928)	(28,073)
Income tax expense	807,065	395,945	158,506
Others**:			
Total current assets	₱380,749	₱403,979	₱453,445
Total noncurrent assets	2,759,869	2,831,067	2,842,300
Total current liabilities	(34,193)	(31,272)	(62,706)
Total noncurrent liabilities	(166,040)	(111,875)	(110,557)
Gross revenue	₱125,908	₱150,059	₱160,695
Net income (loss)	(18,021)	(8,856)	(727,830)

**The financial information of insignificant associates and joint ventures is indicated under "Others".



10. Joint Operation

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		2020	2019
PEC	Power generation	50.00	50.00

**PEC's principal place of business and country of incorporation is the Philippines.*

On May 15, 2014, the Group entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through PEC. TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.



11. Property, Plant and Equipment

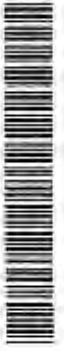
December 31, 2020

	Land	Buildings, warehouses and improvements	Power plant equipment and steam field assets (Note 18)	Transmission, distribution and substation equipment	Transportation equipment	Office furniture fixtures and equipment	Leasehold improvements	Electrical equipment	Meters and laboratory equipment	Tools and others	Construction in progress	ROU assets (Note 34)	Total
Cost:													
Balances at beginning of year	₱ 1,785,750	₱ 37,218,328	₱ 101,948,261	₱ 21,295,812	₱ 1,626,721	₱ 1,174,643	₱ 7,793,542	₱ 7,788,861	₱ 2,265,372	₱ 1,228,593	₱ 6,311,485	₱ 37,864,818	₱ 268,301,886
Additions (see Notes 16 and 18)	7,623	347,129	416,501	—	73,029	64,357	63,377	141,065	—	30,782	4,284,816	152,491	5,881,221
Disposals	—	—	(98,176)	—	(99,989)	(9,283)	(11,966)	(15,663)	—	(10,173)	—	—	(245,232)
Reclassifications and Others	(41,683)	1,165,829	(3,941,317)	1,706,286	3,711,786	115,829	305,799	262,657	117,646	3,437,650	(5,131,649)	(6,922)	1,303,014
Balances at end of year	3,751,190	38,731,156	138,325,967	23,002,108	5,311,547	1,345,146	2,950,245	8,176,921	2,383,018	4,687,252	5,464,652	38,812,187	270,140,859
Accumulated Depreciation and Amortization:													
Balances at beginning of year	—	4,977,159	37,089,849	5,738,598	956,744	870,505	681,804	3,281,314	177,562	620,329	—	1,211,506	50,645,980
Depreciation and amortization	—	1,362,949	5,323,510	672,817	146,320	211,016	127,317	382,866	104,033	342,349	—	1,319,059	10,898,236
Disposals	—	—	(24,237)	(73)	(88,045)	(7,966)	(11,966)	(13,860)	—	(2,066)	—	—	(148,174)
Reclassifications and Others	—	18,286	2,648,308	—	662	12,963	20,530	3,206	—	(259,328)	—	984	2,445,461
Balances at end of year	—	6,358,394	40,637,430	6,411,392	1,055,681	992,516	817,685	3,653,417	281,595	701,844	—	2,531,549	65,441,583
Accumulated Impairment:													
Balances at beginning of year	—	—	486,280	—	2,088	792	251	—	—	—	2,645,029	—	3,139,4
Impairment	—	—	113,683	—	—	—	—	—	—	—	—	—	113,683
Balances at end of year	—	—	599,963	—	2,088	792	251	—	—	—	2,645,029	—	3,253,123
Net book values	₱ 1,751,190	₱ 32,372,762	₱ 97,687,534	₱ 16,590,716	₱ 4,255,866	₱ 342,630	₱ 2,132,560	₱ 4,523,504	₱ 2,101,423	₱ 3,985,408	₱ 2,819,623	₱ 35,280,638	₱ 205,512,243



December 31, 2019

Cost:	Land	Buildings, warehouses and improvements	Power plant equipment and steam field assets (Note 18)	Transmission, distribution and substation equipment	Transportation equipment	Office furniture, fixtures and equipment	Leasehold improvements	Electrical equipment	Meters and laboratory equipment	Tools and others	Construction in progress	RCU assets (Note 3d)	Total
Balances at beginning of year	₱1,541,750	₱21,356,246	₱133,713,140	₱39,458,140	₱1,500,004	₱1,052,237	₱2,774,370	₱5,695,213	₱1,800,174	₱1,335,213	₱37,835,545	₱37,840,369	₱56,314,977
Additions (see Notes 14 and 15)	186,007	240,694	1,032,129	—	198,729	110,398	5,994	11,569	—	32,465	7,830,741	24,249	8,700,065
Disposals	—	(3,649)	(413,471)	(29,432)	(119,132)	(27,537)	—	(400)	—	(1,511)	(7,363)	—	(97,745)
Reclassifications and others	57,397	35,025,247	7,556,007	1,667,104	(22,640)	13,555	13,178	2,091,439	373,198	(137,174)	(39,352,412)	—	(11,935,411)
Balances at end of year	3,785,250	37,218,318	141,948,261	21,295,812	1,626,721	1,179,643	2,793,542	7,798,861	2,265,372	1,248,993	6,311,085	37,856,618	263,301,856
Accumulated Depreciation and Amortization:													
Balances at beginning of year	—	4,485,657	37,371,944	5,227,710	948,524	847,073	695,409	2,482,478	78,758	657,930	—	—	52,089,469
Depreciation and amortization	—	789,411	5,970,483	588,799	108,397	(23,538)	181,678	778,804	93,374	80,343	—	1,773,073	9,437,914
Disposals	—	(3,809)	(70,516)	(29,432)	(93,504)	(27,306)	—	(400)	—	(2,072)	—	—	(28,559)
Reclassifications and others	—	(785,105)	(11,181,970)	(58,465)	(24,273)	(72,830)	(45,783)	530,437	5,480	(115,262)	—	(11,567)	(11,241,944)
Balances at end of year	—	4,977,154	32,089,848	5,738,598	956,744	870,505	681,804	3,781,314	177,562	620,939	—	1,211,506	50,605,990
Accumulated impairment	—	—	486,280	—	2,008	792	251	—	—	—	2,645,029	—	3,334,440
Net book value	₱1,785,250	₱32,241,169	₱109,372,132	₱15,557,214	₱627,989	₱1,008,346	₱2,111,487	₱4,017,547	₱2,087,810	₱628,054	₱3,666,456	₱36,645,117	₱209,571,866



In 2020 and 2019, the Group has determined that an impairment test has to be performed on certain segments of its property, plant and equipment amounting to ₱41.6 billion and ₱3.6 billion, respectively. In performing an impairment test calculation, the Group determined the recoverable amount of the relevant property, plant and equipment through value in use (VIU). VIU is derived based on financial budgets prepared by senior management covering the project's entire life. Pre-tax discount rate of 7.12% to 8.79% in 2020 and 9.83% in 2019 was used.

The calculation of value in use of these property, plant and equipment are most sensitive to the following assumptions:

- Discount rate - Discount rate reflects the management's estimate of risks applicable to these projects. The benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates, consideration has been given to various market information, including, but not limited to, government bond yield, bank lending rates and market risk premium.
- Material price inflation - Estimates are obtained from published indices from which the materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement.
- Growth rate - The long-term rate used to extrapolate future cash flows excludes expansions and potential improvements in the future. Management also recognized the possibility of new entrants, which may have significant impact on existing growth rate assumptions. Management, however, believes that new entrants will not have a significant adverse impact on the forecasts included in the financial budget.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the projects, taking into account the impact of COVID-19.

The impairment test calculation has not resulted to any recognition of an impairment loss in 2020 and 2019.

In 2020, impairment loss amounting to ₱113.7 million has been recognized in specific equipment that was determined to be damaged.

In 2020 and 2019, power plant equipment and steam field assets increased by ₱1.2 billion and decreased by ₱321.9 million, respectively, due to the change in accounting estimate and because of an additional obligation originating in 2020 (see Note 18).

In 2020 and 2019, additions to "Construction in progress" include capitalized borrowing costs, net of interest income earned from short-term deposits amounted to nil and ₱890 million, respectively (see Note 16). The rate used to determine the amount of borrowing costs eligible for capitalization ranged from 5.7% to 9.4% which are the effective interest rate of the specific borrowings in 2019.



Property, plant and equipment with carrying amounts of ₱111 billion and ₱124 billion as of December 31, 2020 and 2019, respectively, are used to secure the Group's long-term debts (see Note 16).

Fully depreciated property and equipment with gross carrying amount of ₱6.57 billion and ₱5.91 billion as of December 31, 2020 and 2019, respectively, are still in use.

In 2019, the Group completed the sale of its transmission assets. These assets have been previously recognized as property held for sale carried at its recoverable amount of ₱675.8 million (see Note 27).

12. Intangible Assets

	2020	2019
Goodwill	₱38,812,852	₱40,876,082
Service concession rights	2,007,375	2,406,320
Franchise	2,494,811	2,571,772
Project development costs	702,671	622,491
Software and licenses	261,677	235,836
	₱44,279,386	₱46,712,501



The table below shows the rolforward of intangible assets:

December 31, 2020

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of year	P40,876,082	P5,456,916	P3,078,431	P622,491	P60,068	P468,123	P50,562,111
Additions during the year	—	39,957	—	87,420	—	70,653	198,030
Impairment	—	—	—	(7,240)	—	—	(7,240)
Exchange differences	(2,063,230)	(85,547)	—	—	—	—	(2,148,777)
Balances at end of year	38,812,852	5,411,326	3,078,431	702,671	60,068	538,776	48,604,124
Accumulated amortization:							
Balances at beginning of year	—	3,050,596	506,659	—	60,068	232,287	3,849,610
Amortization	—	353,355	76,961	—	—	44,812	475,128
Balances at end of year	—	3,403,951	583,620	—	60,068	277,099	4,324,738
Net book values	P38,812,852	P2,007,375	P2,494,811	P702,671	P—	P261,677	P44,279,386

December 31, 2019

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of year	P40,224,411	P5,478,607	P3,078,431	P388,468	P60,068	P307,338	P49,537,323
Additions during the year	—	60,625	—	234,023	—	160,785	455,433
Exchanges differences	651,671	(82,316)	—	—	—	—	569,355
Balances at end of year	40,876,082	5,456,916	3,078,431	622,491	60,068	468,123	50,562,111
Accumulated amortization:							
Balances at beginning of year	—	2,688,997	429,699	—	51,486	201,647	3,371,829
Amortization	—	361,599	76,960	—	8,582	30,640	477,781
Balances at end of year	—	3,050,596	506,659	—	60,068	232,287	3,849,610
Net book values	P40,876,082	P2,406,320	P2,571,772	P622,491	P—	P235,836	P46,712,501



Impairment Testing of Goodwill

Goodwill acquired through business combinations have been attributed to the following CGUs:

	2020	2019
GMEC	₱37,933,567	₱39,996,797
LEZ	467,586	467,586
HI	220,228	220,228
BEZ	191,471	191,471
	₱38,812,852	₱40,876,082

The recoverable amounts of these CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Key assumptions used in value-in-use calculation for December 31, 2020 and 2019

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates and growth rates

The discount rates applied to cash flow projections are from 7.12% to 8.79% in 2020 and 9.87% to 11.81% in 2019, and cash flows beyond the five-year period are extrapolated using a zero percent growth rate.

Revenue assumptions

Revenue assumptions are based on the expected electricity to be sold. Revenue growth rates used for the next five (5) years are as follows:

	2020				2019			
	LEZ	BEZ	GMEC	HI	LEZ	BEZ	GMEC	HI
Year 1	4%	6%	8%	17%	10%	4%	0%	-6%
Year 2	10%	2%	0%	-2%	0%	-6%	2%	16%
Year 3	7%	1%	10%	3%	4%	1%	7%	15%
Year 4	11%	2%	4%	0%	4%	-3%	3%	12%
Year 5	10%	3%	0%	20%	4%	10%	10%	5%

Materials price inflation

In 2020, the assumption used to determine the value assigned to the materials price inflation is 2.50% in 2021, and settles at 3.00% for the next 4 years until 2025. The starting point of 2021 is consistent with external information sources.

In 2019, the assumption used to determine the value assigned to the materials price inflation is 3.30% in 2020, decreases to 3.20% in 2021 and settles at 3.00% for the next 3 years until 2024. The starting point of 2020 is consistent with external information sources.



Foreign exchange rates

In 2020, the assumption used to determine foreign exchange rate is a weakening Philippine peso which starts at a rate of ₱50.00 to a dollar in 2021 and depreciates annually at an average of 0.88% until 2025. In 2019, the assumption used to determine foreign exchange rate is weakening Philippine peso which starts at a rate of ₱54.70 to a dollar in 2020 and depreciates annually at an average of 2.67% until 2024.

Management has reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the Group, taking into consideration the impact of COVID-19. To reflect ongoing uncertainty, the likelihood that actual performance will differ from these assumptions has been estimated at a CGU level with reference to external market forecasts and the CGU's current performance.

Based on the impairment testing, no impairment of goodwill was recognized in 2020 and 2019. In 2018, an impairment loss on goodwill amounting to ₱45.9 million on the investment in BEZ was recognized.

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Service Concession Rights

Service concession arrangements entered into by the Group are as follows:

- a. On November 24, 1996, LHC entered into a PPA with NPC, its sole customer, for the construction and operation of a 70-megawatt hydroelectric power generating facility (the Power Station) in Bakun River in Benguet and Ilocos Sur Provinces on a build-operate-transfer scheme. Under the PPA, LHC shall deliver to NPC all electricity generated over a cooperation period of 25 years until February 5, 2026.

On the Transfer Date, as defined in the PPA, LHC shall transfer to NPC, free from any lien or encumbrance, all its rights, title and interest in and to the Power Station and all such data as operating manuals, operation summaries/transfer notes, design drawings and other information as may reasonably be required by NPC to enable it to operate the Power Station.

Since NPC controls the ownership of any significant residual interest of the Power Station at the end of the PPA, the PPA is accounted for under the intangible asset model as LHC has the right to charge users for the public service under the service concession arrangement.

The Power Station is treated as intangible asset and is amortized over a period of 25 years, which is the service concession period, in accordance with Philippine Interpretation IFRIC 12. The intangible asset with a carrying value of ₱1.27 billion and ₱1.62 billion as of December 31, 2020 and 2019, respectively, was used as collateral to secure LHC's long-term debt (see Note 16).



- b. On May 15, 2003, the SBMA, AEV and DLP entered into a DMSA for the privatization of the SBMA Power Distribution System (PDS) on a rehabilitate-operate-and-transfer arrangement; and to develop, construct, lease, lease out, operate and maintain property, structures and machineries in the Subic Bay Freeport Zone (SBFZ).

Under the terms of the DMSA, SEZ was created to undertake the rehabilitation, operation and maintenance of the PDS (the Project), including the provision of electric power service to the customers within the Subic Bay Freeport Secured Areas of the SBFZ as well as the collection of the relevant fees from them for its services and the payment by SBMA of the service fees throughout the service period pursuant to the terms of the DMSA. The DMSA shall be effective for 25-year period commencing on the turnover date.

For and in consideration of the services and expenditures of SEZ for it to undertake the rehabilitation, operation, management and maintenance of the Project, it shall be paid by the SBMA the service fees in such amount equivalent to all the earnings of the Project, provided, however, that SEZ shall remit the amount of ₱40.0 million to the SBMA at the start of every 12-month period throughout the service period regardless of the total amount of all earnings of the Project. The said remittances may be reduced by the outstanding power receivables from SBMA, including streetlights power consumption and maintenance, for the immediately preceding year.

Since SBMA controls ownership of the equipment at the end of the agreement, the PDS are treated as intangible assets and are amortized over a period of 25 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying value of the intangible asset arising from the service concession arrangement amounted to ₱655.8 million and ₱700.3 million as of December 31, 2020 and 2019, respectively.

- c. The transmission and distribution equipment of MEZ are located within Mactan Export Processing Zone (MEPZ) II. Since MCIAA controls ownership of the equipment at the end of the agreement, the equipment is treated as intangible assets and are amortized over a period of 21 years up to year 2028, in accordance with Philippine Interpretation IFRIC 12.

The carrying amount of the intangible asset arising from the service concession arrangement amounted to ₱77.6 million and ₱84.5 million as of December 31, 2020 and 2019, respectively.

Customer Contracts

Customer contracts pertain to agreements between LEZ and the locators within Lima Technology Center relating to the provision of utility services to the locators. These contracts are treated as intangible assets and are amortized over a period of 5.25 years since 2014.

The amortization of intangible assets is included in "Depreciation and amortization" under "Operating Expenses" in the consolidated statements of income.



13. Other Noncurrent Assets

	2020	2019
Restricted cash	P—	P4,672,031
Input VAT and tax credit receivable, net of impairment loss of P44.1 million in 2020 and P9.9 million in 2019 (see Note 27)	2,993,466	4,434,349
PSALM deferred adjustment - net of current portion (see Notes 6 and 39k)	1,097,365	2,140,219
Advances to NGCP - net of current portion	920,682	—
Advances to contractors and projects	893,827	553,280
Refundable deposits	313,751	326,850
Financial assets at FVTPL	3,906	3,906
Investment properties	248,129	132,300
Prepaid expenses	251,576	—
Prepaid taxes	2,321,582	879,439
Others	227,272	380,844
	P9,271,556	P13,523,218

In 2020, TVI and the contractors have executed a settlement agreement finalizing the resolution of the dispute under their Engineering, Procurement and Construction agreement whereby the contractors shall pay liquidating damages amounting to P611.0 million. Accordingly, performance securities drawn by TVI on June 11, 2019 that were previously recognized as restricted cash, have been remitted to the contractors (see Note 27).

14. Trade and Other Payables

	2020	2019
Trade payables (see Note 32)	P9,266,804	P10,885,721
Output VAT	3,370,163	3,022,048
Amounts due to contractors and other third parties	397,707	1,159,984
PSALM deferred adjustment (see Note 39k)	1,042,861	1,042,861
Accrued expenses:		
Interest	2,134,625	2,350,811
Materials and supplies cost	66,087	470,588
Taxes and fees	896,429	1,246,863
Claims conversion costs	105,627	102,808
Insurance	21,464	18,437
Dividends payable	235,538	94,976
Unearned revenues	37,337	37,425
Customers' deposit	23,378	19,360
Non-trade	329,490	1,270,946
Others	444,288	653,292
	P18,371,798	P22,376,120



Trade payables are non-interest bearing and generally on 30-day terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

Amounts due to contractors and other third parties include liabilities arising from the power plant construction (see Note 11).

Others include withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

15. Short-term Loans

	Interest Rate	2020	2019
Peso loans - financial institutions - unsecured	2% - 4.92% in 2020 2.68% - 4.95% in 2019	₱11,717,000	₱9,727,800
Temporary advances (see Note 31)	Non-interest bearing	26,413	607,620
		₱11,743,413	₱10,335,420

The bank loans are unsecured short-term notes payable obtained from local banks. These loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.

Interest expense on short-term loans amounted to ₱827.7 million in 2020, ₱797.6 million in 2019, and ₱374.6 million in 2018 (see Note 32).

16. Long-term Debts

	2020 Interest Rate	2019 Interest Rate	2020	2019
Company:				
Bonds due 2021	5.21%	5.21%	₱6,600,000	₱6,600,000
Bonds due 2022	3.13%	—	9,000,000	—
Bonds due 2024	7.51%	7.51%	7,700,000	7,700,000
Bonds due 2025	3.94% to 8.51%	8.51%	3,050,000	2,500,000
Bonds due 2026	5.28%	5.28%	7,250,000	7,250,000
Bonds due 2026	6.10%	6.10%	3,400,000	3,400,000
Bonds due 2027	5.34%	5.34%	3,000,000	3,000,000
Financial institutions - unsecured	5.28%	5.28%	4,950,000	5,000,000
Financial institutions - unsecured	LIBOR + 1.20%	LIBOR + 1.20%	14,406,900	15,190,500

(Forward)



	2020 Interest Rate	2019 Interest Rate	2020	2019
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.85%	₱33,711,803	₱37,247,830
TVI				
Financial institutions - secured	5.55% to 9.00%	5.56% to 9.00%	29,418,667	31,520,000
AESI				
Financial institutions - secured	4.87%	—	600,000	—
TSI				
Financial institutions - secured	5.26%	5.05% - 5.70%	18,729,025	20,039,365
APRI				
Financial institutions - secured	4.48% - 5.20%	4.48% - 5.20%	6,873,920	8,124,160
Hedcor Bukidnon				
Financial institutions - secured	4.00% - 5.34%	4.75% - 7.36%	9,315,000	9,416,666
TPVI				
Financial institutions - unsecured	3.32%-5.06%	5.06%-5.25%	1,500,000	1,300,000
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	4.05% - 5.42%	3,702,401	3,801,400
HI				
Financial institution - secured	7.41%	7.41%	423,000	423,000
Financial institution - secured	7.87%	7.87%	1,207,000	1,327,000
VECO				
Financial institution - unsecured	4.73% - 4.81%	4.59% - 4.81%	579,000	776,000
LHC				
Financial institutions - secured	2.25% to 4.81%	3.94% - 4.81%	271,330	564,580
DLP				
Financial institution - unsecured	4.73% to 4.92%	4.59% - 4.81%	434,250	582,000
AI				
AEV - unsecured (see Note 31)	3.50%	4.60% - 6.25%	300,000	300,000
SEZ				
Financial institution - unsecured	5.00%	5.00%	56,500	113,000
CLP				
Financial institution - unsecured	4.73% to 4.92%	4.59% - 4.81%	86,850	116,400
Joint operation (see Note 10):				
Financial institutions - secured	5.50% - 8.31%	5.50% - 8.31%	12,251,259	13,380,097
			178,816,905	179,671,998
Less deferred financing costs			1,495,573	1,700,376
			177,321,332	177,971,622
Less current portion - net of deferred financing costs			17,254,213	10,386,311
			₱160,067,119	₱167,585,311

*London Interbank Offered Rate (LIBOR)

Interest expense and other financing costs on long-term debt amounted to ₱9.98 billion in 2020, ₱8.65 billion in 2019, and ₱6.86 billion in 2018 (see Note 32).

Company

In September 2014, the Company issued a total of ₱10.00 billion bonds, broken down into a ₱6.60 billion 7-year bond due 2021 at an annual fixed rate equivalent to 5.21% and a ₱3.40 billion 12-year bond due 2026 at an annual fixed rate equivalent to 6.10%. The bonds have been rated PRS Aaa by PhilRatings.

In July 2017, the Company issued a ₱3.00 billion 10-year bond due 2027 at an annual fixed rate equivalent to 5.34%. The bonds have been rated PRS Aaa by PhilRatings.



In October 2018, the Company issued a total of ₱10.20 billion bonds, broken down into a ₱7.70 billion 5.25-year bond due 2024 at an annual fixed rate equivalent to 7.51% and a ₱2.50 billion 7-year bond due 2025 at an annual fixed rate equivalent to 8.51%. The bonds have been rated PRS Aaa by PhilRatings.

In October 2019, the Company issued ₱7.25 billion 7-year bond due 2026 at a fixed rate of 5.28%. The bonds have been rated PRS Aaa by PhilRatings.

In July 2020, the Company issued the fourth and last tranche of its ₱30.00 billion debt securities program amounting to ₱9.55 billion, broken down into a ₱9.00 billion 2-year bond due 2022 at an annual fixed rate equivalent to 3.13% and a ₱550.00 million 5-year bond due 2025 at an annual fixed rate equivalent to 3.94%. The bonds have been rated PRS Aaa by PhilRatings.

The principal amount of the bonds shall be payable on a lump sum basis on the respective maturity date at its face value. These bonds may be redeemed in advance by the Company based on stipulated early redemption option dates and on agreed early redemption price.

In April 2019, the Company executed and availed a US\$300,000,000 syndicated bridge loan facility loan agreement with DBS Bank Ltd., Mizuho Bank, Ltd., MUFG Bank, Ltd., and Standard Chartered Bank as lead arrangers and bookrunners to finance the AA Thermal, Inc. acquisition. The loan bears a floating interest based on credit spread over applicable LIBOR plus 1.2% margin. The loan will mature on the 5th anniversary of the first utilization date.

In November 2019, the Company obtain a ₱5.0 billion 7-year long term loan from the BDO Unibank, Inc. at a fixed rate of 5.28% p.a.

GMEC

On August 29, 2017, GMEC entered into a Notes Facility Agreement (NFA) with local banks with BDO Capital and Investment Corporation as Lead Arranger, with the maximum principal amount of \$800.0 million, the proceeds of which will be used to refinance GMEC's existing loan obligation and for other general corporate purposes.

On September 29, 2017, \$600.0 million was drawn from the NFA, out of which \$462.4 million was used to prepay the outstanding loans. In February 2018, the remaining principal amount of \$200.0 million was drawn from the NFA.

GMEC also has an existing facility agreement with BDO to finance the GMEC's working capital requirements.



Loans payable consist of the following dollar denominated loans:

	2020	2019	Interest Rate Per Annum	Payment Schedule
<i>NFA</i>				
Fixed Rate Loan	\$420,818	\$448,164	(i) Fixed rates of 2.5514% and 3.4049% plus 1.45% margin for the first seven-year period and (ii) Fixed Rate Loan Benchmark plus 1.45% margin for the subsequent five-year period	24 semi-annual payments starting from the first Interest Payment Date
LIBOR Loan	251,175	267,450	Six-month LIBOR plus 1.70% margin	24 semi-annual payments starting from the first Interest Payment Date
<i>Working Capital</i>				
BDO	30,000	20,000	LIBOR plus 1.7% applicable margin	Payable within three months
Total borrowings	701,993	735,614		
Less unamortized portion of deferred financing costs	4,151	4,017		
	697,842	731,597		
Less current portion	67,984	63,583		
Loans payable - net of current portion	\$629,858	\$668,014		

TVI

On June 18, 2015, TVI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱31.97 billion. As of December 31, 2020 and 2019, ₱31.52 billion has been drawn from the loan facility.

The loan is available in two tranches, as follows:

- Tranche A, in the amount of ₱25.60 billion, with interest rate fixed for the first eight years and will be repriced and fixed for another seven years.
- Tranche B, in the amount of ₱5.90 billion, with a fixed interest rate for fifteen years.

70% of the principal amount of the loan is payable in 20 equal semi-annual installments, with the remaining 30% payable in full on the final maturity date. TVI may prepay the loan in part or in full beginning on the end of the fourth year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a certain percentage of prepayment penalty on the principal to be prepaid.

The loan is secured by a mortgage of all its assets with carrying amount of ₱44.85 billion as of December 31, 2020, and a pledge of TVI's shares of stock held by its shareholders.

AESI

On April 8, 2020, AESI entered into a loan agreement with BPI with a principal amount of ₱600.0 million, which was fully drawn in 2020. The term of the loan is 10 years and interest is fixed at 4.87% for 5 years subject to reset 2 days prior to the 5th anniversary. The loan is payable in equal, semi-annual amortizations of at least one percent (1%) of the loan amount per annum, with balloon payment at maturity date.



TSI

On October 14, 2013, TSI entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of ₱24.00 billion, which was fully drawn in 2014.

On October 28, 2015, TSI entered into an additional loan agreement with principal amount of ₱1.68 billion, which was fully drawn in 2016.

The loan is secured by a mortgage of all its assets with carrying amount of ₱29.73 billion as of December 31, 2020, and a pledge of TSI's shares of stock held by the Company and TPI.

Interest rate is fixed for the first seven years and will be repriced and fixed for another five years.

Fifty percent of the principal amount of the loan is payable at semi-annual installments within 12 years with a two-year grace period, with the remaining 50% payable in full on the final maturity date.

TSI may prepay the loan in part or in full beginning on the end of the third year from the initial advance or on the project completion date, whichever is earlier. Any prepayment shall be subject to a certain percentage of prepayment penalty on the principal to be prepaid.

APRI

On February 29, 2016, APRI entered into an omnibus agreement with BPI, Asian Development Bank (ADB) and Credit Guarantee and Investment Facility (CGIF). This has been certified to have met the requirements of the Climate Bond Standard. The loan proceeds were used for return of equity to shareholders and to fund necessary operating and capital expenditures.

The loan is available in two tranches, as follows:

- a. The Notes Facility Agreement, in the amount of ₱10.7 billion, with interest rate already fixed for ten years. 41.6% of the principal amount is payable in ten equal semi-annual installments and the balance payable in another ten semi-annual installments
- b. The ADB Facility Agreement, in the amount of ₱1.8 billion, with interest rate fixed for five years and principal repayments made in ten equal semi-annual installments.

The loan is secured by mortgage of its assets with carrying amount of ₱24.98 billion as of December 31, 2020, and pledge of APRI's shares of stock held by shareholders and assignment of Project Agreements and Project Accounts.

Hedcor Bukidnon

On September 22, 2015, Hedcor Bukidnon entered into an omnibus agreement with local banks for a project loan facility with an aggregate principal amount of up to ₱10.00 billion. As of December 31, 2019, ₱9.33 billion has been drawn from the loan facility based on the agreed schedule.

The term of the loan is 15 years, and the first principal repayment will take place 42 months after the financial close, or six months after project completion. Principal repayments shall be made in equal semi-annual installments, with a balloon payment not to exceed 30% of the loan amount. Interest rate on the loan is computed at the time of each drawdown, as designated under the agreement.



On April 3, 2020, Hedcor Bukidnon entered into a loan agreement with BPI, up to the maximum principal amount of ₱225.00 million which was fully drawn in 2020, for the construction of the Transformer Facility and other general corporate purposes.

The term of the loan is 8 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total principal amount of the loans, by equal semi-annual amortizations beginning on the seventh interest payment date up to and including the maturity date; and (ii) payment of the amount equivalent to 30% of the total principal amount of the loans, on the maturity date.

On September 29, 2020, Hedcor Bukidnon entered into an omnibus agreement for a loan facility in the principal amount of ₱9.09 billion which was fully drawn in 2020 to refinance the project loan availed in 2015.

The term of the loan is 10 years and the loan shall be paid as follows: (i) payment of an aggregate amount equivalent to 70% of the total original amount of the Loan, by equal semi-annual amortizations beginning on the first interest payment date up to and including the Maturity Date; and (ii) payment of the amount equivalent to 30% of the total original amount of the loan, on the maturity date.

TPVI

On December 23, 2019, TPVI entered into a Loan Agreement with the Philippine National Bank (PNB) for an aggregate amount of ₱1.5 billion available in two drawdowns. The loan proceeds will be utilized, among others, in funding necessary operating and capital expenditures. Drawdowns were made on December 26, 2019 and April 27, 2020 for ₱1.3 billion and ₱200 million respectively. The loan is payable for 15 years, with a grace period of 3 years. The mode of repayment is sculpted with balloon payment of 70%.

TPVI will pay PNB a fixed interest rate for the first 8 years, with the rate being expected to go up to 5.25% for the rest of the term due to: (1) continued inflation, and; (2) liquidity tightness due to funds held and additional borrowings by the Bureau of Treasury. The interest is payable semi-annually, every 30th of June and 31st of December.

Hedcor Sibulan

On November 17, 2016, Hedcor Sibulan entered into an NFA with various institutions with Metrobank - Trust Banking Group as the Notes Facility Agent, for a loan facility with an aggregate principal amount of up to ₱4.10 billion to return equity to shareholders, and for other general corporate purposes.



The unsecured notes were issued in ten tranches with interest payable semi-annually at annual fixed rates and with principal maturity as follows:

Tranche	Maturity Date	Principal Amount
1	Fifteen months from issue date	₱96.8 million
2	Two (2) years from issue date	₱96.8 million
3	Three (3) years from issue date	₱84.0 million
4	Four (4) years from issue date	₱84.0 million
5	Five (5) years from issue date	₱284.0 million
6 (Series A&B)	Six (6) years from issue date	₱388.4 million
7 (Series A&B)	Seven (7) years from issue date	₱445.8 million
8	Eight (8) years from issue date	₱451.4 million
9	Nine (9) years from issue date	₱508.1 million
10 (Series A&B)	Ten (10) years from issue date	₱1,660.7 million

Prior to maturity date, Hedcor Sibulan may redeem in whole or in part the relevant outstanding notes on any interest payment date plus a one percent prepayment penalty.

HI

On August 6, 2013, HI availed of a ten-year ₱900 million loan from a local bank. This loan is subject to a semi-annual principal payment with fixed annual interest rate for the first 5 years. For the remaining five years, interest rate will be repriced and fixed on the fifth anniversary from the drawdown date. The debt is secured by a pledge of HI's shares of stock held by ARI.

On December 14, 2018, HI entered into a Notes Facility Agreement with a local bank to borrow ₱1.39 billion, which will mature on August 31, 2033, to finance the rehabilitation and/or expansion of the Bineng hydropower plant, refinance its short-term loans and for other general corporate purposes. This loan is subject to a semi-annual principal payment with annual interest fixed at 7.87% for the first 5 years. For the next five years, interest rate will be repriced and fixed one banking day prior to August 31, 2023. For the remaining five years, interest rate will be repriced and fixed one banking day prior to August 31, 2028. The debt is secured by a continuing suretyship from ARI.

VECO

On December 20, 2013, VECO availed of a ₱2.00 billion loan from the NFA it signed on December 17, 2013 with Land Bank of the Philippines (LBP). The unsecured notes were issued in ten tranches of ₱200 million with interest payable semi-annually at annual fixed rates and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱200M balloon payment on maturity date
C	December 20, 2016	₱1M each on first 2 years; 198M on maturity date
D	December 20, 2017	₱1M each on first 3 years; 197M on maturity date
E	December 20, 2018	₱1M each on first 4 years; 196M on maturity date
F	December 20, 2019	₱1M each on first 5 years; 195M on maturity date
G	December 20, 2020	₱1M each on first 6 years; 194M on maturity date
H	December 20, 2021	₱1M each on first 7 years; 193M on maturity date
I	December 20, 2022	₱1M each on first 8 years; 192M on maturity date
J	December 20, 2023	₱1M each on first 9 years; 191M on maturity date



Prior to maturity date, VECCO may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

LHC

On April 24, 2012, LHC entered into an omnibus agreement with Philippine National Bank and Banco De Oro to borrow US\$43.1 million with maturity on April 26, 2022 and payable in 20 semi-annual installments. Interest is repriced and paid semi-annually. Annual interest rate ranges from 2.250% to 4.8125% in 2020 and range from 3.9375% to 4.8125% in 2019.

Intangible asset arising from service concession arrangement with carrying value of ₱1.27 billion as of December 31, 2020, was used as collateral to secure LHC's long-term debt (see Note 12).

DLP

On December 20, 2013, DLP availed of a ₱1.50 billion loan from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱150 million with interest payable semi-annually at annual fixed rates and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱150M balloon payment on maturity date
C	December 20, 2016	₱0.75M each on first 2 years; 148.5M on maturity date
D	December 20, 2017	₱0.75M each on first 3 years; 147.8M on maturity date
E	December 20, 2018	₱0.75M each on first 4 years; 147M on maturity date
F	December 20, 2019	₱0.75M each on first 5 years; 146.2M on maturity date
G	December 20, 2020	₱0.75M each on first 6 years; 145.5M on maturity date
H	December 20, 2021	₱0.75M each on first 7 years; 144.8M on maturity date
I	December 20, 2022	₱0.75M each on first 8 years; 144M on maturity date
J	December 20, 2023	₱0.75M each on first 9 years; 143.2M on maturity date

Prior to maturity date, DLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

SEZ

On July 7, 2011, SEZ issued ₱565.0 million worth of fixed rate notes to Metropolitan Bank and Trust Company. Interest on the notes is subject to quarterly payment at 5% annual fixed interest rate. Principal is payable annually over 10 years at an equal amortization of ₱56.5 million.



CLP

On December 20, 2013, CLP availed of a ₱300 million loan from the NFA it signed on December 17, 2013 with LBP. The unsecured notes were issued in ten tranches of ₱30.0 million with interest payable semi-annually at annual fixed rates and principal amortized as follows:

Tranche	Maturity Date	Principal Repayment Amount
A, B	December 20, 2014 and 2015	₱150M balloon payment on maturity date
C	December 20, 2016	₱0.75M each on first 2 years; 148.5M on maturity date
D	December 20, 2017	₱0.75M each on first 3 years; 147.8M on maturity date
E	December 20, 2018	₱0.75M each on first 4 years; 147M on maturity date
F	December 20, 2019	₱0.75M each on first 5 years; 146.2M on maturity date
G	December 20, 2020	₱0.75M each on first 6 years; 145.5M on maturity date
H	December 20, 2021	₱0.75M each on first 7 years; 144.8M on maturity date
I	December 20, 2022	₱0.75M each on first 8 years; 144M on maturity date
J	December 20, 2023	₱0.75M each on first 9 years; 143.2M on maturity date

Prior to maturity date, CLP may redeem in whole or in part the relevant outstanding notes on any interest payment date without premium or penalty. If it redeems the notes on a date other than an interest payment date, then a certain percentage of prepayment penalty on the principal amount to be prepaid shall be imposed.

Long-term debt of Joint Operation (see Note 10)

This pertains to TPI's share of the outstanding project debt of its joint operation.

In May 2014, PEC entered into an omnibus agreement with various local banks for a loan facility in the aggregate principal amount of up to ₱33.31 billion with maturity period of 15 years.

The loan facility is subject to a semi-annual interest payment with annual fixed interest ranging from 5.50% - 8.31%. The loans may be voluntarily prepaid in full or in part commencing on and from the third year of the date of initial drawdown with a prepayment penalty.

The loans are secured by a mortgage of substantially all its assets with carrying amount of ₱36.40 billion as of December 31, 2020, and a pledge of the shares of stock held by the joint operators.

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restrictions with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of December 31, 2020 and 2019.



17. Customers' Deposits

	2020	2019
Lines and poles	₱1,187,053	₱1,149,552
Transformers	1,085,294	1,077,175
Bill and load	4,526,498	4,294,742
	₱6,798,845	₱6,521,469

Transformers and lines and poles deposits are obtained from certain customers principally as cash bond for their proper maintenance and care of the said facilities while under their exclusive use and responsibility.

Effective April 1, 2010, the Amended Distribution Services and Open Access Rules (Amended DSOAR), increased the refund rate from 25% to 75% of the gross distribution revenue generated from the extension lines and facilities until such amounts are fully refunded.

Bill deposit serves to guarantee payment of bills by a customer which is estimated to equal one month's consumption or bill of the customer.

Both the Magna Carta and Distribution Services and Open Access Rules (DSOAR) also provide that residential and non-residential customers, respectively, must pay a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills. A customer who has paid his electric bills on or before due date for three consecutive years, may apply for the full refund of the bill deposit, together with the accrued interests, prior to the termination of his service; otherwise, bill deposits and accrued interests shall be refunded within one month from termination of service, provided all bills have been paid.

In cases where the customer has previously received the refund of his bill deposit pursuant to Article 7 of the Magna Carta, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

Interest expense on customers' deposits amounted to ₱4.0 million in 2020, ₱4.4 million in 2019, ₱2.1 million in 2018 (see Note 32).

The Group classified customers' deposit under noncurrent liabilities due to the expected long-term nature of these deposits. The portion of customers' deposit to be refunded within the next 12 months amounted to ₱23.4 million and ₱19.4 million as of December 31, 2020 and 2019, respectively, and are presented as part of "Trade and other payables" (see Note 14).



18. Decommissioning Liability

Decommissioning Liability includes the estimated costs to decommission, abandon and perform surface rehabilitation on the steam field assets at the end of their useful lives, and the best estimate of the expenditure required to settle the obligation to decommission power plant at the end of its lease term (see Note 11).

	2020	2019
Balances at beginning of year	P3,567,492	P3,678,810
Change in accounting estimate (see Note 11)	1,158,166	(321,948)
Additions (see Note 11)	158,184	—
Accretion of decommissioning liability (see Note 32)	124,191	210,630
Balances at end of year	P5,008,033	P3,567,492

The actual dismantling and removal cost could vary substantially from the above estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment or actual time required to complete all dismantling and removal activities. Adjustment, if any, to the estimated amount will be recognized prospectively as they become known and reliably estimable.

19. Equity

a. Paid-in Capital (number of shares in disclosed figures)

	2020	2019
Capital Stock		
Authorized - P1 par value		
Common shares - 16,000,000,000 shares		
Preferred shares - 1,000,000,000 shares		
Issued		
Common shares - 7,358,604,307 shares	P7,358,604	P7,358,604
Additional Paid-in Capital	12,588,894	12,588,894
	P19,947,498	P19,947,498

On May 25, 2007, the Company listed with the PSE its 7,187,664,000 common shares with a par value of P1.00 to cover the initial public offering (IPO) of 1,787,664,000 common shares at an issue price of P5.80 per share. On March 17, 2008, the Company listed an additional 170,940,307 common shares, which it issued pursuant to a share swap agreement at the IPO price of P5.80 per share. The total proceeds from the issuance of new shares amounted to P10.37 billion. The Company incurred transaction costs incidental to the initial public offering amounting to P412.4 million, which is charged against "Additional paid-in capital" in the consolidated balance sheets.



As of December 31, 2020, 2019 and 2018, the Company has 598, 631 and 629 shareholders, respectively.

Preferred shares are non-voting, non-participating, non-convertible, redeemable, cumulative, and may be issued from time to time by the BOD in one or more series. The BOD is authorized to issue from time to time before issuance thereof, the number of shares in each series, and all the designations, relative rights, preferences, privileges and limitations of the shares of each series. Preferred shares redeemed by the Company may be reissued. Holders thereof are entitled to receive dividends payable out of the unrestricted retained earnings of the Company at a rate based on the offer price that is either fixed or floating from the date of the issuance to final redemption. In either case, the rate of dividend, whether fixed or floating, shall be referenced, or be a discount or premium, to market-determined benchmark as the BOD may determine at the time of issuance with due notice to the SEC.

In the event of any liquidation or dissolution or winding up of the Company, the holders of the preferred stock shall be entitled to be paid in full the offer price of their shares before any payment in liquidation is made upon the common stock.

There are no preferred shares issued and outstanding as of December 31, 2020 and 2019.

b. Retained Earnings

As of December 31, 2020 and 2019, the Company has an appropriated retained earnings amounting to ₱33.66 billion with regard to the development and construction of power plants. The BOD has approved the appropriation of ₱11.90 billion, ₱13.16 billion and ₱20.90 billion on March 7, 2019, November 24, 2016 and November 27, 2014, respectively. On March 7, 2019, the BOD also approved the reversal of ₱12.30 billion retained earnings appropriation that was set up in 2014.

On March 8, 2018, the BOD approved the declaration of regular cash dividends of ₱1.39 a share (₱10.23 billion) to all stockholders of record as of March 22, 2018. These dividends were paid on April 12, 2018.

On March 7, 2019, the BOD approved the declaration of regular cash dividends of ₱1.47 a share (₱10.82 billion) to all stockholders of record as of March 21, 2019. These dividends were paid on April 5, 2019.

On March 6, 2020, the BOD approved the declaration of regular cash dividends of ₱1.18 a share (₱8.68 billion) to all stockholders of record as of March 20, 2020. These dividends were paid on April 3, 2020.

On March 5, 2021, the BOD approved the reversal of a total of ₱13.60 billion appropriation of retained earnings.

To comply with the requirements of Section 43 of the Corporation Code, on March 5, 2021, the BOD approved the declaration of regular cash dividends of ₱0.85 a share (₱6.25 billion) to all stockholders of record as of March 19, 2021. The cash dividends are payable on March 31, 2021



- c. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangement amounting to ₱65.96 billion and ₱57.57 billion as of December 31, 2020 and 2019, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangement (see Note 9).

20. Sale of Power

Sale from Distribution of Power

1. The Uniform Rate Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001, specified that the billing for sale and distribution of power and electricity will have the following components: Generation Charge, Transmission Charge, System Loss Charge, Distribution Charge, Supply Charge, Metering Charge, the Currency Exchange Rate Adjustment and Interclass and Lifeline Subsidies. National and local franchise taxes, the Power Act Reduction (for residential customers) and the Universal Charge are also separately indicated in the customer's billing statements.
2. Pursuant to Section 43(f) of Republic Act (R.A.) No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and Rule 15, section 5(a) of its Implementing Rules and Regulations (IRR), the ERC promulgated the Distribution Wheeling Rates Guidelines on December 10, 2004. These were subsequently updated and released on July 26, 2006 as the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Utilities entering Performance Based Regulation (PBR).

Details of the PBR regulatory period and the date of implementation of the approved rates are as follows:

	CLP	DLP	VECO	SEZ
Current regulatory period	April 1, 2009 to March 31, 2013	July 1, 2010 to June 30, 2014	July 1, 2010 to June 30, 2014	October 1, 2011 to September 30, 2015
Date of implementation of approved distribution supply and metering	May 1, 2009	August 1, 2010	August 1, 2010	November 26, 2011

The reset process for the Third Regulatory Period to adjust the previously approved distribution supply and metering charges were deferred due to the changes on PBR rules.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the RDWR. Based on this Resolution, the Fourth Regulatory Period shall be as follows:

- (i) CLP: April 1, 2017 to March 31, 2021
- (ii) DLP and VECO: July 1, 2018 to June 30, 2022
- (iii) SEZ: October 1, 2019 to September 30, 2023

The reset process for the Fourth Regulatory Period has not started for all private DUs as the above-mentioned ERC rules have not been published, which is a condition for their effectivity.

Total sale from distribution of power amounted to ₱41.87 billion, ₱46.12 billion, and ₱44.88 billion in 2020, 2019 and 2018, respectively.



Sale from Generation of Power and Retail Electricity

a. Energy Trading through the Philippine Wholesale Electricity Spot Market (WESM)

Certain subsidiaries are trading participants and direct members under the generator sector of the WESM. These companies are allowed to access the WESM Market Management System through its Market Participant Interface (MPI). The MPI is the facility that allows the trading participants to submit and cancel bids and offers, and to view market results and reports. Under its price determination methodology as approved by the ERC, locational marginal price method is used in computing prices for energy bought and sold in the market on a per node, per hour basis. In the case of bilateral power supply contracts, however, the involved trading participants settle directly with their contracting parties.

Total sale of power to WESM amounted to ₱6.37 billion in 2020 and 2019 and ₱6.77 billion in 2018.

b. Power Supply Agreements

i. *Power Supply Contracts assumed under Asset Purchase Agreement (APA) and IPP Administration Agreement*

Revenue recognition for customers under the power supply contracts assumed under the APA and IPP Administration Agreements are billed based on the contract price which is calculated based on the pricing structure approved by the ERC. Rates are calculated based on the time-of-use pricing schedule with corresponding adjustments using the GRAM and the ICERA.

ii. *Power Purchase/Supply Agreement and Energy Supply Agreement (PPA/PSA and ESA)*

Certain subsidiaries have negotiated contracts with NPC, Private Distribution Utilities, Electric Cooperatives and Commercial and Industrial Consumers referred to as PPA/PSA or ESA. These contracts provide a tariff that allows these companies to charge for capacity fees, fixed operating fees and energy fees.

iii. Feed-in-Tariff (FIT)

Certain subsidiaries were issued a FIT Certificate of Compliance from the ERC which entitles them to avail the FIT rate. These subsidiaries also signed agreements with the National Transmission Corporation (NTC), the FIT administrator. These agreements enumerate the rights and obligations under the FIT rules and FIT-All guidelines, in respect to the full payment of the actual energy generation of the generator, at a price equivalent to the applicable FIT rate, for the entire duration of its FIT eligibility period.

Total sale of power under power supply agreements amounted to ₱42.64 billion, ₱46.78 billion, and ₱54.24 billion in 2020, 2019, and 2018, respectively.

c. Retail Electricity Supply Agreements (see Note 39i)

Certain subsidiaries have negotiated contracts with contestable customers. These contracts provide supply and delivery of electricity where capacity fees, fixed operating fees and energy fees are at fixed price/kwh or time of use.

Total sale of power under retail electricity supply agreements amounted to ₱16.48 billion, ₱22.81 billion, and ₱24.22 billion in 2020, 2019 and 2018, respectively.



21. Purchased Power

Distribution

The Group's distribution utilities entered into contracts with NPC/PSALM and generation companies for the purchase of electricity, and into Transmission Service Agreements with NGCP for the transmission of electricity.

To avail of opportunities in the competitive electricity market, some of the Group's distribution utilities registered as direct participants of the WESM.

Total power purchases amounted to ₱19.98 billion, ₱21.81 billion, and ₱23.59 billion in 2020, 2019, 2018, respectively.

Generation

Purchased power takes place during periods when power generated from power plants are not sufficient to meet customers' required power as stated in the power supply contracts. Insufficient supply of generated energy results from the shutdowns due to scheduled maintenance or an emergency situation. The Group purchases power from WESM to ensure uninterrupted supply of power and meet the requirements in the power supply contracts.

The Group entered into Replacement Power Contracts with certain related parties (see Note 31). Under these contracts, the Group supplies power to counterparties when additional power is needed. Correspondingly, when faced with energy shortfalls, the Group purchases power from counterparties.

Total purchased power amounted to ₱7.71 billion, ₱7.60 billion, ₱4.87 billion in 2020, 2019 and 2018, respectively.

Retail Electricity Supply

AESI pays PSALM monthly generation payments using the formula specified in the IPP Administration Agreement. In October 2019, a compromise agreement with PSALM was effected, which includes the termination of supply and ₱125.0 million payment of AESI as termination fee.

The Group also purchases from WESM in order to supply its contestable customers.

Total purchased power amounted to ₱3.72 billion, ₱6.43 billion, ₱7.55 billion in 2020, 2019 and 2018, respectively.

22. Cost of Generated Power

	2020	2019	2018
Fuel costs (see Note 7)	₱19,650,746	₱29,394,773	₱29,423,013
Steam supply costs (see Note 35a)	2,974,611	5,008,607	5,227,807
Energy fees	565,676	694,696	646,317
Ancillary charges	225,916	360,095	355,260
Wheeling expenses	44,909	68,535	21,821
	₱23,461,858	₱35,526,706	₱35,674,218



23. General and Administrative

	2020	2019	2018
Personnel costs (see Note 25)	₱3,078,045	₱2,641,365	₱2,647,636
Taxes and licenses	1,270,078	1,680,928	1,496,779
Outside services (see Note 31)	1,110,416	1,031,326	1,132,345
Professional fees (see Note 31)	832,866	814,149	608,107
Provision for expected credit losses of trade receivables (see Note 6)	719,193	87,086	235,818
Repairs and maintenance	282,432	306,316	420,524
Corporate social responsibility (CSR) (see Note 39)	231,208	299,595	308,918
Insurance	215,833	205,998	209,590
Information technology and communication	189,720	181,746	108,332
Transportation and travel (see Note 31)	141,427	206,861	230,658
Rent (see Notes 31 and 34)	72,463	44,916	224,758
Advertisements	42,294	33,798	41,768
Training	36,292	156,027	70,080
Entertainment, amusement and recreation	34,143	40,916	39,689
Guard services	18,577	25,570	2,960
Market service and administrative fees	3,397	—	30,818
Freight and handling	3,130	4,264	2,343
Gasoline and oil	452	1,020	1,631
Supervision and regulatory fees	—	584	797
Others	381,407	392,901	374,961
	₱8,663,373	₱8,155,366	₱8,188,512

“Others” include host community-related expenses, provision for probable losses, claims conversion costs and utilities expenses.



24. Operations and Maintenance

	2020	2019	2018
Repairs and maintenance	₱2,208,522	₱2,076,988	₱1,659,288
Taxes and licenses	1,818,853	1,167,990	861,626
Personnel costs (see Note 25)	1,633,451	1,586,624	1,781,283
Outside services	1,479,641	1,276,255	974,425
Insurance	1,439,804	787,983	752,425
Materials and supplies (see Note 7)	287,717	275,814	201,903
Transportation and travel	73,479	104,858	37,444
Rent (see Note 34)	29,338	11,980	171,989
Fuel and lube oil (see Note 7)	18,111	77,880	84,806
	₱8,988,916	₱7,366,372	₱6,525,189

25. Personnel Costs

	2020	2019	2018
Salaries and wages	₱3,969,607	₱3,105,859	₱3,798,218
Employee benefits (see Note 26)	741,889	1,122,130	630,701
	₱4,711,496	₱4,227,989	₱4,428,919

26. Pension Benefit Plans

Under the existing regulatory framework, RA 7641, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity. It further states that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Company and its subsidiaries have funded, non-contributory, defined retirement benefit plans ("Plan") covering all regular and full-time employees and requiring contributions to be made to separately administered funds. The retirement benefit fund ("Fund") of each subsidiary is in the form of a trust being maintained and managed by AEV, under the supervision of the Board of Trustees (BOT) of the Plan. The BOT, whose members are also corporate officers, is responsible for the investment of the Fund assets. Taking into account the Plan's objectives, benefit obligations and risk capacity, the BOT periodically defines the investment strategy in the form of a long-term target structure.

The following tables summarize the components of net benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets for the respective plans.



Net benefit expense (recognized as part of personnel costs under operations and maintenance and general and administrative expenses):

	2020	2019	2018
Current service cost	₱194,202	₱179,269	₱189,906
Net interest cost	18,731	5,012	15,379
Past service cost	18,026	(1,975)	(9,564)
	₱230,959	₱182,306	₱195,721

Remeasurement effects to be recognized in other comprehensive income:

	2020	2019	2018
Actuarial gain (losses) due to:			
Changes in financial assumptions	(₱235,343)	(₱145,431)	₱61,493
Changes in demographic assumptions	99,079	31,693	34,416
Return on assets excluding amount included in net interest cost	(278,058)	(18,050)	(96,856)
Experience adjustments	(50,244)	(82,122)	15,705
	(₱464,566)	(₱213,910)	₱14,758

Net pension assets

	2020	2019
Fair value of plan assets	₱128,558	₱342,117
Present value of the defined benefit obligation	(78,148)	(273,908)
	₱50,410	₱68,209

Net pension liabilities

	2020	2019
Present value of the defined benefit obligation	₱2,550,134	₱2,138,190
Fair value of plan assets	(2,256,048)	(1,712,143)
	₱294,086	₱426,047



Changes in the present value of the defined benefit obligation are as follows:

	2020	2019
At January 1	₱2,412,098	₱2,177,176
Net benefit expense:		
Current service cost	194,202	179,269
Net interest cost	118,744	129,804
Past service cost	18,026	(1,975)
	330,972	307,098
Benefits paid from retirement fund	(204,157)	(271,204)
Benefits paid from operating funds	(95,233)	—
Foreign exchange translation differences	(2,028)	—
Transfers and others	122	3,168
Remeasurements in other comprehensive income:		
Actuarial losses (gains) due to:		
Experience adjustments	50,244	82,122
Changes in demographic assumptions	(99,079)	(31,693)
Changes in financial assumptions	235,343	145,431
	186,508	195,860
At December 31	₱2,628,282	₱2,412,098

Changes in the fair value of plan assets are as follows:

	2020	2019
At January 1	₱2,054,260	₱2,059,296
Contribution by employer	712,423	156,252
Interest income included in net interest cost	100,013	124,792
Fund transfer from affiliates	122	3,174
Foreign exchange translation differences	3	—
Return on assets excluding amount included in net interest cost	(278,058)	(18,050)
Benefits paid	(204,157)	(271,204)
At December 31	₱2,384,606	₱2,054,260



Changes in net pension liability recognized in the consolidated balance sheets are as follows:

	2020	2019
At January 1	P357,838	P117,880
Retirement expense during the year	230,959	182,306
Transfers and others	—	(6)
Benefits paid from operating funds	(95,233)	—
Contribution to retirement fund	(712,423)	(156,252)
Actuarial loss recognized during the year	464,566	213,910
Foreign exchange translation differences	(2,031)	—
At December 31	P243,676	P357,838

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	2020	2019
Cash and fixed-income investments	P—	P473,840
Financial assets at FVOCI	1,096,076	715,814
Financial assets at amortized cost	1,116,973	394,522
Financial assets at FVTPL	58,342	—
Equity instruments:		
Financial Institution	28,268	31,551
Power	97,085	145,155
Holding	140,144	147,253
Others	(152,282)	146,125
	2,384,606	1,580,420
Fair value of plan assets	P2,384,606	P2,054,260

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The plan assets are diverse and do not have any concentration risk.

The BOT reviews the performance of the plans on a regular basis. It assesses whether the retirement plans will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Group also reviews the solvency position of the different member companies on an annual basis and estimates, through the actuary, the expected contribution to the Retirement plan in the subsequent year.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2020	2019	2018
Discount rates	2.75%-4.87%	4.36%-6.0%	4.87%-8.18%
Salary increase rates	6.00%	6.00%	7.00%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2020, assuming if all other assumptions were held constant:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rates	100	(₱124,887)
	(100)	144,856
Future salary increases	100	148,583
	(100)	(130,835)

The Group's defined benefit pension plans are funded by the Company and its subsidiaries.

The Group expects to contribute ₱177.1 million to the defined benefit plans in 2021. The average durations of the defined benefit obligation as of December 31, 2020 and 2019 are 7.16 to 22.90 years and 7.0 to 22.02 years, respectively.

27. Other Income (Expense) - Net

	2020	2019	2018
Net foreign exchange gain (loss)	₱754,108	₱1,130,743	(₱2,055,085)
Surcharges	447,703	536,856	508,492
Non-utility operating income	142,013	170,640	142,363
Unrealized fair valuation gains on investment property	115,829	126,842	—
Rental income	31,586	67,854	42,290
Write off of project costs and other assets	—	(31,431)	(50,922)
Losses on disposal of property, plant and equipment	(88,227)	(304,631)	(292,799)
Reversal of impairment (losses) recovery on property, plant and equipment, goodwill and other assets	(7,240)	245,489	(847,619)
Others - net	3,532,791	1,541,025	1,260,969
	₱4,928,563	₱3,483,387	(₱1,292,311)

Included in "Net foreign exchange gain (loss)" are the net gains and losses relating to currency forward transactions (see Note 33).

Reversal of (impairment) losses on property, plant and equipment, goodwill and other assets includes:

- The income from the 2019 recovery of a certain Aseagas asset previously impaired in 2017 amounting to ₱245.5 million.



- This includes the ₱486.5 million net book value of the Bajada Power Plant which was fully impaired when it ceased operations in 2018 and the loss of ₱282.3 million from recognizing the recoverable amount of transmission assets which were classified as property held for sale.

“Others” include insurance claims from plant outages of TSI of ₱1.8 billion and liquidating damages from contractor due to the delay of the completion of TVI’s power plant of ₱611.0 million in 2020, reversal of APRI and TLI’s liability to PSALM pertaining to GRAM/ICERA collection of ₱924.0 million in 2019 and income arising from the proceeds from claims of liquidating damages from contractor due to the delay of the completion of PEC’s power plant amounting to ₱340.7 million in 2018. “Others” also include non-recurring items like sale of scrap and sludge oil, and reversal of provisions.

28. Income Tax

The provision for income tax account consists of:

	2020	2019	2018
Current:			
Corporate income tax	₱4,622,913	₱3,460,636	₱3,713,410
Final tax	101,856	221,149	143,714
	4,724,769	3,681,785	3,857,124
Deferred	1,337,143	(466,287)	(931,501)
	₱6,061,912	₱3,215,498	₱2,925,623

A reconciliation between the statutory income tax rate and the Group’s effective income tax rates follows:

	2020	2019	2018
Statutory income tax rate	30.00%	30.00%	30.00%
Tax effects of:			
Unrecognized deferred income tax	16.03%	3.53%	1.97%
Nondeductible interest expense	11.53%	6.43%	5.77%
Nondeductible depreciation expense	3.12%	1.42%	1.18%
Deductible lease payments	(23.85%)	(11.53%)	(9.57%)
Nontaxable equity in net earnings of associates	(3.84%)	(4.89%)	(4.61%)
Income under income tax holiday	(1.98%)	(7.41%)	(11.90%)
Interest income subjected to final tax at lower rates - net	(0.73%)	(1.57%)	(0.89%)
Others	(1.24%)	(2.23%)	(1.63%)
	29.04%	13.75%	10.32%



Deferred income taxes of the companies in the Group that are in deferred income tax assets and liabilities position consist of the following at December 31:

	2020	2019
Net deferred income tax assets:		
Allowances for impairment and probable losses	₱378,315	₱329,278
Net income from commissioning	1,483,220	1,536,161
Difference between the carrying amount of nonmonetary assets and related tax base	(724,052)	(1,299,507)
Unrealized foreign exchange loss (gain)	(383,227)	372,732
Net operating loss carryover (NOLCO)	197,296	1,298,227
Pension asset (liability):		
Unamortized contributions for past service	70,685	34,923
Recognized in other comprehensive income	47,182	20,662
Recognized in statements of income	29,319	25,609
Unamortized streetlight donations capitalized	—	(685)
Unamortized customs duties and taxes capitalized	(53,161)	(47,626)
Net provision for rehabilitation and restoration costs	624,875	427,114
Others	(131,432)	89,422
Net deferred income tax assets	₱1,539,020	₱2,786,310

	2020	2019
Net deferred income tax liabilities:		
Unamortized franchise	₱744,193	₱771,532
Fair value adjustments of property, plant and equipment	135,615	137,740
Unrealized foreign exchange gains	24,739	2,749
Unamortized customs duties and taxes capitalized	5,348	5,618
Pension asset (liability):		
Recognized in other comprehensive income	(106,231)	147,884
Recognized in statements of income	76,320	(168,678)
Unamortized past service cost	(31,039)	(35,972)
Allowances for impairment and probable losses	(71,006)	(22,934)
Others	(32,725)	10,532
Net deferred income tax liabilities	₱745,214	₱848,471

In computing for deferred income tax assets and liabilities, the rates used were 30% and 10%, which are the rates expected to apply to taxable income in the years in which the deferred income tax assets and liabilities are expected to be recovered or settled and considering the tax rate for renewable energy (RE) developers as allowed by the Renewable Energy Act of 2008 (see Note 39j).



No deferred income tax assets were recognized on the Group's NOLCO and MCIT amounting to ₱18.5 billion and ₱61.5 million, respectively, as of December 31, 2020 and ₱7.8 billion and ₱67.7 million, respectively, as of December 31, 2019, since management expects that it will not generate sufficient taxable income and income tax payable in the future that will be available to allow all of the deferred income tax assets to be utilized.

There are no income tax consequences to the Group attaching to the payment of dividends to its shareholders.

29. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	2020	2019	2018
Net income attributable to equity			
a. holders of the parent	₱12,577,676	₱17,322,677	₱21,707,603
Weighted average number of common			
b. shares issued and outstanding	7,358,604,307	7,358,604,307	7,358,604,307
Earnings per common share (a/b)	₱1.71	₱2.35	₱2.95

There are no dilutive potential common shares for the years ended December 31, 2020, 2019 and 2018.

30. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's CODM to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group's CODM, are as follows:

- "Power Generation" segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;
- "Power Distribution" segment, which is engaged in the distribution and sale of electricity to the end-users; and
- "Parent Company and Others", which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers (see Note 39i) and electricity related services of the Group such as installation of electrical equipment.



Set out below is the disaggregation of the Group's revenue from contracts with customers:

2020

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱42,639,028	—	—	₱42,639,028
Revenue from distribution services	—	41,872,331	—	41,872,331
Revenue from retail electricity sales	—	—	16,476,713	16,476,713
Revenue from non-power supply contracts	9,111,632	—	—	9,111,632
Revenue from technical and management services	—	—	276,945	276,945
	₱51,750,660	₱41,872,331	₱16,753,658	₱110,376,649

2019

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱46,783,955	₱—	₱—	₱46,783,955
Revenue from distribution services	—	46,120,403	—	46,120,403
Revenue from retail electricity sales	—	—	22,805,450	22,805,450
Revenue from non-power supply contracts	9,111,632	—	—	9,111,632
Revenue from technical and management services	—	—	813,717	813,717
	₱55,895,587	₱46,120,403	₱23,619,167	₱125,635,157

2018

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱54,237,387	₱—	₱—	₱54,237,387
Revenue from distribution services	—	44,880,546	—	44,880,546
Revenue from retail electricity sales	—	—	24,216,767	24,216,767
Revenue from non-power supply contracts	7,617,298	—	—	7,617,298
Revenue from technical and management services	—	—	620,086	620,086
	₱61,854,685	₱44,880,546	₱24,836,853	₱131,572,084

The revenue from contracts with customers is consistent with the revenue with external customers presented in Segment information.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.



The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length transaction basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group, and that the revenue can be reliably measured. Sale of power to Manila Electric Company (MERALCO) accounted for 10%, 22%, and 22% of the power generation revenues of the Group in 2020, 2019, and 2018 respectively.

Financial information on the operations of the various business segments are summarized as follows:

2020

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and adjustments	Consolidated
REVENUE					
External	₱51,750,660	₱41,872,331	₱16,753,658	₱—	₱110,376,649
Inter-segment	22,896,433	1,118,499	1,031,354	(25,046,286)	—
Total Revenue	₱74,647,093	₱42,990,830	₱17,785,012	(₱25,046,286)	₱110,376,649
Segment Results	₱21,444,970	₱4,946,100	₱488,817	₱—	₱26,879,887
Unallocated corporate income - net	3,486,054	841,667	600,842	—	4,928,563
INCOME FROM OPERATIONS	24,931,024	5,787,767	1,089,659	—	31,808,450
Interest expense and other financing costs	(10,536,420)	(693,525)	(3,023,583)	—	(14,253,528)
Interest income	397,880	48,408	206,788	—	653,076
Share in net earnings of associates and joint ventures	2,454,530	198,142	15,056,479	(15,044,015)	2,675,136
Provision for income tax	(4,413,334)	(1,397,825)	(250,753)	—	(6,061,912)
NET INCOME	₱12,833,680	₱3,942,967	₱13,088,590	(₱15,044,015)	₱14,821,222
OTHER INFORMATION					
Investments	₱60,520,910	₱928,495	₱170,100,955	(₱169,742,086)	₱61,808,274
Capital Expenditures	₱2,821,303	₱2,628,493	₱20,706	₱—	₱5,470,502
Segment Assets	₱287,225,921	₱33,915,449	₱207,799,057	(₱131,015,309)	₱397,925,118
Segment Liabilities	₱173,334,124	₱27,599,412	₱75,498,129	(₱13,091,620)	₱263,340,045
Depreciation and Amortization	₱9,684,189	₱1,098,103	₱46,054	₱145,018	₱10,973,364



2019

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱55,895,587	₱46,120,403	₱23,619,167	₱—	₱125,635,157
Inter-segment	28,483,698	1,327,759	2,911,436	(32,722,893)	—
Total Revenue	₱84,379,285	₱47,448,162	₱26,530,603	(₱32,722,893)	₱125,635,157
Segment Results	₱21,830,533	₱5,885,145	₱1,140,196	₱—	₱28,855,874
Unallocated corporate income - net	2,406,999	956,784	119,604	—	3,483,387
INCOME FROM OPERATIONS	24,237,532	6,841,929	1,259,800	—	32,339,261
Interest expense and other financing costs	(10,957,821)	(507,019)	(2,582,806)	—	(14,047,646)
Interest income	943,542	41,372	306,189	—	1,291,703
Share in net earnings of associates and joint ventures	3,648,999	164,080	19,003,726	(19,002,843)	3,813,962
Provision for income tax	(1,230,697)	(1,742,500)	(242,301)	—	(3,215,498)
NET INCOME	₱16,641,555	₱4,798,462	₱17,744,608	(₱19,002,843)	₱20,181,782
OTHER INFORMATION					
Investments	₱59,646,763	₱881,812	₱161,528,818	(₱161,201,414)	₱60,855,979
Capital Expenditures	₱6,237,592	₱3,319,554	₱31,393	₱—	₱9,588,539
Segment Assets	₱298,890,572	₱33,688,098	₱191,593,277	(₱114,102,390)	₱410,469,357
Segment Liabilities	₱190,812,375	₱27,267,433	₱71,179,680	(₱12,433,142)	₱276,826,346
Depreciation and Amortization	₱8,694,303	₱1,010,396	₱37,397	₱153,599	₱9,895,695

2018

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱61,854,685	₱44,880,546	₱24,836,853	₱—	₱131,572,084
Inter-segment	23,725,675	1,518,792	3,041,129	(28,285,596)	—
Total Revenue	₱85,580,360	₱46,399,338	₱27,877,982	(₱28,285,596)	₱131,572,084
Segment Results	₱27,643,753	₱6,039,597	₱2,813,332	₱—	₱36,496,682
Unallocated corporate income - net	(1,611,364)	429,911	(110,858)	—	(1,292,311)
INCOME FROM OPERATIONS	26,032,389	6,469,508	2,702,474	—	35,204,371
Interest expense and other financing costs	(10,178,990)	(370,814)	(1,532,354)	—	(12,082,158)
Interest income	574,737	47,394	257,954	—	880,085
Share in net earnings of associates and joint ventures	4,152,912	168,307	22,444,396	(22,408,790)	4,356,825
Provision for income tax	(459,775)	(1,681,315)	(784,533)	—	(2,925,623)
NET INCOME	₱20,121,273	₱4,633,080	₱23,087,937	(₱22,408,790)	₱25,433,500
OTHER INFORMATION					
Investments	₱33,119,798	₱857,368	₱133,369,580	(₱133,035,182)	₱34,311,564
Capital Expenditures	₱5,973,352	₱2,642,276	₱15,155	₱—	₱8,630,783
Segment Assets	₱280,845,233	₱32,008,594	₱170,041,730	(₱93,233,481)	₱389,662,176
Segment Liabilities	₱185,274,861	₱25,093,441	₱55,420,889	(₱12,703,682)	₱253,085,509
Depreciation and Amortization	₱7,511,495	₱988,911	₱24,537	₱156,460	₱8,681,403



31. Related Party Disclosures

Parties are considered to be related if one party has the ability to control, directly or indirectly, 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. Related parties may be individuals or corporate entities.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Group enters into transactions with its parent, associates, joint ventures and other related parties, principally consisting of the following:

- a. The Company provides services to certain affiliates, associates and joint ventures such as technical and legal assistance for various projects and other services.
- b. Energy fees are billed by the Group to related parties and the Group also purchased power from associates and joint ventures, arising from the following:
 - PPA/PSA or ESA (Note 20)
 - Replacement power contracts (Note 21)
- c. AEV provides human resources, internal audit, legal, treasury and corporate finance services, among others, to the Group and shares with the member companies the business expertise of its highly qualified professionals. Transactions are priced based on agreed rates, and billed costs are always benchmarked to third party rates. Service level agreements are in place to ensure quality of service. This arrangement enables the Group to maximize efficiencies and realize cost synergies. These transactions result to professional and technical fees paid by the Group to AEV (see Note 23).
- d. Aviation services are rendered by AAI, an associate, to the Group.
- e. Lease of commercial office units by the Group from Cebu Praedia Development Corporation (CPDC) and Aboitizland, Inc. and subsidiaries. CPDC and Aboitizland, Inc. are subsidiaries of AEV.
- f. Aboitiz Construction, Inc. (ACI), a wholly owned subsidiary of ACO, rendered its services to the Group for various construction projects.
- g. LEZ entered into a Concession Agreement with Lima Land, Inc. (LLI) for which it is entitled to the exclusive right to distribute and supply electricity to LLI's locators.
- h. Interest-bearing advances from AEV and subsidiaries availed by the Group. The annual interest rates are determined on arm's length basis.
- i. Cash deposits with Union Bank of the Philippines (UBP) earn interest at prevailing market rates (see Note 5). UBP is an associate of AEV.



- j. The Company obtained Standby Letter of Credit (SBLC) and is acting as surety for the benefit of certain associates and joint ventures in connection with loans and credit accommodations. The Company provided SBLC for STEAG, CEDC, and SNAP B in the amount of ₱900.0 million in 2020, ₱958.3 million in 2019 and ₱1.02 billion in 2018.

The above transactions are settled in cash.

The consolidated balance sheets and consolidated statements of income include the following significant account balances resulting from the above transactions with related parties:

a. Revenue - Technical, management and other fees

	Revenue			Receivable		Terms	Conditions
	2020	2019	2018	2020	2019		
<i>AEV and subsidiaries</i>							
Apo Agua Infraestructura, Inc.	₱13,587	₱24,545	₱—	₱—	₱24,194	30-day; interest-free	Unsecured; no impairment
Abotiz InfraCapital, Inc.	777	1,055	—	—	281	30-day; interest-free	Unsecured; no impairment
<i>Associates and joint ventures</i>							
SFELAPCO	108,838	105,760	132,623	—	57,440	30-day; interest-free	Unsecured; no impairment
CEDC	88,445	74,074	71,880	5,861	24,615	30-day; interest-free	Unsecured; no impairment
GNPD	39,884	41,758	42,360	3,112	3,441	30-day; interest-free	Unsecured; no impairment
SNAP M	6,696	—	—	—	—	30-day; interest-free	Unsecured; no impairment
SNAP B	6,696	—	—	—	—	30-day; interest-free	Unsecured; no impairment
	₱264,923	₱248,202	₱246,863	₱8,973	₱109,971		

b. Revenue - Sale of power

	Revenue			Receivable		Terms	Conditions
	2020	2019	2018	2020	2019		
<i>AEV and subsidiaries</i>							
Pilmico Foods Corporation	₱140,741	₱203,398	₱166,121	₱10,637	₱19,850	30-day; interest-free	Unsecured; no impairment
Lima Land, Inc. Lima Water Corporation	22,488	9,842	47,947	4,242	2,709	30-day; interest-free	Unsecured; no impairment
Abotizland, Inc. and subsidiaries	18,772	—	1,943	1,664	—	30-day; interest-free	Unsecured; no impairment
Cebu Industrial Park Developer's, Inc.	14,202	—	14,588	1,335	—	30-day; interest-free	Unsecured; no impairment
	2,640	2,540	2,640	—	156	30-day; interest-free	Unsecured; no impairment

(Forward)



	Revenue			Receivable		Terms	Conditions
	2020	2019	2018	2020	2019		
<i>Associates and joint ventures</i>							
SFELAPCO	₱2,351,358	₱2,655,153	₱2,290,390	₱171,663	₱227,478	30-day; interest-free	Unsecured; no impairment
GNPD	1,882,942	37,212	—	150,872	—	30-day; interest-free	Unsecured; no impairment
MEC	764,862	312,055	—	128,612	44,017	30-day; interest-free	Unsecured; no impairment
SNAP M	7,355	22,802	9,193	—	—	30-day; interest-free	Unsecured; no impairment
SNAP RES	—	28,983	19,442	—	1	30-day; interest-free	Unsecured; no impairment
<i>Other related parties</i>							
Republic Cement & Building Materials, Inc. (an associate of AEV)	1,509,512	1,295,957	1,341,456	33,028	52,320	30-day; interest-free	Unsecured; no impairment
Tsuneishi Heavy Industries Cebu, Inc. (a joint venture of ACO and Tsuneishi Group)	30,662	165,254	351,946	—	2	30-day; interest-free	Unsecured; no impairment
Aboitiz Construction International, Inc.	—	—	11,218	—	—	30-day; interest-free	Unsecured; no impairment
	₱6,745,534	₱4,733,196	₱4,256,884	₱502,053	₱346,533		

c. Cost of purchased power

	Purchases			Payable		Terms	Condition
	2020	2019	2018	2020	2019		
<i>Associates and joint ventures</i>							
CEDC	₱3,955,490	₱3,619,999	₱4,196,052	₱330,478	₱339,494	30-day; interest-free	Unsecured
SNAP M	94,730	109,142	110,432	7,745	8,012	30-day; interest-free	Unsecured
SFELAPCO	30,002	—	14,287	—	—	30-day; interest free	Unsecured
	₱4,080,222	₱3,729,141	₱4,320,771	₱338,223	₱347,506		



d. Expenses

	Nature	Purchases/Expenses			Payable		Terms	Condition
		2020	2019	2018	2020	2019		
<i>Ultimate Parent</i>								
ACO	Professional fees	₱1,415	₱1,663	₱9,105	₱723	₱1,309	30-day; interest-	Unsecured
<i>AEV and subsidiaries</i>								
AEV	Professional and Technical fees	526,488	591,310	487,770	6,228	91,168	30-day; interest-free	Unsecured
Lima Land, Inc.	Concession fees	77,365	78,516	67,044	815	5,378	30-day; interest-	Unsecured
AAI	Aviation Services	49,416	55,537	46,217	—	10,847	30-day; interest-	Unsecured
CPDC	Rental	35,927	34,862	26,939	—	—	30-day; interest-	Unsecured
AEV Abaitizland, Inc. and subsidiaries	Rental	411	2,213	—	—	—	30-day; interest-	Unsecured
CPDC	Rental	306	280	258	—	—	30-day; interest-free	Unsecured
	Professional and Technical fees	—	64	—	—	—		
		₱691,328	₱764,445	₱637,333	₱7,766	₱108,702		

e. Capitalized construction and rehabilitation costs

	Purchases			Payable		Terms	Condition	
	2020	2019	2018	2020	2019			
<i>Other related party</i>								
ACI	₱271,383	₱458,564	₱399,105	₱2,137	₱212,358	30-day; interest-free	Unsecured	

f. Temporary advances

	Interest Expense			Payable		Terms	Condition	
	2020	2019	2018	2020	2019			
<i>Parent</i>								
AEV	₱301	₱17,929	₱22,390	₱26,413	₱607,620	Promissory note; interest-bearing	Unsecured	



g. Cash deposits and placements with UBP

	Interest Income			Outstanding Balance		Terms	Condition
	2020	2019	2018	2020	2019		
TPI and subsidiaries	₱34,645	₱67,184	₱269,597	₱3,070,469	₱4,644,453	90 days or less; interest-bearing	No impairment
Company	38,983	106,743	67,982	5,820,099	22,806	90 days or less; interest-bearing	No impairment
ARI and subsidiaries	24,991	40,802	71,685	2,168,146	1,708,116	90 days or less; interest-bearing	No impairment
VECO	17,630	10,144	2,304	338,969	988,027	90 days or less; interest-bearing	No impairment
DLP	15,401	3,025	1,564	327,256	122,147	90 days or less; interest-bearing	No impairment
CPPC	5,365	11,710	5,234	355,354	607,526	90 days or less; interest-bearing	No impairment
AESI	4,569	15,026	9,556	1,200,315	856,115	90 days or less; interest-bearing	No impairment
AI	3,042	15,332	7,091	785,066	729,907	90 days or less; interest-bearing	No impairment
SEZ	1,305	262	176	79,167	4,044	90 days or less; interest-bearing	No impairment
EAUC	1,294	5,740	3,932	167,267	212,010	90 days or less; interest-bearing	No impairment
CLP	1,212	402	157	35,889	3,025	90 days or less; interest-bearing	No impairment
LEZ	1,049	41	2,635	44,185	27,872	90 days or less; interest-bearing	No impairment
PEI	811	888	121	69,666	175,572	90 days or less; interest-bearing	No impairment
MEZ	581	311	153	29,020	3,145	90 days or less; interest-bearing	No impairment
BEZ	575	205	156	14,514	2,515	90 days or less; interest-bearing	No impairment
MVEZ	416	35	—	56,026	32,290	90 days or less; interest-bearing	No impairment
CIPI	—	—	—	—	200	90 days or less; interest-bearing	No impairment
MHSC	—	—	—	—	49	90 days or less; interest-bearing	No impairment
SACASUN	1	—	—	885	178	90 days or less; interest-bearing	No impairment
APInt	—	—	—	—	105	90 days or less; interest-bearing	No impairment
	₱151,870	₱277,850	₱442,344	₱14,562,293	₱10,140,102		

The Company's Fund is in the form of a trust being maintained and managed by AEV. In 2020 and 2019, other than contributions to the Fund, no transactions occurred between the Company or any of its direct subsidiaries and the Fund.



Compensation of BOD and key management personnel of the Group follows:

	2020	2019	2018
Short-term benefits	₱385,431	₱456,844	₱439,859
Post-employment benefits	18,392	30,616	25,998
	₱403,823	₱487,460	₱465,857

32. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, short-term loans, trade and other payables, lease liabilities, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases (see Note 33).

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, commodity price risk and foreign exchange risk.

Liquidity risk

Liquidity risk is the risk of not meeting obligations as they become due because of the inability to liquidate assets or obtain adequate funding. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay any dividend declarations.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 10.9% and 6.92% of the Group's debt will mature in less than one year as of December 31, 2020 and 2019 respectively. For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.



The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents amounting to ₱38.7 billion and ₱37.4 billion as of December 31, 2020 and 2019, respectively, and trade and other receivables amounting to ₱23.5 billion and ₱23.9 billion as of December 31, 2020 and 2019, respectively. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following tables summarize the maturity profile of the Group's financial liabilities as of December 31, 2019 and 2018 based on contractual undiscounted payments:

December 31, 2020

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱11,743,413	₱11,776,805	₱—	₱11,776,805	₱—	₱—
Trade and other payables*	15,166,856	15,166,856	1,662,192	12,405,270	1,099,394	—
Long-term debts	177,321,332	211,079,856	—	23,266,403	122,135,563	65,677,890
Customers' deposits	6,798,845	6,798,845	—	171	400,461	6,398,213
Lease liabilities	39,262,977	53,155,319	—	10,548,371	37,462,775	5,144,173
Long-term obligation on PDS	183,436	320,000	—	40,000	200,000	80,000
Derivative liabilities	1,788,802	1,788,802	—	787,273	1,001,529	—
	₱252,265,661	₱300,086,483	₱1,662,192	₱58,824,293	₱162,299,722	₱77,300,276

*Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent liabilities in the consolidated balance sheet.

December 31, 2019

	Total Carrying Value	Contractual undiscounted payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱10,335,420	₱10,547,767	₱—	₱10,547,767	₱—	₱—
Trade and other payables*	24,882,034	24,882,034	2,115,302	15,954,482	6,812,250	—
Long-term debts	177,971,622	243,705,445	—	17,883,835	129,204,381	96,617,229
Customers' deposits	6,521,469	6,521,469	—	25,199	184,625	6,311,645
Lease liabilities	44,789,644	63,070,543	—	9,117,883	44,872,854	9,079,806
Long-term obligation on PDS	199,350	360,000	—	40,000	200,000	120,000
Derivative liabilities	2,468,324	2,468,324	—	2,255,736	212,588	—
	₱267,167,863	₱351,555,582	₱2,115,302	₱55,824,902	₱181,486,698	₱112,128,680

*Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent liabilities in the consolidated balance sheet.

Market risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.



Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund-raising activities. As of December 31, 2020, 16% of the Group's long-term debt had annual floating interest rates ranging from 2.25% to 7.41%, and 84% have annual fixed interest rates ranging from 3.13% to 9.00%. As of December 31, 2019, 16% of the Group's long-term debt had annual floating interest rates ranging from 3.09% to 4.81%, and 84% have annual fixed interest rates ranging from 4.05% to 9%.

The following tables set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

As of December 31, 2020

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱2,361,434	₱17,531,930	₱8,007,950	₱27,901,314

As of December 31, 2019

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,887,609	₱23,257,354	₱4,183,912	₱29,328,875

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on the other financial instruments of the Group that are not included in the above tables are either fixed-rate or non-interest bearing and are therefore not subject to interest rate risk. The Group's derivative assets and liabilities are subject to fair value interest rate risk (see Note 33).

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
December 2020	200	(₱279,013)
	(100)	139,507
December 2019	200	(₱586,577)
	(100)	293,289

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.



The interest expense and other finance charges recognized according to source are as follows:

	2020	2019	2018
Short-term loans and long-term debt (see Notes 15 and 16)	₱10,812,088	₱9,443,882	₱7,237,217
Lease liabilities (see Note 34)	3,255,808	4,350,043	4,659,794
Customers' deposits (see Note 17)	4,027	4,353	2,143
Other long-term obligations (see Notes 12 and 18)	181,605	249,368	183,004
	₱14,253,528	₱14,047,646	₱12,082,158

Commodity Price Risk

Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 29.32% and 32% of total consolidated borrowings as of December 31, 2020 and 2019, respectively.



Presented below are the Group's foreign currency denominated financial assets and liabilities translated to Philippine Peso:

	December 31, 2020		December 31, 2019	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$156,869	₱7,533,320	\$43,352	₱2,195,129
Trade and other receivables	4	192	18,725	948,140
Advances to associates	457	21,947	—	—
Total financial assets	157,330	7,555,459	62,077	3,143,269
Financial liabilities:				
Short-term loans	550	26,413	12,000	607,620
Trade and other payables	39,054	1,875,490	13,439	680,493
Long-term debt	300,000	14,406,900	300,000	15,190,500
Lease liabilities	394,341	18,937,438	443,002	22,431,406
Total financial liabilities	733,945	35,246,241	768,441	38,910,019
Total net financial liabilities	(\$576,615)	(₱27,690,782)	(\$706,364)	(₱35,766,750)

¹US\$1 = ₱48.02

²US\$1 = ₱50.64

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of December 31:

	Increase (decrease) in US Dollar	Effect on income before tax
2020		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,384,539)
US Dollar denominated accounts	US Dollar weakens by 5%	1,384,539
2019		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱1,788,338)
US Dollar denominated accounts	US Dollar weakens by 5%	1,788,338

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.



The following table presents LHC's and GMCC's foreign currency denominated assets and liabilities:

	December 31, 2020		December 31, 2019	
	Philippine Peso	US Dollar Equivalent ¹	Philippine Peso	US Dollar Equivalent ²
Financial assets:				
Cash and cash equivalents	₱1,160,417	\$24,164	₱718,508	\$14,190
Trade and other receivables	773,437	16,106	461,052	9,105
Total financial assets	1,933,854	40,270	1,179,560	23,295
Financial liabilities:				
Trade and other payables	824,791	17,175	842,075	16,630
Net foreign currency denominated assets	₱1,109,063	\$23,095	₱337,485	\$6,665

¹US\$1 = ₱48.02

²US\$1 = ₱50.64

The following tables demonstrate the sensitivity to a reasonable possible change in the US dollar exchange rate in relation to Philippine peso, with all variables held constant, of the Group's income before tax as of December 31:

	Effect on income before tax
2020	
U.S. dollar appreciates against Philippine peso by 5.0%	(\$1,155)
U.S. dollar depreciates against Philippine peso by 5.0%	1,155
2019	
U.S. dollar appreciates against Philippine peso by 5.0%	(\$333)
U.S. dollar depreciates against Philippine peso by 5.0%	333

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Credit risk

For its cash investments (including restricted portion), financial assets at FVTPL and trade and other receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and financial assets at FVTPL, the risk is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to trade and other receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to only enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and it has internal mechanisms to monitor the granting of credit and management of credit exposures.



Concentration risk

Credit risk concentration of the Group's receivables according to the customer category is summarized in the following table:

	2020	2019
Power distribution:		
Industrial	₱4,005,713	₱5,554,969
Residential	1,922,998	1,825,217
Commercial	1,144,382	437,994
City street lighting	764,702	111,570
Power generation:		
Power supply contracts	8,066,769	8,982,962
Non-power supply contracts	1,821,815	1,481,760
	₱17,726,379	₱18,394,472

The above receivables were provided with allowance for ECL amounting to ₱2.28 billion in 2020 and ₱1.97 billion in 2019 (see Note 6).

Credit quality

The maximum exposure to credit risk of the Group's financial assets, including their related credit quality per class, is as follows:

December 31, 2020

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard	Sub-standard		
Cash and cash equivalents:					
Cash on hand and in banks	₱14,790,197	₱—	₱—	₱—	₱14,790,197
Short-term deposits	23,909,348	—	—	—	23,909,348
	38,699,545	—	—	—	38,699,545
Trade receivables:					
Power supply contracts	5,978,326	—	—	2,088,443	8,066,769
Non-power supply contracts	302,649	—	—	1,519,166	1,821,815
Industrial	3,235,760	—	—	769,953	4,005,713
Residential	667,936	—	—	1,255,062	1,922,998
Commercial	569,713	—	—	574,669	1,144,382
City street lighting	365,511	—	—	399,191	764,702
	11,119,895	—	—	6,606,484	17,726,379
Other receivables*	7,644,570	—	—	20,098	7,664,668
Financial assets at FVTPL	3,906	—	—	—	3,906
Restricted cash	5,324,213	—	—	—	5,324,213
Total	₱62,792,129	₱—	₱—	₱6,626,582	₱69,418,711

*includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent assets in the consolidated balance sheet.



December 31, 2019

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard	Sub-standard		
Cash and cash equivalents:					
Cash on hand and in banks	₱14,177,919	₱—	₱—	₱—	₱14,177,919
Short-term deposits	23,256,010	—	—	—	23,256,010
	37,433,929	—	—	—	37,433,929
Trade receivables:					
Power supply contracts	6,311,002	—	—	2,671,960	8,982,962
Non-power supply contracts	84,853	—	—	1,396,907	1,481,760
Industrial	5,274,393	—	—	280,576	5,554,969
Residential	1,346,631	—	—	478,586	1,825,217
Commercial	301,098	—	—	136,896	437,994
City street lighting	99,320	—	—	12,250	111,570
	13,417,297	—	—	4,977,175	18,394,472
Other receivables*	7,466,689	—	—	—	7,466,689
Financial assets at FVTPL	3,906	—	—	—	3,906
Restricted cash	9,121,747	—	—	—	9,121,747
Derivative assets	82,327	—	—	—	82,327
Total	₱67,525,895	₱—	₱—	₱4,977,175	₱72,503,070

*Includes the noncurrent portion of the PSA/IM deferred adjustment presented under other noncurrent assets in the consolidated balance sheet.

	2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
High grade	₱51,672,233	₱11,119,896	₱—	₱62,792,129
Standard grade	—	—	—	—
Substandard grade	—	—	—	—
Default	—	4,350,209	2,276,373	6,626,582
Gross carrying amount	51,672,233	15,470,105	2,276,373	69,418,711
Loss allowance	—	—	2,276,373	2,276,373
Carrying amount	₱51,672,233	₱15,470,105	₱—	₱67,142,338

	2019			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
High grade	₱57,571,121	₱9,954,774	₱—	₱67,525,895
Standard grade	—	—	—	—
Substandard grade	—	—	—	—
Default	—	3,027,476	1,949,699	4,977,175
Gross carrying amount	57,571,121	12,982,250	1,949,699	72,503,070
Loss allowance	—	23,821	1,949,699	1,973,520
Carrying amount	₱57,571,121	₱12,958,429	₱—	₱70,529,550

High grade - pertain to receivables from customers with good favorable credit standing and have no history of default.



Standard grade - pertain to those customers with history of sliding beyond the credit terms but pay a week after being past due.

Sub-standard grade - pertain to those customers with payment habits that normally extend beyond the approved credit terms, and has high probability of being impaired.

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments and accounts under dispute and legal proceedings.

The Group evaluated its cash and cash equivalents and restricted cash as high quality financial assets since these are placed in financial institutions of high credit standing.

With respect to other receivables, investments in equity securities and derivative assets, the Group evaluates the counterparty's external credit rating in establishing credit quality.

The tables below show the Group's aging analysis of financial assets:

December 31, 2020

	Total	Neither past due nor impaired	Past due but not impaired			Individually impaired
			Less than 30 days	31 days to 60 days	Over 60 days	
Cash and cash equivalents:						
Cash on hand and in banks	₱14,790,197	₱14,790,197	₱—	₱—	₱—	₱—
Short-term deposits	23,909,348	23,909,348	—	—	—	—
	38,699,545	38,699,545	—	—	—	—
Trade receivables:						
Power supply contracts	8,066,769	5,978,326	232,668	159,520	1,182,518	513,737
Non-power supply contracts	1,821,815	302,649	11,604	25,176	199,048	1,283,338
Industrial	4,005,713	3,235,760	339,146	78,585	243,461	108,761
Residential	1,922,998	667,936	551,843	181,743	246,802	274,674
Commercial	1,144,382	569,713	295,445	93,458	111,918	73,848
City street lighting	764,702	365,511	207,039	102,755	67,382	22,015
	17,726,379	11,119,895	1,637,745	641,237	2,051,129	2,276,373
Other receivables*	7,664,668	7,644,570	5,306	608	14,184	—
Financial assets at FVTPL	3,906	3,906	—	—	—	—
Restricted cash	5,324,213	5,324,213	—	—	—	—
Total	₱69,418,711	₱62,792,129	₱1,643,051	₱641,845	₱2,065,313	₱2,276,373

*Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent assets in the consolidated balance sheet.



December 31, 2019

	Total	Neither past due nor impaired	Past due but not impaired			Individually impaired
			Less than 30 days	31 days to 60 days	Over 60 days	
Cash and cash equivalents:						
Cash on hand and in banks	₱14,177,919	₱14,177,919	₱—	₱—	₱—	₱—
Short-term deposits	23,256,010	23,256,010	—	—	—	—
	37,433,929	37,433,929	—	—	—	—
Trade receivables:						
Power supply contracts	8,982,962	6,311,002	208,094	222,758	1,663,483	577,625
Non-power supply contracts	1,481,760	84,853	9,339	1,405	126,148	1,260,015
Industrial	5,554,969	5,274,393	77,650	18,125	169,528	15,272
Residential	1,825,217	1,346,631	166,663	30,187	182,435	99,301
Commercial	437,994	301,098	39,269	5,628	71,720	20,279
City street lighting	111,570	89,320	8,801	1,931	490	1,028
	18,394,472	13,417,297	509,816	280,035	2,213,804	1,973,520
Other receivables*	10,929,212	10,929,212	—	—	—	—
Financial assets at FVTPL	3,906	3,906	—	—	—	—
Restricted cash	9,121,747	9,121,747	—	—	—	—
Derivative assets	82,327	82,327	—	—	—	—
Total	₱75,965,593	₱70,988,418	₱509,816	₱280,035	₱2,213,804	₱1,973,520

*Includes the noncurrent portion of the PSALM deferred adjustment presented under other noncurrent assets in the consolidated balance sheet.

Capital Management

Capital includes equity attributable to the equity holders of the parent. 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 or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below. The Group determines net debt as the sum of interest-bearing short-term loans, long-term loans, and lease liabilities less cash and short-term deposits (including restricted cash).

Gearing ratios of the Group as of December 31, 2020 and 2019 are as follows:

	2020	2019
Short-term loans	₱11,743,413	₱10,335,420
Long-term debt	216,584,309	222,761,266
Cash and cash equivalents	(38,699,545)	(37,433,929)
Restricted cash	(5,324,213)	(9,121,747)
Net debt (a)	184,303,964	186,541,010
Equity	134,585,073	133,643,011
Equity and net debt (b)	318,889,037	320,184,021
Gearing ratio (a/b)	57.80%	58.26%



Part of the Group's capital management is to ensure that it meets financial covenants attached to long-term borrowings. Breaches in meeting the financial covenants would permit the banks to immediately call loans and borrowings. The Group is in compliance with the financial covenants attached to its long-term debt as of December 31, 2020 and 2019 (see Note 16).

Certain entities within the Group that are registered with the BOI are required to raise a minimum amount of capital in order to avail of their registration incentives. As of December 31, 2020 and 2019, these entities have complied with the requirement as applicable (see Note 36).

No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

33. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	December 31, 2020		December 31, 2019	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	₱2,140,226	₱1,939,398	₱3,183,080	₱2,846,279
Financial Liabilities				
Lease liabilities	₱39,262,977	₱37,907,883	₱44,789,644	₱38,495,450
Long-term debt - fixed rate	149,420,018	164,336,417	148,642,748	152,786,437
PSALM deferred adjustment	2,140,226	1,939,398	3,183,080	2,846,279
Long-term obligation on power distribution system	183,436	162,164	199,350	320,194
	₱191,006,657	₱204,345,862	₱196,814,822	₱194,448,360



The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables. The carrying amounts of cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest-bearing loans were discounted using credit-adjusted interest rates ranging from 3.03% to 6.22% in 2020 and 3.47% to 6.52% in 2019.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Lease liabilities. The fair value of lease liabilities was calculated by discounting future cash flows using discount rates of 1.38% to 2.44% for dollar payments and 1.38% to 3.56% for peso payments in 2020 and 3.10% to 4.13% for dollar payments and 6.68% to 7.04% for peso payments in 2019.

Long-term obligation on PDS and PSALM deferred adjustment. The fair value of the long-term obligations on power distribution system and PSALM deferred adjustment is calculated by discounting expected future cash flows at prevailing market rates. Discount rates used in discounting the obligation ranges from 3.15% to 4.45% in 2020 and 3.16% to 3.92% in 2019.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL. These equity securities are carried at fair value.

Derivative financial instruments. The fair value of forward contracts is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group entered into an IRS agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign-currency denominated payments.

The Group also entered into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.



The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

IRS

In August 2012, LHC entered into an IRS agreement effective October 31, 2012 to fully hedge its floating rate exposure on its US Dollar-denominated loan. Under the IRS agreement, LHC, on a semi-annual basis, pays a fixed rate of 1.505% per annum and receives variable interest at 6-month LIBOR plus margin. The interest payments and receipts are based on the outstanding USD notional amount simultaneous with the interest payments on the hedged loan. Similar with the hedged loan, the IRS has amortizing notional amounts which cover a period up to final maturity. LHC designated the swap as a cash flow hedge.

As of December 31, 2020, the outstanding notional amount and derivative liability as a result of the swap amounted to \$5.7 million and ₱2.8 million, respectively. As of December 31, 2019, the outstanding notional amount and derivative asset as a result of the swap amounted to \$11.2 million and ₱2.2 million, respectively.

On September 29, 2017, GMEC entered into an IRS agreement to hedge the variability in the interest cash flows on the entire amount of its LIBOR Loan (see Note 16), which bears interest based on six-month US LIBOR. Under the swap agreement, GMEC pays a fixed rate of 2.18% and receives six-month US LIBOR, semi-annually from March 29, 2018 until September 27, 2024. The IRS settlement dates coincide with the semi-annual interest payment dates of the NFA. GMEC designated the swap as a cash flow hedge.

As of December 31, 2020, the outstanding notional amount and derivative asset as a result of the swap amounted to US\$267.5 million and ₱252.3 million, respectively. As of December 31, 2019, the outstanding notional amount and derivative asset as a result of the swap amounted to US\$288.5 million and ₱272.2 million, respectively.

In September 2019, the Company entered into an interest rate swap agreement effective September 30, 2019 to hedge \$150 million of its floating rate exposure on its loan (see Note 16). Under the interest rate swap agreement, the Company, on a quarterly basis, pays a fixed rate of 1.449300% per annum and received variable interest at 3-month LIBOR, subject to a floor of 0%. The interest payments and receipts are based on the outstanding USD notional amount simultaneous with the interest payments on the hedged loan. Similar with the hedged loan, the interest rate swap has amortizing notional amounts which cover a period up to April 30, 2024. The GMEC designated the swap as a cash flow hedge.

As of December 31, 2020, the outstanding notional amount and fair value of the swap amounted to ₱9.6 billion and ₱389.4 million, respectively. As of December 31, 2019, the outstanding notional amount and fair value of the swap amounted to ₱7.6 billion and ₱80.1 million, respectively.

Foreign currency forward contracts

In 2020, the Company entered into foreign currency forward contracts, namely Principal-only Swap (POS) and Call Spread (CS), with counterparty banks to manage foreign currency risks associated with its US dollar denominated loan. The notional amount of the forward contract is \$25.0 million (₱1.21 billion) and \$10.0 million (₱480 million) for POS and CS, respectively. The Company designated both the forward contracts as a cash flow hedge.



TLI entered into forward contracts to hedge the foreign currency risk arising from forecasted US dollar denominated coal purchases. These forecasted transactions are highly probable, and they comprise about 20% of the TLI's total expected coal purchases. The forward contracts were designated as cash flow hedges.

On January 1, 2020, TLI re-designated its foreign currency forwards with notional amount of \$22.5 million and average forward rate of ₱48.00 as cash flow hedges of the monthly fees due to PSALM under its IPP Administration Agreement, the settlement of which is in USD. The cash flow hedges of PSALM fees were all matured as of December 31, 2020.

As of December 31, 2020 and 2019, the aggregate notional amount of the forward contracts is ₱5.25 billion and ₱13.09 billion, respectively.

In 2015, TVI entered into par forward contracts to hedge the foreign currency risk arising from the forecasted US Dollar denominated payments under the Engineering Procurement Construction (EPC) contract related to the construction of a power plant. As of December 31, 2019, the aggregate notional amount of the par forward contracts is \$16.8 million (₱0.9 billion). The contracts were fully settled in 2020.

Commodity swap contracts

In 2018, TLI entered into commodity swap contracts to hedge the price volatility of forecasted coal purchases. The commodity swaps do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal. TLI hedges approximately 30% of its expected coal purchases considered to be highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward and commodity swap contracts match the terms of the expected highly probable forecasted transactions.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward, IRS and commodity swap contracts match the terms of the expected highly probable foreign currency denominated forecasted purchases and floating rate loans. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign currency forward, IRS and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative technique and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Different reference prices linked to the hedged risk of the hedged items and hedging instruments
- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments
- Non-zero fair value hedging instruments



The Group is holding the following hedging instruments designated as cash flow hedges:

December 31, 2020

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	
IRS - Derivative Assets						
Notional amount (in PHP)	—	—	—	—	9,604,600	9,604,600
Average fixed interest rate (%)	—	—	—	—	1.45%-1.51%	
IRS - Derivative Liability						
Notional amount (in PHP)	517,352	105,651	579,349	1,084,455	10,848,156	13,134,963
Average fixed interest rate (%)	2.18%	2.18%	2.18%	2.18%	2.18%	
Foreign Currency Forward Contracts - Derivative Assets						
Notional amount (in PHP)	48,106	54,559	49,247	—	—	151,912
Average forward rate (in PHP)	48	48	49	—	—	
Foreign Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	1,187,189	1,016,015	1,825,623	1,343,132	34,057	5,406,016
Average forward rate (in PHP)	54	53	53	53	51	
Principal Only Swap Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	—	—	—	—	1,214,775	1,214,775
Call Spread Foreign Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	—	—	—	—	480,360	480,360
Commodity swaps - Derivative Asset						
Notional amount (in metric)	105,000	72,000	140,000	52,000	—	369,000
Notional amount (in PHP)	363,956	243,215	477,051	177,783	—	1,262,005
Average hedged rate (in PHP per metric tonne)	3,466	3,466	3,408	3,419	—	
Commodity swaps - Derivative Liability						
Notional amount (in metric tonnes)	177,000	174,000	291,000	260,000	8,000	910,000
Notional amount (in PHP)	748,246	725,808	1,211,904	1,040,778	31,782	3,758,518
Average hedged rate (in PHP per metric tonne)	4,227	4,171	4,165	4,411	3,973	



December 31, 2019

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	
IRS - Derivative Assets						
Notional amount (in PHP)	—	111,397	167,096	278,493	7,602,845	8,159,831
Average fixed interest rate (%)	1.45%-1.51%	1.45%-1.51%	1.45%-1.51%	1.45%-1.51%	1.45%-1.51%	
IRS - Derivative Liability						
Notional amount (in PHP)	505,084	—	319,001	744,335	11,973,912	13,542,332
Average fixed interest rate (%)	2.18%	2.18%	2.18%	2.18%	2.18%	
Foreign Currency Forward Contracts - Derivative Assets						
Notional amount (in PHP)	35,448	—	—	—	—	35,448
Average forward rate (in PHP)	51	—	—	—	—	
Foreign Currency Forward Contracts - Derivative Liability						
Notional amount (in PHP)	2,549,299	2,459,085	4,447,858	2,609,170	861,922	13,127,334
Average forward rate (in PHP)	53	53	53	55	54	
Commodity swaps - Derivative Liability						
Notional amount (in metric tonnes)	361,500	328,500	447,500	651,500	268,000	2,058,000
Notional amount (in PHP)	1,659,132	1,494,677	2,008,052	2,873,693	1,547,704	9,183,258
Average hedged rate (in PHP per metric tonne)	4,590	4,550	4,487	4,411	4,267	

The impact of the hedged items and hedging instruments in the consolidated balance sheets, consolidated statements of income and consolidated statement of comprehensive income is as follows:

	As at 31 December 2020			
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
IRS				
Derivative asset	₱—	₱—	₱—	₱—
Derivative liability	(1,193,701)	(₱389,377)	(956,447)	—
Forward exchange currency forwards				
Derivative asset	735	735	735	—
Derivative liability	(461,531)	(461,531)	(461,531)	—
Principal only swap foreign currency forwards				
Derivative liability	(39,350)	(39,350)	(39,350)	—
Call spread currency foreign currency forwards				
Derivative liability	(771)	(771)	(771)	—
Commodity swaps				
Derivative asset	164,361	161,703	161,703	2,658
Derivative liability	(258,545)	(251,251)	(251,251)	(7,294)



As at 31 December 2019				
	Carrying amount	Change in fair value used for measuring ineffectiveness	Total hedging gain (loss) recognized in OCI	Ineffectiveness recognized in other comprehensive income (charges)
IRS				
Derivative asset	₱82,328	₱80,134	₱63,429	₱—
Derivative liability	(256,858)	—	(515,811)	—
Forward exchange currency forwards				
Derivative asset	13	13	13	—
Derivative liability	(521,528)	(521,528)	(405,516)	—
Commodity swaps				
Derivative asset	—	—	(195,428)	—
Derivative liability	(1,689,952)	(1,689,952)	(1,461,259)	(8,430)

The Group has not bifurcated any embedded derivatives as of December 31, 2020 and 2019.

The movements in fair value changes of all derivative instruments for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balances at beginning of year	(₱2,385,997)	₱132,902
Net changes in fair value of derivatives designated as cash flow hedges	1,107,316	(2,515,732)
Net changes in fair value of derivatives not designated as accounting hedges	(4,848)	(3,889)
Fair value of settled instruments	(505,273)	722
Balances at end of year	(₱1,788,802)	(₱2,385,997)

The net gains and losses from the net fair value changes of derivatives not designated as accounting hedges are included under "Net foreign exchange gain (losses)" in Note 28.

The changes in the fair value of derivatives designated as cash flow hedges were deferred in equity under "Cumulative translation adjustments."

The implementation of community quarantine by the Philippine government and the decline in prices of coal amid COVID-19 pandemic led to reduction in the coal requirements of the TLI in 2020. Due to this, TLI discontinued its cash flow hedge accounting on some derivatives where it assessed that the hedged items were no longer expected to occur and reclassified ₱103.08 million and ₱614.99 million of foreign currency forward and commodity swap contracts, respectively, from equity into the consolidated statement of income.



The net movement of changes to cumulative translation adjustment is as follows:

	2020	2019
Balance at beginning of year (net of tax)	(P2,257,289)	P261,378
Changes in fair value recorded in equity	(1,482,795)	(2,495,146)
	(3,740,084)	(2,233,768)
Changes in fair value transferred to profit or loss	2,245,088	(8,218)
Balance at end of year before deferred tax effect	(1,494,996)	(2,241,986)
Deferred tax income effect	2,166	(15,303)
Balance at end of year (net of tax)	(P1,492,830)	(P2,257,289)

Fair Value Hierarchy

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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2020 and 2019, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

December 31, 2020

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative liabilities	P1,788,802	P—	P1,788,802	P—
Disclosed at fair value:				
Lease liabilities	37,907,883	—	—	37,907,883
Long-term debt - fixed rate	164,336,417	—	—	164,336,417
Long-term obligation on PDS	183,436	—	—	183,436
PSALM deferred adjustment	2,142,255	—	—	2,142,255



December 31, 2019

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative assets	₱110,576	₱—	₱110,576	₱—
Derivative liabilities	2,468,324	—	2,468,324	—
Disclosed at fair value:				
Lease liabilities	38,495,450	—	—	38,495,450
Long-term debt - fixed rate	152,786,437	—	—	152,786,437
Long-term obligation on PDS	320,194	—	—	320,194
PSALM deferred adjustment	7,855,111	—	—	7,855,111

The fair values of the Group's investment properties were determined as follows:

- In valuing the land, the Group used the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

Fair value investment properties are estimated under Level 3 inputs.

During the years ended December 31, 2020 and 2019, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

34. Lease Agreements

TLI

In 2009, TLI was appointed by PSALM as Administrator under the IPP Administration Agreement, giving TLI the right to receive, manage and control the capacity of the power plant for its own account and at its own cost and risk; and the right to receive the transfer of the power plant at the end of the IPP Administration Agreement for no consideration.

In view of the nature of the IPP Administration Agreement, the arrangement has been considered as a lease. Accordingly, TLI recognized the capitalized asset and related liability of ₱44.79 billion (equivalent to the present value of the minimum lease payments using TLI's incremental borrowing rates of 10% and 12% for dollar and peso payments, respectively) in the consolidated financial statements as "Power plant" and "Lease liabilities" accounts, respectively.



APRI

On May 25, 2009, APRI entered into a lease agreement with PSALM for a parcel of land owned by the latter on which a portion of the assets purchased under the APA is situated. The lease term is for a period of 25 years commencing from the Closing Date as defined in the APA which falls on May 25, 2009. The rental fees for the whole term of 25 years amounting to ₱492.0 million were paid in full after the receipt by APRI of the Certificate of Effectivity on the lease (see Notes 8 and 13).

GMEC

In August 2007, a 25-year lease agreement with Authority of the Freeport Area of Bataan for land at Bataan Economic Zone, used as an access road and right of way for electric power transmission lines.

In January 2010, a 50-year land lease agreement with PMR Group Retirement Plan, Inc. (PGRPI), used for its power plant facilities. GMEC, upon mutual agreement of PGRPI, has the right and option to extend the lease for a period of twenty-five years. In August 2016, GMEC entered into another lease agreement with PGRPI for land to be used for staff house.

HI, HTI and HSI

HI, HTI and HSI entered into contracts with various lot owners for lease of land where their power plants are located. Terms of contract are for a period of 1 to 50 years renewable upon mutual agreement by the parties.

Sacasun

Sacasun entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 25 years renewable upon mutual agreement by the parties.

Therma Mobile

On April 26, 2014, a 10-year lease for portions of the breakwater area of the Navotas Fishport Complex (NFPC), including the mooring facility, marine and land transmission lines.

EAUC

Lease agreement with PEZA for a piece of land located inside Mactan Economic Zone for its power plant facilities for a period of 25 years.

TPVI

TPVI entered into a contract for lease of land where the power plant is located. The contract pertains to rent for 25 years renewable upon mutual agreement by the parties.



Lease Disclosure in Accordance with PFRS 16 (applicable beginning January 1, 2019)

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended:

2020

	Right-of-use assets				Total	Lease Liability
	Land	Building	Power Plant	Equipment and Others		
Balances at beginning of year	₱2,730,076	₱230,234	₱33,575,200	₱117,602	₱36,653,112	₱44,789,644
Additions	122,456	19,121	—	10,914	152,491	152,491
Amortization expense	(180,225)	(24,950)	(1,105,125)	(8,759)	(1,319,059)	—
Interest expense	—	—	—	—	—	3,383,777
Payments	—	—	—	—	—	(7,632,923)
Others	150,035	(152,767)	34,489	(37,663)	(5,906)	(1,430,012)
Balances at end of year	₱2,822,342	₱71,638	₱32,504,564	₱82,094	₱35,480,638	₱39,262,977

2019

	Right-of-use assets				Total	Lease Liability
	Land	Building	Power Plant	Equipment and Others		
Balances at beginning of year	₱2,804,819	₱249,400	₱34,669,713	₱116,437	₱37,840,369	₱49,190,986
Additions	24,249	—	—	—	24,249	—
Amortization expense	(98,992)	(19,166)	(1,094,513)	(10,402)	(1,223,073)	—
Interest expense	—	—	—	—	—	4,350,043
Payments	—	—	—	—	—	(7,424,990)
Others	—	—	—	11,567	11,567	(1,326,395)
Balances at end of year	₱2,730,076	₱230,234	₱33,575,200	₱117,602	₱36,653,112	₱44,789,644

The carrying amount of the Group's right-of-use assets as of December 31, 2020 and 2019 is presented as part of "Property, plant and equipment".

The Group also has certain leases of equipment, meeting rooms and event sites with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption of these leases,



Set out below are the amounts recognized in the consolidated statements of income for the year ended December 31:

	2020	2019
Amortization expense of right-of-use assets	₱1,319,059	₱1,223,073
Interest expense on lease liabilities	3,255,808	4,350,043
Rent expense - short-term leases	123,329	56,896
	₱4,698,196	₱5,630,012

35. Agreements

Pagbilao IPP Administration Agreement

TLI and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity (the "Capacity") of NPC in the coal-fired power plant in Pagbilao, Quezon.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

TLI has the following rights, among others, under the IPP Administration Agreement:

- a. The right to receive, manage and control the Capacity of the power plant for its own account and at its own cost and risk;
- b. The right to trade, sell or otherwise deal with the Capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and its own risk and cost. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- c. The right to receive the transfer of the power plant at the end of the IPP Administration Agreement (which is technically the end of the ECA) for no consideration; and
- d. The right to receive an assignment of NPC's interest to existing short-term bilateral Power Supply Contract from the effective date of the IPP Administration Agreement the last of which were scheduled to end in November 2011.



Agreements with Contractors and Suppliers

- a. APRI total steam supply cost reported as part of "Cost of generated power" amounted to ₱2.97 billion in 2020, ₱5.01 billion in 2019, and ₱5.23 billion in 2018 (see Note 22).

On May 26, 2013, APRI's steam supply contract with Chevron Geothermal Philippines Holdings, Inc. (CGPHI) shifted to a GRSC. The change is due to an existing provision under the government's existing contract with CGPHI when the Tiwi-Makban facilities were bid out under the former's privatization program. Under the GRSC, the effective steam price of APRI payable to PGPC will be a premium to coal.

To ensure that APRI will continue to remain competitive in the market, a two-month interim agreement supplementing the GRSC was implemented on August 14, 2013 and extended until August 25, 2018. On August 24, 2018, a new contract was signed by APRI and Philippine Geothermal Production Company, Inc. which aims to ensure long-term operations of both parties. The Geothermal Resources Supply and Services Agreement took effect August 26, 2018 and shall continue in effect until October 22, 2034, unless earlier terminated or extended by mutual agreement of the Parties.

- b. Construction of civil and electromechanical works, procurement and installation of solar panels and project management related to the construction of the San Carlos Solar Plant. Total payments made for the commitments amounted to \$1.3 million (₱64.3 million) and \$5.7 million (₱294.5 million) as of December 31, 2020 and 2019.
- c. TLI enters into short-term coal supply agreements. Outstanding coal supply agreements as of December 31, 2020 have aggregate supply amounts of 1,840,000 MT (equivalent dollar value is estimated to be at \$131 million), which are due for delivery from January 2021 to December 2022. Outstanding coal supply agreements as of December 31, 2019 have aggregate supply amounts of 560,000 MT (equivalent dollar value is estimated to be at \$29 million), which are due for delivery from January 2020 to April 2020. Terms of payment are by letter of credit where payment is due at sight against presentation of documents, and by telegraphic transfer where payment is due within 7 days from receipt of original invoice.
- d. GMEC has a current Coal Supply Agreement (CSA) with Avra Commodities Pte. Ltd. (Avra) and Arutmin dated December 20, 2019 and December 23, 2019, respectively, for coal deliveries commencing on January 1, 2020. Avra shall annually deliver between a minimum of 500,000 metric tonnes to a maximum of 1,200,000 metric tonnes of coal until CSA expires on December 31, 2024, while Arutmin shall annually deliver 1,650,000 metric tonnes of coal with an additional quantity of 160,000 metric tonnes at GMEC's option until the CSA expires on December 31, 2029.

In addition, GMEC entered into a CSA with PT. Bayan Resources TBK (Bayan) on April 8, 2020. Bayan shall annually deliver between a minimum of 500,000 metric tonnes to a maximum of 1,000,000 metric tonnes until the CSA expires on April 30, 2030.



- e. PEC enters into EPC contracts with suppliers relating to the construction of the 400MW coal fired power plant. Total EPC contract price for the complete performance of these contracts amount to US\$398.0 million and ₱7.00 billion. As of December 31, 2020 and 2019, the joint operation has a retention payable amounting to ₱287.2 million and ₱305.1 million, respectively, which is presented as part of "Trade and other payables" in the consolidated balance sheets.

36. Registration with the Board of Investments (BOI)

Certain power generation subsidiaries in the Group have been registered with the BOI. The following are the incentives granted by the BOI:

- a. ITH for a period of four (4) to seven (7) years, as follows:

Subsidiary/Joint operation	BOI Approval Date	Start of ITH Period	ITH Period
		Start of commercial operations	
APRI	July 25, 2016	operations	7 years
GMEC	January 29, 2010	July 1, 2013	6 years
TSI	July 15, 2011	February 1, 2016	¹ 4 years
TVI	August 28, 2012	January 1, 2017	¹ 4 years
Hedcor Tudaya	January 31, 2013	August 1, 2014	¹ 7 years
Hedcor, Inc. ³	February 20, 2013	February 1, 2013	7 years
Hedcor Sibulan ²	April 23, 2013	September 1, 2014	¹ 7 years
Hedcor Sabangan	October 23, 2013	February 1, 2015	¹ 7 years
Hedcor Bukidnon ⁴	January 7, 2015	July 2, 2018	7 years
PEC	June 26, 2014	March 7, 2018	6 years
		Start of commercial operations	
Sacasun	October 26, 2015	operations	7 years

¹ Or actual start of commercial operations, whichever is earlier.

² For Tudaya-3 hydroelectric plant.

³ For Trisan-1 hydroelectric plant.

⁴ For Manolo-1 hydroelectric plant.

The ITH shall be limited only to sales/revenue generated from the sales of electricity of the power plant and revenues generated from the sales of carbon emission reduction credits.

- b. For the first five (5) years from date of registration, the registrant shall be allowed an additional deduction from taxable income of fifty percent (50) of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by BOI of US\$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH.
- c. Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration.
- d. Importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond.



- e. Special realty tax rates on equipment and machinery and tax credit on domestic capital equipment and services.

As a requirement for availment of the incentives, the registrant is required to maintain a minimum equity requirement.

As of December 31, 2020 and 2019, the power generation subsidiaries referred to above, which are currently availing the incentives, have complied with the requirements.



37. Notes to Consolidated Statement of Cash Flows

The following are the cash flow movements of the Group's financing liabilities:

December 31, 2020

	January 1, 2020	Net cash flows	Dividend Declaration	Non-cash Changes					December 31, 2020
				Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	
Current interest-bearing loans and borrowings, excluding obligations under finance leases	₱20,721,731	(₱8,978,318)	₱—	₱—	₱—	₱—	₱—	₱17,254,213	₱28,997,626
Non-current interest-bearing loans and borrowings, excluding obligations under finance leases	167,585,311	11,928,320	—	321,520	(1,915,843)	—	—	(17,852,189)	160,067,119
Current obligations under lease liabilities	5,486,745	(7,632,923)	—	—	—	—	—	9,250,359	7,104,181
Non-current obligations under lease liabilities	39,302,899	—	—	—	(1,038,942)	—	3,255,808	(9,360,970)	32,158,795
Dividends payable	—	(8,682,746)	8,683,153	—	—	—	—	—	407
Derivatives	2,468,324	—	—	—	—	(679,522)	—	—	1,788,802
Total liabilities from financing activities	₱235,565,010	(₱13,365,667)	₱8,683,153	₱321,520	(₱2,954,785)	(₱679,522)	₱3,255,808	(₱708,587)	₱230,116,930



December 31, 2019

	Non-cash Changes									
	January 1, 2019	Netcash flows	Effect of Adoption - PFRS 16	Dividend Declaration	Amortized deferred financing costs	Foreign exchange movement	Changes in fair values	Accreted interest	Others	December 31, 2019
Current interest-bearing loans and borrowings, excluding obligations under finance leases	₱20,243,964	(₱9,885,204)	₱—	₱—	₱—	(₱73,340)	₱—	₱—	₱10,386,311	₱20,721,731
Non-current interest-bearing loans and borrowings, excluding obligations under finance leases	149,360,287	30,378,265	—	—	231,245	(1,506,799)	—	—	(10,877,687)	167,585,311
Current obligations under lease liabilities	—	(7,424,990)	7,424,990	—	—	—	—	—	5,486,745	5,486,745
Non-current obligations under lease liabilities	—	—	41,765,996	—	—	(2,018,791)	—	4,350,043	(4,794,349)	39,302,899
Current obligations under finance leases	4,131,059	—	(4,131,059)	—	—	—	—	—	—	—
Non-current obligations under finance leases	42,763,296	—	(42,763,296)	—	—	—	—	—	—	—
Dividends payable	—	(10,817,148)	—	10,817,148	—	—	—	—	—	—
Derivatives	159,926	—	—	—	—	—	2,308,398	—	—	2,468,324
total liabilities from financing activities	₱216,658,532	₱2,250,923	₱2,296,631	₱10,817,148	₱231,245	(₱3,548,930)	₱2,308,398	₱4,350,043	₱201,020	₱235,565,010

“Others” includes the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings.



38. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Group obtained SBLC and is acting as surety for the benefit of certain associates and joint ventures in connection with loans and credit accommodations. The Group provided SBLC for STEAG, CEDC, SNAP M and SNAP B in the amount of ₱900.0 million in 2020, ₱958.3 million in 2019 and ₱1.02 billion in 2018 (see Note 31).

39. Other Matters

a. Temporary Restraining Order (TRO) affecting power generation companies trading in WESM

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against the ERC and MERALCO with the Supreme Court (SC). On December 20, 2013, National Association of Electricity Consumers for Reforms filed a Petition for Certiorari and/or Prohibition against MERALCO, ERC and Department of Energy (DOE). These cases raised and questioned, among others, the alleged substantial increase in MERALCO's power rates for the billing period of November 2013, the failure of the ERC to protect consumers from high energy prices and perceived market collusion of the generation companies.

These cases were consolidated by the SC which issued a TRO for a period of 60 days from December 23, 2013 to February 21, 2014, preventing MERALCO from collecting the increase in power rates for the billing period of November 2013. The TRO was subsequently extended for another 60 days ending April 22, 2014 by the SC. Thereafter, the TRO was extended indefinitely.

MERALCO, in turn, filed a counter-petition impleading generation companies supplying power to the WESM. The SC also ordered all the parties in the consolidated cases to file their respective pleadings in response to MERALCO's counter-petition. The SC set the consolidated cases for oral arguments last January 21, 2014, February 4 and 11, 2014. After hearing, all parties were directed to file their comments and/or memorandum. The case is now submitted for resolution.

As a result of the TRO, MERALCO has not been able to fully bill its consumers for the generation costs for the supply month of November 2013; and in turn, it has not been able to fully pay its suppliers of generation costs. As of December 31, 2020, the SC has not lifted the TRO.



b. Imposition of financial penalties on Therma Mobile by PEMC

This case involves an investigation of Therma Mobile in the dispatch of its power barges during the November and December 2013 supply periods. As a result of the MERALCO price hike case brought before the SC, the SC ordered the ERC to investigate anti-competitive behavior and abuse of market power allegedly committed by some WESM participants.

PEMC conducted the investigation under the "Must-Offer" rules of the WESM Rules.

PEMC initially found that Therma Mobile violated the "Must-Offer Rule" during the period under investigation. In its letter dated January 30, 2015, the PEM Board imposed financial penalties amounting to ₱234.9 million on Therma Mobile. According to the PEM Board, the penalties will be collected from Therma Mobile through the WESM settlement process.

Therma Mobile maintains that there is no basis for the PEMC decision. It did not violate the Must-Offer Rule for the period covered, as it was physically impossible for Therma Mobile to transmit more than 100MW to MERALCO. Although Therma Mobile's rated capacity is 234 MW (Net), it could only safely, reliably and consistently deliver 100MW during the November and December 2013 supply period because of transmission constraints. Therma Mobile's engines and transmission lines were still undergoing major repairs to address issues on post rehabilitation.

On February 13, 2015, Therma Mobile filed a notice of dispute with the PEMC to refer the matter to dispute resolution under the WEM Rules and the WESM Dispute Resolution Market Manual.

Therma Mobile also filed a Petition for the Issuance of Interim Measures of Protection with the Regional Trial Court (RTC) of Pasig to hold off enforcement of the payment of the penalties during the pendency of the Therma Mobile and PEMC dispute resolution proceedings. On February 24, 2015, the RTC issued in favor of Therma Mobile an ex parte 20-day Temporary Order of Protection directing PEMC to refrain from (a) demanding and collecting from Therma Mobile the ₱234.9 million financial penalty; (b) charging and accruing interest on the financial penalty; and (c) transmitting the PEMC-ECO investigation report to the ERC.

On April 1, 2015, the RTC granted the prayer for the issuance of Writ of Preliminary Injunction, which ruling was assailed by the PEMC and elevated to the Court of Appeals (CA) via Petition for Review. On December 15, 2015, the CA issued a Decision confirming the RTC's findings. PEMC filed a Motion for Reconsideration, and in compliance with a Resolution of the CA, has filed a comment on the said motion.

On June 6, 2016, PEMC filed a petition before the SC questioning the CA's Decision. TMO also filed its Comment on the Petition on November 14, 2016. On June 1, 2017, TMO received the SC Notice dated March 29, 2017. In the Resolution, the SC noted TMO's Comment and PEMC's Reply. As of December 31, 2020, the petition is still pending resolution with the SC.



c. Therma Marine Cases

In 2013, ERC issued Final Approval of various ESAs of Therma Marine with some modifications on ERC's provisionally approved rates which directed both parties to devise a scheme for the refund of the difference between the final and the provisionally approved rates.

On November 25, 2013, ERC issued its order for Therma Marine to refund the amount of ₱180.0 million to its customers for a period of 6 months with equal installments per month.

On August 27, 2014, ERC issued an order directing NGCP to refund its customers the amount of ₱12.7 million and the corresponding VAT for a period of twelve months. As such, Therma Marine will refund the said amount to NGCP and the latter will refund the same to its customers. In 2015, ERC issued Provisional Approvals (PA) on ESA contracts extensions with capacity fees lower than the previously approved rates. Therma Marine filed MRs on these PAs. During the last quarter of 2015, ERC issued Final Approvals on some of these ESA's sustaining the decision in the PA's, thus Therma Marine filed MRs on the final decisions. As of December 31, 2020, there is no resolution yet on the MRs on the Final Approvals.

d. ERC Case No. 2013-077 MC

On August 29, 2013, MERALCO filed a petition for dispute resolution against TLI/APRI, among other Successor Generating Companies ("SGCs") under ERC Case No. 2013-077 MC. The case arose from a claim of refund of the alleged over charging of transmission line losses pursuant to the ERC Order dated March 4, 2013 and July 1, 2013 in ERC Case No. 2008-083 MC.

On September 20, 2013, TLI, together with the other SGCs, filed a Joint Motion to Dismiss arguing that MERALCO's petition should be dismissed for failure to state a cause of action and ERC's lack of jurisdiction over the subject matter of the case. The SGCs and Meralco have filed their respective comments, reply, rejoinder and sur-rejoinder after the filing of the Joint Motion to Dismiss. The Joint Motion to Dismiss has since then been submitted for resolution with the ERC. As of December 31, 2020, the ERC has yet to render its decision on the Joint Motion to Dismiss.

e. Sergio Osmena III vs. PSALM, Emmanuel R. Ledesma, Jr., SPC Power Corporation (SPC) & Therma Power Visayas, Inc. (TPVI)

In 2009, SPC acquired through a negotiated bid the 153.1MW Naga Land-Based Gas Turbine Power Plant ("Naga Plant") in Naga, Cebu. In the same year, it entered into a Land Lease Agreement (LLA) with PSALM, which includes SPC's right to top (RTT) the price of a winning bidder for the sale of any property in the vicinity of the leased premises.

PSALM subsequently bid out the Naga Plant located in the leased premises. On April 30, 2014 and after two failed biddings, PSALM issued a Notice of Award to TPVI for submitting the highest bid for the Naga Plant. SPC wrote PSALM of its intent to exercise its RTT the winning bid, on the condition that the LLA would be for a term of 25 years from closing date.



Senator Sergio Osmeña III filed with the SC a Petition for Certiorari and Prohibition with prayer for issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction dated June 16, 2014 (the "Case") with PSALM, Emmanuel R. Ledesma, SPC and TPVI as respondents to enjoin PSALM from making the award of the Naga Plant to SPC. In his petition, Sen. Osmeña argued that the RTT should be held invalid as it defeats the purpose of a fair and transparent bidding for a government asset and it discourages interested bidders considering the unfair advantage given to SPC.

On July 25, 2014, PSALM awarded the contract to SPC, despite TPVI's objection on the ground that SPC did not validly exercise its right to top because of its qualified offer. Thereafter, an APA for the Naga Plant was executed between PSALM and SPC.

On September 28, 2015, the SC declared in the Case that the RTT and the APA executed in favor of SPC are null and void. The parties thereafter filed various motions for reconsideration which the SC subsequently denied.

On March 16, 2016, TPVI filed its Manifestation/Motion praying that the Notice of Award dated April 30, 2014 be reinstated and that respondent PSALM be ordered to execute the Asset Purchase Agreement ("NPPC-APA"), Land Lease Agreement ("NPPC-LLA") and other documents to implement TPVI's acquisition of the Naga Plant.

On April 6, 2016, the SC issued a Resolution that required PSALM and SPC to comment on TPVI's Manifestation/Motion. In the same Resolution, the SC denied the motion for leave to file and admit SPC's second motion for reconsideration and referral to the SC en banc.

On July 19, 2016, TPVI filed its Manifestation with Omnibus Motion to clarify the motion dated March 16, 2016 and for early resolution. TPVI prayed that the SC Decision dated September 28, 2015 be clarified, and if necessary, be amended to include in its "fallo" that the Notice of Award in favor of TPVI be reinstated.

In response to various motions, the SC issued a Notice of Judgment and Resolution dated October 5, 2016 clarifying that the nullification of SPC's right to top did not invalidate the entire bidding process. Thus, the SC ordered the reinstatement of the Notice of Award dated April 30, 2014 in favor of TPVI. Further, the SC annulled and set aside the APA and the LLA executed between SPC and PSALM and directed PSALM to execute with dispatch the NPPC-APA and the NPPC-LLA in favor of TPVI.

On October 26, 2016, SPC filed an Urgent Motion for Reconsideration with Alternative Motion to Refer to the En Banc of the SC. SPC reiterated its prayer for the reversal of the October 5, 2016 Resolution, denial of TPVI's Manifestation/Motion and for the conduct of a new round of bidding for the Naga Plant. PSALM also filed its Motion for Reconsideration with Leave and prayed that the SC's October 5, 2016 Resolution be re-examined and/or reconsidered.

In its Resolution dated November 28, 2016, the SC denied SPC's and PSALM's motions for reconsideration (of the October 5, 2016 Resolution) with finality. The SC ordered that no further pleadings, motions, letters, or other communications shall be entertained in the Case, and it ordered the issuance of Entry of Judgment.



Notwithstanding the above SC Resolution, SPC filed its Motion for Leave to File and Admit (Motion for Reconsideration dated 9 December 2016) with attached Motion for Reconsideration dated December 9, 2016. Thereafter, SPC filed its Supplemental Motion/Petition for Referral to the Banc dated January 16, 2017.

On February 14, 2017, TPVI received a copy of the Entry of Judgment which states that the October 5, 2016 Resolution of the SC has become final and executory on November 28, 2016.

In May 2018, TPVI received the Certificate of Effectivity (COE) from PSALM initiating the purchase of the facility. The COE implements the September 28, 2015 decision of the SC, which upheld the April 30, 2014 award of the facility to TPVI. Pursuant to the NPPC-APA, on July 16, 2018 ("Closing date"), the Joint Certificate of Turn-Over was signed and issued and the facility was formally turned-over to TPVI.

In 2018, TPVI paid a total amount ₱1.03 billion for the NPPC-APA and NPPC-LLA and ₱495.97 million for the inventories upon implementation of the acquisition of the Naga Power Plant.

F DLP Case

On December 7, 1990, certain customers of DLP filed before the then Energy Regulatory Board (ERB) a letter-petition for recovery claiming that with the SC's decision reducing the sound appraisal value of DLP's properties, DLP exceeded the 12% Return on Rate Base (RORB). The ERB's order dated June 4, 1998, limited the computation coverage of the refund from January 19, 1984 to December 14, 1984. No amount was indicated in the ERB order as this has yet to be recomputed.

The CA, in Court of Appeals General Register Special Proceeding (CA-GR SP) No. 50771, promulgated a decision dated February 23, 2001 which reversed the order of the then ERB, and expanded the computation coverage period from January 19, 1984 to September 18, 1989.

The SC in its decision dated November 30, 2006 per GR150253 reversed the CA's decision CA-GR SP No. 50771 by limiting the period covered for the refund from January 19, 1984 to December 14, 1984, approximately 11 months. The respondent/customers filed a Motion for Reconsideration with the SC, which was denied with finality by the SC in its Order dated July 4, 2007.

The SC, following its decision dated November 30, 2006, ordered the ERC to proceed with the refund proceedings instituted by the respondents with reasonable dispatch.

On March 17, 2010, the ERC directed DLP to submit its proposed scheme in implementing the refund to its customers. In compliance with the order, the DLP filed its compliance stating that DLP cannot propose a scheme for implementing a refund as its computation resulted to no refund.

A clarificatory meeting was held where DLP was ordered to submit its memoranda.



On October 4, 2010, in compliance with the ERC directive, DLP submitted its memoranda reiterating that no refund can be made. After which, no resolution has been received by DLP from the ERC as of December 31, 2020.

g. LHC Franchise Tax Assessment

In 2007, the Provincial Treasurer of Benguet issued a franchise tax assessment against LHC, requiring LHC to pay franchise tax amounting to approximately P40.4 million, inclusive of surcharges and penalties covering the years 2002 to 2007. In 2008, LHC has filed for a petition for the annulment of the franchise tax assessment, based primarily on the fact that LHC is not liable for franchise tax because it does not have a franchise to operate the business. Section 6 of R.A. No. 9136 provides that power generation shall not be considered a public utility operation. As such, an entity engaged or which shall engage in power generation and supply of electricity shall not be required to secure a national franchise. Accordingly, no provision has been made in the consolidated financial statements. The case remains pending as of December 31, 2020.

h. EPIRA of 2001

R.A. No. 9136 was signed into law on June 8, 2001 and took effect on June 26, 2001. The law provides for the privatization of NPC and the restructuring of the electric power industry. The IRR were approved by the Joint Congressional Power Commission on February 27, 2002.

R.A. No. 9136 and the IRR impact the industry as a whole. The law also empowers the ERC to enforce rules to encourage competition and penalize anti-competitive behavior.

R.A. No. 9136, the EPIRA, and the covering IRR provides for significant changes in the power sector, which include among others:

- i. The unbundling of the generation, transmission, distribution and supply and other disposable assets of a company, including its contracts with IPPs and electricity rates;
- ii. Creation of a WESM; and
- iii. Open and non-discriminatory access to transmission and distribution systems.

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

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity.

i. Retail Competition and Open Access

The EPIRA mandates the implementation of Retail Competition and Open Access (RCOA) subject to the fulfilment of the conditions as provided in the EPIRA. The ERC was tasked under the EPIRA Implementing Rules and Regulations to declare, after due notice and public hearing, the initial



implementation of RCOA. Through the RCOA, eligible customers will have the option to source their electricity from eligible suppliers that have secured Retail Electricity Supplier (RES) licenses from the ERC. End users with a monthly average peak demand of at least 1 Megawatt (MW) for the preceding 12 months are eligible to be contestable customers. The 1 MW qualification would gradually be reduced upon evaluation of the ERC.

In June 2011, after due notice and public hearings, the ERC declared December 26, 2011 as the date to mark the commencement of the full operation of RCOA in Luzon and Visayas. However, due to deficiencies in the rules and guidelines governing the RCOA at that time, the December 26, 2011 commencement date was deferred several times until an interim system commenced on July 26, 2013.

The DOE and ERC have issued and revised several circulars, rules and resolutions on the implementation of the RCOA and the issuance of RES licenses, including a Code of Conduct, Rules on Contestability, and Rules on RES Licencing.

On February 21, 2017, the SC issued a TRO enjoining the DOE and ERC from implementing the following issuances:

1. DOE Circular No. DC-2015-06-0010 or the DOE Circular Providing Policies to Facilitate the Full Implementation of RCOA in the Philippine Electric Power Industry;
2. ERC Resolution No. 5, Series of 2016 or the Rules Governing the Issuance of Licenses to RES and Prescribing the Requirements and Conditions Therefor;
3. ERC Resolution No. 10, Series of 2016 or a Resolution adopting the Revised Rules for Contestability;
4. ERC Resolution No. 11, Series of 2016 or a Resolution Imposing Restrictions on the Operations of DUs and RES in the Competitive Retail Electricity Market; and
5. ERC Resolution No. 28, Series of 2016 or the Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016, entitled Revised Rules of Contestability.

The TRO effectively enjoined the DOE and the ERC from imposing the mandatory migration of end-users with average monthly peak demand of at least 1MW and 750 kW on 26 February 2017 and 26 June 2017, respectively, and barring Local RESs and DUs from supplying electricity to the Contestable Market.

Due to the TRO, no new or renewed RES licenses were issued by the ERC due to the perceived risk of being declared in contempt by the SC. The renewal of PEI, AEI and AESI's RES licenses remain pending before the ERC. The application for RES licenses of TLJ and APRI are likewise pending.

On November 29, 2017, DOE issued Department Circular No. 2017-12-0013, which provides, among other things, for voluntary participation of Contestable Customers in the Retail Market. On the same date, DOE issued Department Circular No. 2017-12-0014, which provides, among other things, the guidelines on the licensing of RES. Both DOE Circulars enjoin the ERC to promote the supporting guidelines to the DOE Circulars. Once the ERC promulgates these rules, approval of RES license applications and renewals can be expected.



j) Renewable Energy Act of 2008

On January 30, 2009, R.A. No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, which shall be known as the "Renewable Energy Act of 2008" (the Act), became effective. The Act aims to (a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy; (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives; (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and (d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, renewable energy (RE) 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 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.

k) PSALM deferred adjustment

Deferred Accounting Adjustments (DAA)

The ERC issued a Decision dated March 26, 2012 which granted PSALM DAA pertaining to GRAM and ICERA and in its Order dated June 20, 2017, the ERC authorized PSALM to implement the methodology for the recovery/refund of the approved DAA.

Upon Private Electric Power Operators Association's (PEPOA) motion, the ERC, in an Order dated October 19, 2017, deferred the implementation of the approved DAA pending clarification by the ERC of the queries raised in the motion for clarification.

In its Order dated December 19, 2017, the ERC clarified that the GRAM and ICERA DAA are deferred adjustments, which were incurred by PSALM/NPC in supplying energy during the corresponding period; thus, it should be recovered/refunded by PSALM/NPC to its customers. Hence, the Distribution Utilities (DUs) are not just mere collectors of the said DAA but these are charges that they should pay to NPC/PSALM and charged to their customers as part of their generation charge. In the same Order, the ERC directed the DUs to resume the implementation of the GRAM and ICERA starting the January 2018 billing period.



Automatic Cost Recovery Mechanism (ACRM)

On June 20, 2017, the ERC issued its Decision, authorizing PSALM to recover/refund the True-up Adjustments of Fuel and Purchased Power Costs and Foreign Exchange-Related Costs effective its next billing period.

In an Order dated October 19, 2017, the implementation of the ACRM was deferred to the January 2018 billing period pending the evaluation of the clarifications raised in PEPOA's letter and motion and on December 19 2017, the Commission issued an Order directing PSALM and the DUS to abide with the clarifications issued by the Commission.

l. CSR Projects

The Group has several CSR projects in 2020, 2019 and 2018 which are presented as part of "General and administrative expenses" (see Note 23).

m. COVID 19

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, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the National Capital Region. This community quarantine has been extended on a more relaxed form after the May 15, 2020 extension. As of March 5, 2021, general community quarantine is in effect in selected areas including the National Capital Region until March 31, 2021. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

Energy is being dispatched at a lower level, and because of the reduced energy demand, market prices are down, ultimately affecting the Group's energy trading business. Further, collections were impacted as consumer payments on energy bills were not made on original due dates because of the staggered payment scheme directed by the Energy Regulatory Commission.

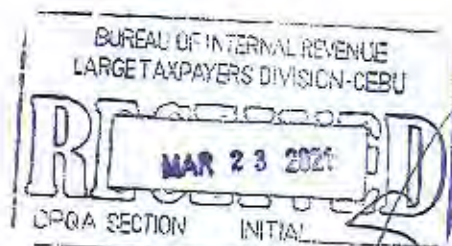
The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. However, considering the evolving nature of this outbreak, the Group will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.



n. Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed CREATE bill. Among others, CREATE bill contains provisions that affect the taxability of an entity:

- Reduction of corporate income tax rate from 30% to 25% or 20% as the case maybe, depending on the classification of an entity, effective July 1, 2020;
- Reduction of MCIT rate from 2% to 1% of gross income, effective from July 1, 2020 to June 30, 2023;
- Repeal of the imposition of 10% improperly accumulated earnings tax; and
- VAT exemption on certain sale of real properties.





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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 5, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company'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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic 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 financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

SEC Accreditation No. 0662-AR-4 (Group A),

November 21, 2019, valid until November 20, 2022

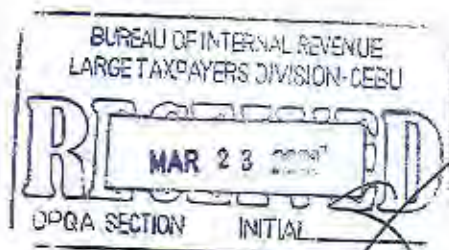
Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-071-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534345, January 4, 2021, Makati City

March 5, 2021





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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-S (Group A),
November 8, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Aboitiz Power Corporation
32nd Street, Bonifacio Global City
Taguig City, Metro Manila
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 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 Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) 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 financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andresa R. Pore

Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

SEC Accreditation No. 0662-AR-4 (Group A),

November 21, 2019, valid until November 20, 2022

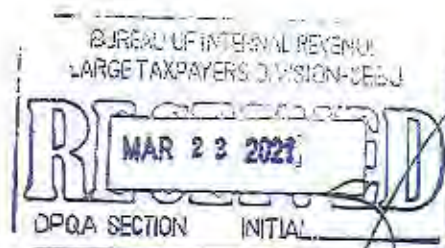
Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-071-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534345, January 4, 2021, Makati City

March 5, 2021



Aboitiz Power Corporation
and Subsidiaries

Supplementary Schedules
to the Financial Statements
Required by the Securities and Exchange Commission
For the Year Ended December 31, 2020

and

Independent Auditors' Report

Philippine
Pesos

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

Supplementary Schedules Required By the Securities and Exchange Commission As of and for the Year Ended December 31, 2020

		Page
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	NA
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Intangible Assets - Other Assets	3
E	Long-Term Debt	4
F	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	5
G	Guarantees of Securities of Other Issuers	NA
H	Capital Stock	6
J	Trade and Other Receivables from Related Parties which are Eliminated during the Consolidation of Financial Statements	7
J	Trade and Other Payables from Related Parties which are Eliminated during the Consolidation of Financial Statements	8
	Reconciliation of Retained Earnings Available for Dividend Declaration	9
	Conglomerate Mapping	10
	Financial Soundness Indicator	16
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NA: NOT APPLICABLE

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

AS OF DECEMBER 31, 2020

(Amounts in Thousands except number of shares)

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
CASH ON HAND AND IN BANK, INCLUDING RESTRICTED CASH			
ANZ		P2,203	P-
Banco de Oro		9,150,825	68,172
Bank of Commerce		2,009	-
Bank of the Philippine Islands		388,423	1,443
Bank of Tokyo - Mitsubishi UFJ		89	-
Citibank		290,407	380
Development Bank of the Philippines		11,825	11
Hongkong Shanghai Banking Corporation		114,262	398
ING Bank N.V.		3,491	-
Land Bank of the Philippines		6,063	7
Metropolitan Bank and Trust Company		1,184,202	1,274
Philippine National Bank		208,282	2,000
Rizal Commercial Banking Corporation		11,875	53
Rural Bank of Davao		8,542	-
Security Bank Corporation		131,560	72
Standard Chartered Bank		379,058	2,299
Union Bank of the Philippines		8,100,938	77,979
Cash on Hand, Cash in Vault and Revolving Fund		126,318	-
TOTAL		P20,114,410	P153,648
SHORT-TERM DEPOSITS			
Banco de Oro		P1,756,952	P22,631
Bank of the Philippine Islands		2,661,444	25,436
China Trust Banking Corporation		-	8,029
City Savings Bank		12,339,867	308,396
First Metro Investment Corporation		-	1,625
Metropolitan Bank and Trust Company		-	5,908
Philippine National Bank		6,329	81
Rizal Commercial Banking Corporation		9,611	188
Security Bank Corporation		613,180	2,485
Mizuho Corporate Bank, Ltd.		-	798
Union Bank of the Philippines		6,461,355	73,891
TOTAL		P23,909,348	P449,268
TRADE AND OTHER RECEIVABLES			
Trade Receivables (net of allowance):			
Residential		P1,648,324	P-
Commercial		1,070,534	-
Industrial		3,896,952	-
City street lighting		742,587	-
Non-power supply contracts		538,477	-
Power supply contracts		7,553,032	-
Dividends receivable		1,498,000	-
Advances to contractors		225,173	-
Non-trade receivables		3,766,426	-
Interest receivable		33,893	-
PSALM deferred adjustment (including noncurrent portion)		2,140,226	-
TOTAL		P23,114,674	P-
FINANCIAL ASSET AT FVTPL			
Apo Golf & Country Club	3	P2	P-
Banco De Oro	8,050	793	-
Philippine Long Distance Telephone Co.	35,453	458	-
PICOP Resources, Inc.	164	8	-
Alta Vista Golf & Country Club	1	2,265	-
Philex Mining Corp	2,168	5	-
Others	375,000	375	-
TOTAL		P3,906	P-

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2020
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Ending Balance
			Amounts Collected	Amounts Written-Off			
Davao Light & Power Co., Inc.	P745,140	P6,508,711	(P6,749,922)	P-	P503,929	P-	P503,929
Therma Power, Inc. and Subsidiaries	650,019	101,858	(172,115)	-	579,762	-	579,762
Cotabato Light & Power Company	24,067	287,313	(285,423)	-	25,963	-	25,963
Aboitiz Renewables, Inc. and Subsidiaries	5,732	26,554	(32,211)	-	75	-	75
Subic Enerzone Corporation	174,590	256,437	(265,424)	-	165,603	-	165,603
Visayan Electric Co., Inc.	823,163	5,770,175	(6,139,490)	-	453,848	-	453,848
Aboitiz Energy Solutions, Inc.	1,346,578	7,119,270	(7,365,837)	-	1,100,011	-	1,100,011
Mactan Enerzone Corporation	-	6,902	(6,902)	-	-	-	-
Balamban Enerzone Corporation	-	6,824	(6,824)	-	-	-	-
Cebu Private Power Corporation	82,713	1,003	(83,716)	-	-	-	-
Lima Enerzone Corporation	71,576	286,708	(281,283)	-	77,001	-	77,001
East Asia Utilities Corporation	784,00	1,636	(2,420)	-	-	-	-
Prism Energy, Inc.	84,352.00	979,745	(951,284)	-	112,813	-	112,813
Adventenergy, Inc.	677,627	3,683,983	(3,792,540)	-	569,070	-	569,070
T O T A L	P4,686,341	P25,037,125	(P26,135,391)	P-	P3,588,075	P-	P3,588,075

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

AS OF DECEMBER 31, 2020

(Amount in Thousands)

Description	Beginning Balance	Additions At Cost	DEDUCTIONS		Other Changes Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
A. Intangibles						
Goodwill	P40,876,082	P-	P-	P-	(P2,063,230)	P38,812,852
Service concession rights	2,406,320	39,957	(353,355)	-	(85,547)	2,007,375
Project development costs	622,491	87,420	(7,240)	-		702,671
Franchise	2,571,772	-	(76,961)	-	-	2,494,811
Software and licenses	235,836	70,553	(44,812)	-	-	261,577
Total	P46,712,501	P198,030	(P482,368)	P-	(P2,148,777)	P44,279,386
B. Other Noncurrent Assets						
Restricted cash	P4,672,031	P-	P-	P-	(P4,672,031)	P-
Input vat and tax credit	4,434,349	-	-	-	(2,440,883)	2,993,466
Receivable from NGCP	-	-	-	-	920,682	920,682
Advances to contractors and projects	553,280	-	-	-	340,547	893,827
Refundable deposits	326,850	-	-	-	(13,099)	313,751
Investment properties	132,300	-	-	-	115,829	248,129
Prepaid expenses	-	-	-	-	251,576	251,576
Prepaid taxes	879,439	-	-	-	1,442,143	2,321,582
Others	380,844	-	-	-	(153,572)	227,272
Total	P11,379,093	P-	P-	P-	(P3,208,808)	P8,170,285
Total	P58,091,594	P198,030	(P482,368)	P-	(P5,357,585)	P52,449,671

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

AS OF DECEMBER 31, 2020
(Amounts in Thousands)

Name of Issuer and Type of Obligation	Amount Authorized by Indentures	Amount Shown as Current	Amount Shown as Long-Term	Remarks
Parent:				
Aboitiz Power Corporation	P58,810,082	P6,637,206	P52,172,876	
Subsidiaries:				
Hedcor, Inc.	1,620,438	128,837	1,491,601	
Subic Enerzone Corporation	56,500	56,500	-	
Luzon Hydro Corporation	271,080	263,880	7,200	
Davao Light & Power Co., Inc.	434,250	146,250	288,000	
Cotabato Light & Power Company	86,850	28,950	57,900	
Therma South, Inc.	18,622,802	1,286,851	17,335,951	
Pagbilao Energy Corp. (Joint Operation)	12,067,466	1,074,354	10,993,112	
Visayan Electric Co., Inc.	578,256	194,621	383,635	
GNPower Mariveles Coal Plant Ltd. Co.	33,512,452	3,264,799	30,247,653	
Therma Visayas, Inc.	29,164,423	2,066,803	27,097,620	
Therma Power - Visayas, Inc.	1,488,984	-	1,488,984	
AP Renewables, Inc.	6,782,624	1,220,677	5,561,947	
Hedcor Sibulan, Inc.	3,677,566	293,238	3,384,328	
Hedcor Bukidnon, Inc.	9,247,559	591,247	8,656,312	
Aboitiz Energy Solutions, Inc.	600,000	-	600,000	
Total	P177,021,332	P17,254,213	P159,767,119	

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

**SCHEDULE F - INDEBTEDNESS TO AFFILIATES
(LONG-TERM LOANS FROM AFFILIATED COMPANIES)**

AS OF DECEMBER 31, 2020
(Amounts in Thousands)

Name of Affiliate	Beginning Balance	Ending Balance
Aboitiz Equity Ventures, Inc.	P300,000	P300,000
	-	-
	-	-
Total	P300,000	P300,000

ABOITIZ POWER CORPORATION

SCHEDULE H - CAPITAL STOCK

AS OF DECEMBER 31, 2020
(Amounts in Thousands)

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 SHARES	16,000,000	7,358,604	-	5,820,533	126,695	1,411,376
PREFERRED SHARES	1,000,000	-	-	-	-	-

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

**SCHEDULE I - TRADE AND OTHER RECEIVABLES FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2020
(Amounts in Thousands)**

Related Party	Balances			Volume			Terms
	Trade	Non-trade	Total	Sales	Rental	Advances	
Davao Light & Power Co., Inc.	P503,867	P62	P503,929	P6,508,711	P-	P-	30 days
Therma Power, Inc. and Subsidiaries	-	579,762	579,762	101,858	-	-	30 days
Cotabato Light & Power Company	25,963	-	25,963	287,319	-	-	30 days
Aboitiz Renewables, Inc. and Subsidiaries	-	75	75	26,554	-	-	30 days
Subic Enerzone Corporation	165,603	-	165,603	236,437	-	-	30 days
Visayan Electric Co., Inc.	453,848	-	453,848	5,770,175	-	-	30 days
Aboitiz Energy Solutions, Inc.	1,100,006	5	1,100,011	7,119,270	-	-	30 days
Mactan Enerzone Corporation	-	-	-	6,902	-	-	30 days
Balamban Enerzone Corporation	-	-	-	6,824	-	-	30 days
Cebu Private Power Corporation	-	-	-	1,003	-	-	30 days
Lima Enerzone Corporation	77,001	-	77,001	5,677	-	-	30 days
East Asia Utilities Corporation	-	-	-	1,636	-	-	30 days
Prism Energy, Inc.	112,813	-	112,813	979,745	-	-	30 days
Adventenergy, Inc.	568,954	116	569,070	3,683,983	-	-	30 days
TOTAL	P3,008,055	P580,020	P3,588,075	P24,756,094	P-	P-	

ABOTIZ POWER CORPORATION AND SUBSIDIARIES

**SCHEDULE J - TRADE AND OTHER PAYABLES FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2020
(Amounts in Thousands)**

Related Party	Balances			Volume			Terms
	Trade	Non-trade	Total	Sales	Rental	Advances	
Parent Company	P-	P580,020	P580,020	P1,022,193	P-	P-	30 days
Aboitiz Renewables, Inc. and Subsidiaries	525,617	-	525,617	4,315,792	-	-	30 days
Cebu Private Power Corporation	63,612	-	63,612	897,572	-	-	30 days
Therma Power, Inc. and Subsidiaries	2,256,354	-	2,256,354	17,541,339	-	-	30 days
East Asia Utilities Corporation	24,168	-	24,168	141,730	-	-	30 days
Subic Enerzone Corporation	18,826	-	18,826	200,440	-	-	30 days
Mactan Enerzone Corporation	7,585	-	7,585	72,545	-	-	30 days
Lima Enerzone Corporation	45,173	-	45,173	466,855	-	-	30 days
Visayan Electric Co., Inc.	66,720	-	66,720	378,659	-	-	30 days
TOTAL	P3,008,055	P580,020	P3,588,075	P25,037,125	P-	P-	

Aboitiz Power Corporation
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2020
(Amount in Philippine Currency)

Unappropriated Retained Earnings, <i>beginning</i>		P23,522,985,155
Net income based on face of audited financial statements	P4,193,432,512	
Less: Non-actual/unrealized income (net of tax)	-	
Add: Non-actual loss (net of tax)	-	
Net income actual/realized for the period	4,193,432,512	
Less:		
Dividend declaration during the period		(8,683,153,080)
UNAPPROPRIATED RETAINED EARNINGS, AS ADJUSTED, ENDING		P19,033,264,587

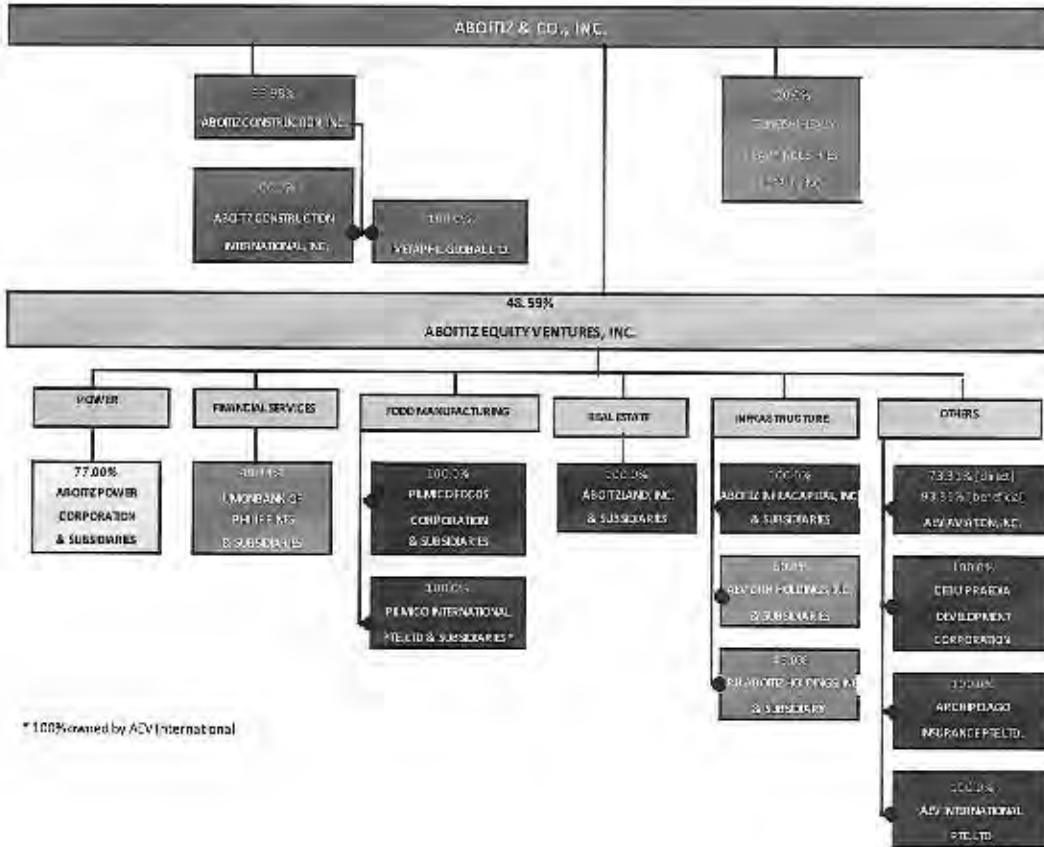
ABOTTIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

CONGLOMERATE MAPPING

As of December 31, 2020

Legend:

- Reporting Company
- Ultimate Parent Company
- Parent Company
- Subsidiary of Ultimate Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company
- Other Related Parties

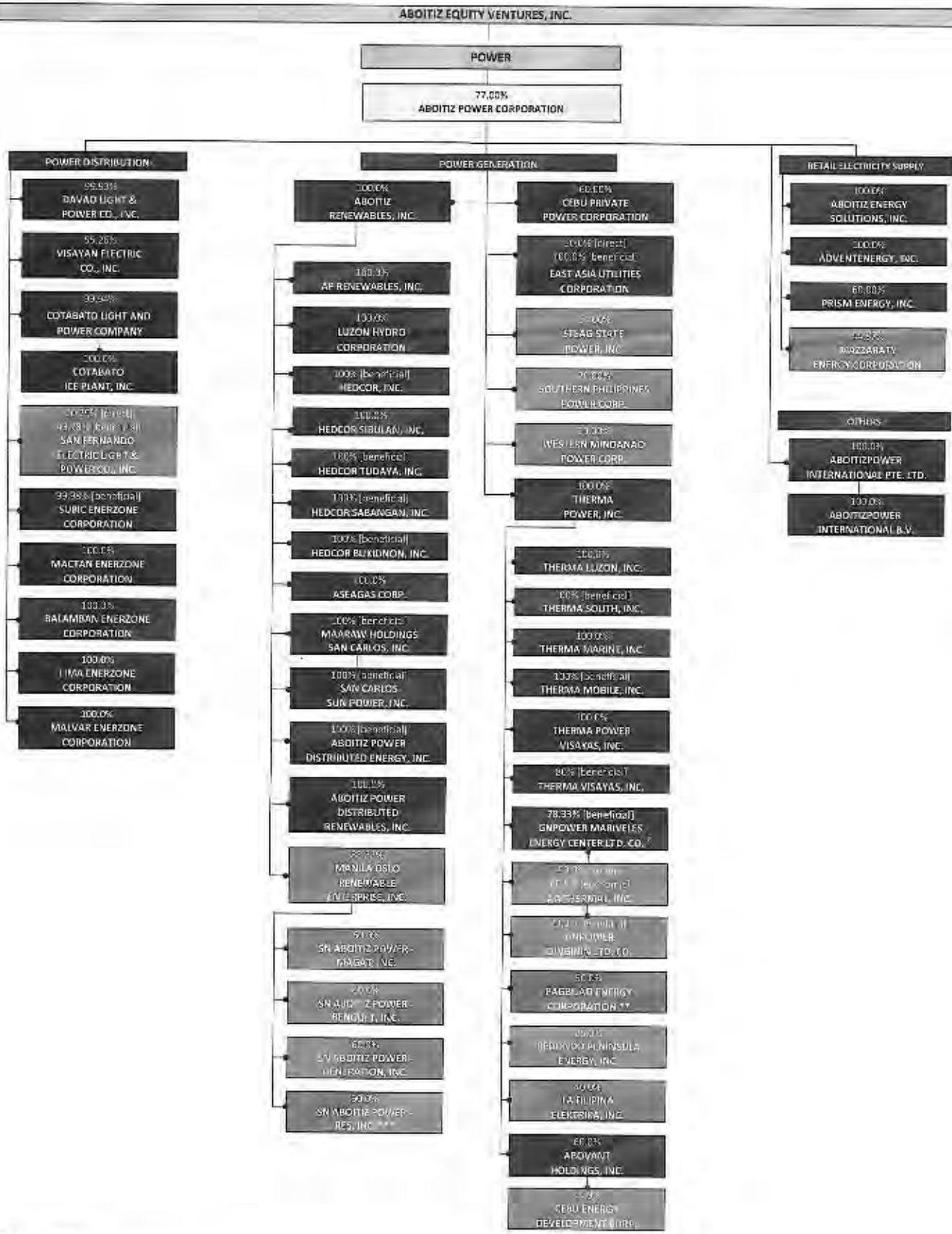


* 100% owned by ACV International

ABOTIZ EQUITY VENTURES, INC. - POWER
CONGLOMERATE MAPPING
 As of December 31, 2020

Legend:

- Reporting Company
- Parent Company
- Subsidiary
- Associate or Joint Venture
- Other Related Parties



** Joint Operators
 *** Engages in retail electricity supply business
 † Formerly, GNPowder Mariveles Coal Plant Ltd. Co.

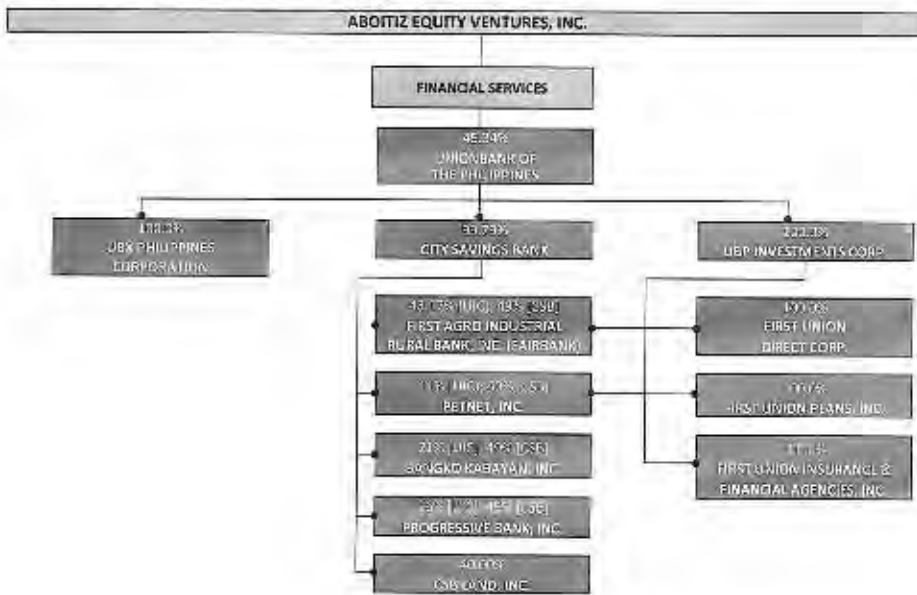
ABOTTIZ EQUITY VENTURES, INC. - FINANCIAL SERVICES

CONGLOMERATE MAPPING

As of December 31, 2020

Legend:

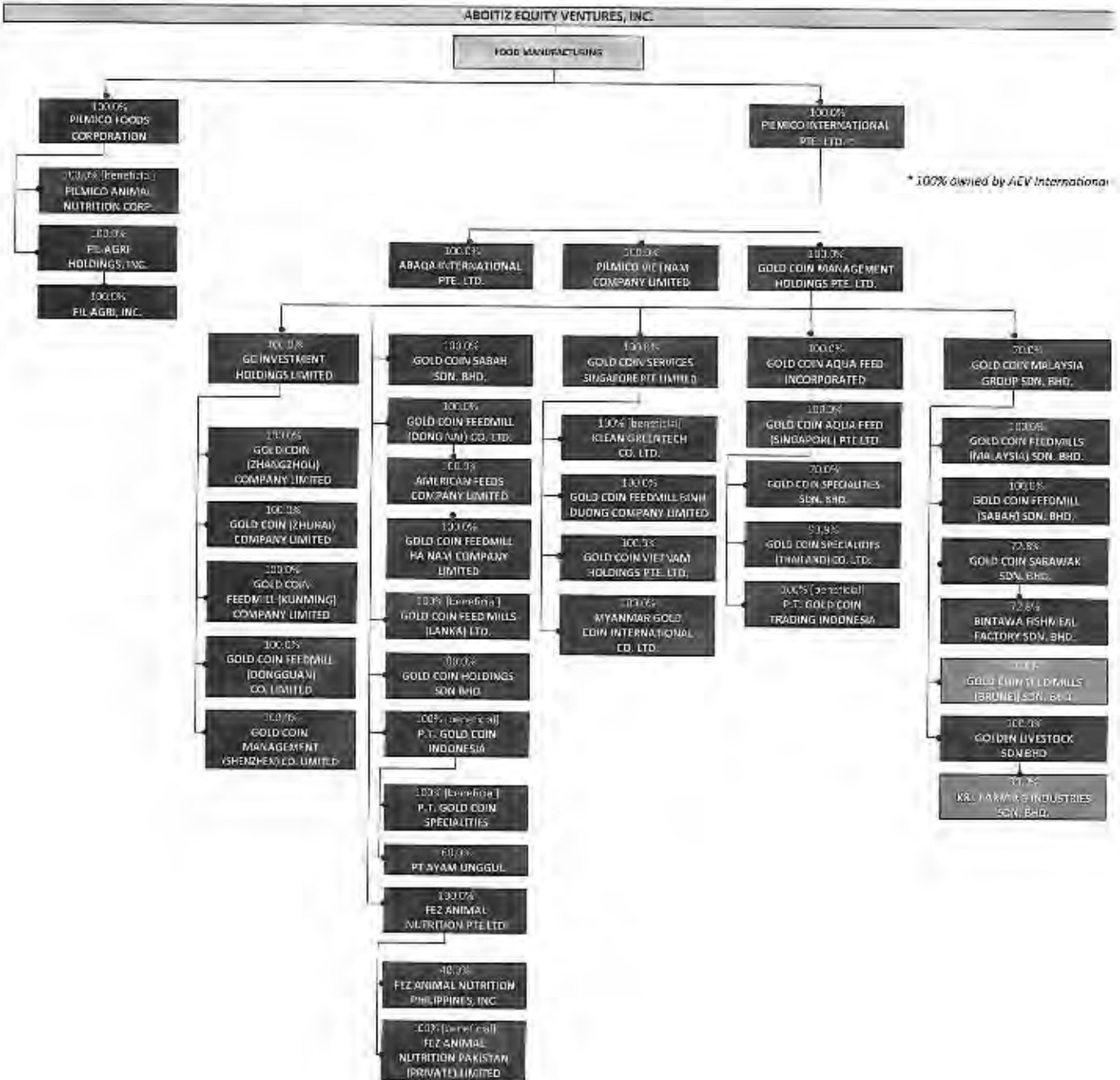
- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



ABOITIZ EQUITY VENTURES, INC. - FOOD MANUFACTURING
CONGLOMERATE MAPPING
 As of December 31, 2020

Legend:

- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



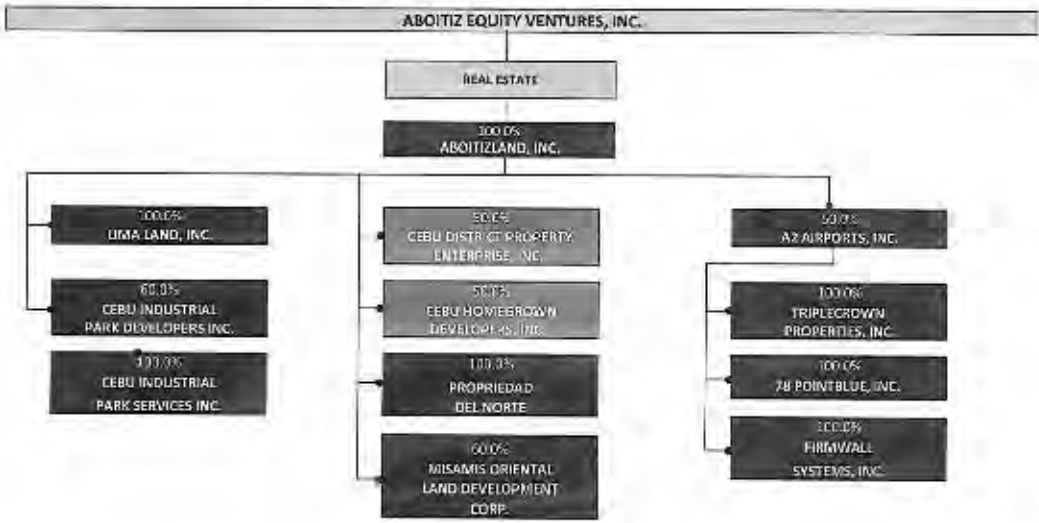
ABOITIZ EQUITY VENTURES, INC. - REAL ESTATE

CONGLOMERATE MAPPING

As of December 31, 2020

Legend:

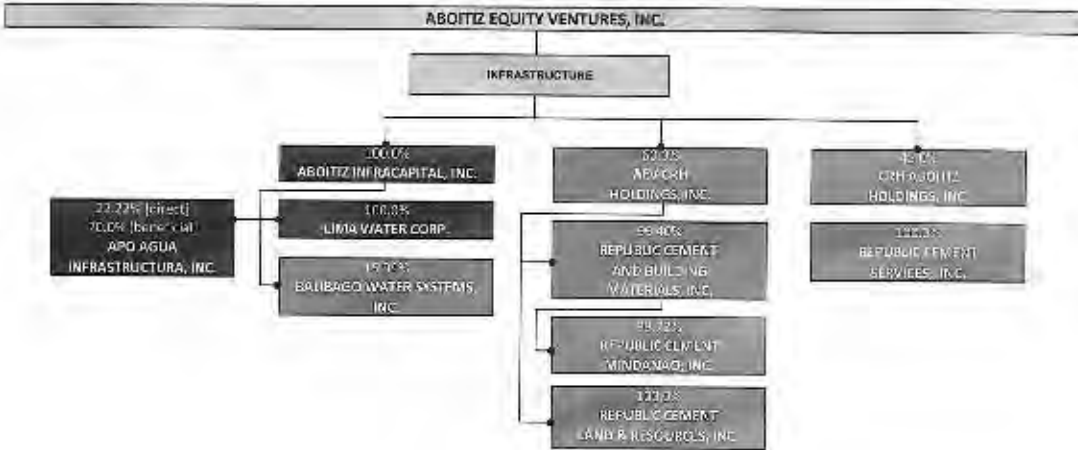
- Parent Company
- Co-Subsidiary/Subsidiary of Parent Company
- Associate or Joint Venture of Parent Company



ABOITIZ EQUITY VENTURES, INC. - INFRASTRUCTURE
CONGLOMERATE MAPPING
 As of December 31, 2020

Legend:

- Reporting Company
- Subsidiary
- Associate or Joint Venture



ABOITIZ POWER CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATOR

	FORMULA	2020	2019
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.38	1.50
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.08	1.15
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.96	2.07
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.96	3.07
Net debt to equity ratio	$\frac{\text{Debt} - \text{Cash \& cash equivalents}}{\text{Total equity}}$	1.37	1.40
Gearing ratio	$\frac{\text{Debt} - \text{Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt} - \text{Cash \& cash equivalents})}$	57.80%	58.26%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	2.54	2.83
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	24.4%	23.0%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity adjusted for cash dividends}}$	10.57%	14.48%

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
Use of Proceeds
For the Year Ended December 31, 2020

Series "E" and "F" of the Thirty Billion Shelf Registration issued in 2020

As of December 31, 2020, the proceeds from the 2020 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Reimburse Previous Equity Contributions to GNPD through AA Thermal and TPI	₱6,736,749	₱6,736,749
Fund Succeeding Equity Infusions in AA Thermal and TPI	2,082,873	783,753
General corporate purposes	614,889	102,127
Bond issuance costs	115,489	113,547
TOTAL	₱9,550,000	₱7,736,176

	Per Final Prospectus	Actual
Gross proceeds	₱9,550,000	₱9,550,000
Net proceeds	9,434,511	9,436,453

Balance of the proceeds as of December 31, 2020:

₱1,813,824



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Ground Floor, Secretariat Building, PICC
City Of Pasay, Metro Manila

COMPANY REG. NO. C199800134

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the


ABOITIZ POWER CORPORATION

(Amending Articles II Primary Purpose, IV (term of existence) & VII thereof)

copy annexed, adopted on March 06, 2020 by majority vote of the Board of Directors and on April 27, 2020 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 15 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019, and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company and time shares/club shares/membership certificates issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 18th day of October, Twenty Twenty.


DANIEL P. GABUYO
Assistant Director
SO Order 1188 Series of 2018

**COVER SHEET
COMPANY REGISTRATION AND MONITORING DEPARTMENT**

Nature of Application

Amended By-Laws

SEC Registration Number

C 1 9 9 8 0 0 1 3 4

Company Name

A B O I T I Z P O W E R C O R P O R A T I O N

AMENDED TO:
New Company Name

Principal Office (No./Street/Barangay/City/Town/Province)

**N A C T O W E R , 3 2 N D S T R E E T , B O N I F A C I O
G L O B A L C I T Y , T A G U I G C I T Y**

Company's Email Address

COMPANY INFORMATION
Company's Telephone Number/s

(02) 8886-2800

Mobile Number

CONTACT PERSON INFORMATION

*The designated contact person **MUST** be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation*

Name of Contact Person

MAILENE M. DE LA TORRE

Email Address

mailene.delatorre@aboitiz.com

Telephone Number/s

(02) 8886-2454

Mobile Number

Contact Person's Address

NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila

To be accomplished by CRMD Personnel

Assigned Processor:

Date

Signature

Document I.D.

Received by Corporate Filing and Records Division (CFRD)

Forwarded to:

Corporate and Partnership Registration Division

Green Lane Unit

Financial Analysis and Audit Division

Licensing Unit

Compliance Monitoring Division

AMENDED ARTICLES OF INCORPORATION

OF

ABOITIZ POWER CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a stock corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY:

FIRST : That the name of the said corporation shall be:

ABOITIZ POWER CORPORATION

SECOND : That the purposes for which the said corporation is formed are:

PRIMARY PURPOSE

To invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, manage, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description, including shares of stock, bonds and other securities or evidence of indebtedness of any hydroelectric, geothermal, wind, solar and other renewable power generation facilities, distribution, retail electricity supply and other related facilities, corporations, partnerships, associations, firms, or entities, domestic and/or foreign, where necessary or appropriate and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned, without acting as or engaging in the business of an investment company, or dealer or broker in securities; to act as managers or managing agents of persons, firms, associations, corporations, partnerships and other entities engaged in hydroelectric, geothermal, wind, solar and other renewable power generation facilities, distribution businesses, retail electricity supply services, battery power storage services or related businesses; to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises engaged in hydroelectric, geothermal, wind, solar and other renewable power generation, distribution businesses, retail electricity supply services, or related businesses; to undertake, carry on, assist or participate in the promotion, organization, management, liquidation, or reorganization of corporations, partnerships and other entities engaged in hydroelectric, geothermal, wind, solar and other renewable power generation, distribution businesses, retail electricity supply services, or related businesses; to develop, construct, own, lease and operate electricity generation distribution facilities and/or hydroelectric, geothermal, wind, solar, and other renewable energy power plants, retail electricity supply facilities, or related businesses; to engage in build-operate-transfer arrangements with the government, its branches, agencies and instrumentalities, and any non-government entities; act as consultants, contractors or principals in the business of developing, constructing, operating, repairing and maintaining of hydroelectric, geothermal, wind, solar and other renewable energy power plants and systems and other power-generating or converting stations and in the manufacture, operation and repair of associated mechanical and electrical equipment; to carry on the general business of generation, distribution, retail supply, battery storage services, and/or transmission of electric power in accordance with

existing laws, rules and regulations; enter into contracts for differences, and to carry on all business necessary or incident to all the foregoing, and to perform all acts necessary and incidental to the furtherance of the foregoing primary purpose, including, but without limitation, to guarantee and act as surety to its affiliated companies, subsidiaries, and associates, and to allow the creation of lien upon all or any part of the properties and assets owned by the corporation, in order to meet the necessary financial requirements of its businesses, as may be authorized by its Board of Directors. (As amended by the Board of Directors on March 6, 2020 and the stockholders on April 27, 2020)

SECONDARY PURPOSES

1. To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company or partnership or person, such charter, contracts, franchise, privileges, exemption, licenses and concession as may be conducive to any of the objects of the corporation.
2. To offer shares of its original or increased capital stock to the public for subscription and increased capitalization, subject to the requirements provided by law.
3. To acquire and hold water flowage, geothermal development and exploration rights, and such other rights, permits and licenses as may be necessary in furtherance of the corporation's purposes. (As amended by the Board of Directors on March 27, 2014 and approved by the Stockholders on May 19, 2014.)
4. To construct, erect, purchase, install, operate and sell electric light plants, ice making plants, systems for pumping water for individuals, corporations and/or municipalities, cold storage plants, water distilling plants, machine shops, foundries, and slipways, and to sell and distribute the products or results of any such plants or systems.
5. To purchase, acquire, own, lease, sell and convey real properties such as lands, buildings, factories and warehouses and machineries, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.
6. To borrow or raise money necessary to meet the financial requirements of its businesses and for any of the purposes of the corporation, and from time to time, to draw, make, accept, endorse, transfer, assign, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and transferable instruments and evidence of indebtedness or issue third party accommodations, sureties and guarantees, or otherwise lend its credit to its subsidiaries and affiliates and to another person or corporation, and for the purpose of securing any of its obligations or contracts, to convey, transfer, assign, deliver, mortgage and/or pledge, or enter into deeds of trust or allow the creation of lien upon, any and all part of the properties or assets at any time held or owned by the corporation and to issue pursuant to law, shares of its capital stock, debentures and other evidence of indebtedness in payment for properties acquired by the corporation or for money borrowed in the prosecution of its lawful business. (As amended by the Board of Directors on March 27, 2014 and approved by the Stockholders on May 19, 2014.)

7. To invest and to deal with moneys and properties of the corporation in such manner as may from time to time be considered wise or expedient for the advancement of its interests and to sell, dispose of or transfer the business, properties and goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept.
8. To aid in any manner any corporation, association, or trust estate, domestic or foreign, or any firm or individual, of which any shares of stock or any bonds, debentures, notes, securities, evidences of indebtedness, contracts, or obligations are held by or for this corporation, directly or indirectly or through other corporations or otherwise.
9. To enter into any lawful arrangement for sharing profits, union of interest, unitization of farmout agreement, contracts for differences, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carry out any of the purposes of this corporation. (As amended by the Board of Directors on March 27, 2014 and approved by the Stockholders on May 19, 2014.)
10. To establish and operate one or more offices or agencies and to carry on any or all of its operations and business, without any restriction as to place or amount, including the right to hold, purchase, acquire, lease, mortgage, pledge, and convey or otherwise deal in and with real and personal property anywhere within the Philippines.

(As amended by the Board of Directors on March 27, 2014 and approved by the Stockholders on May 19, 2014.)

11. To distribute as dividends, the unrestricted earnings of the corporation to the stockholders thereof either in cash, and/or in shares of the unissued stock of the Corporation and/or in kind, namely, properties of the corporation, particularly any shares of stock, debentures or securities of other companies belonging to this corporation.
12. Without limiting the powers of the corporation, it is hereby expressly declared and provided that the corporation shall have the power to make and perform contracts of any kind and description with any person, firm, or corporation; and particularly, but not by way of limitation, to make and perform contracts creating rights, easements, and other privileges respecting any of the property, real or personal, of any kind owned by the corporation; and in the conduct of its business and for the purpose of attaining or furthering any of its purposes, to do any and all other acts and things, to exercise any and all other powers which a natural person could do and exercise and which are now or may hereafter be authorized by law. (As amended by the Board of Directors on March 27, 2014 and approved by the Stockholders on May 19, 2014.)
13. To conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any or more of the powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of this corporation.

THIRD : That the place where the principal office of the corporation is to be established or located is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila,

Philippines. (As amended by the Board of Directors on March 21, 2013 and the stockholders on May 20, 2013)

FOURTH : That the term for which said corporation is perpetual from and after the date of incorporation, as provided in Section 11 of the Revised Corporation Code of the Philippines. (As amended by the Board of Directors on March 6, 2020 and the stockholders on April 27, 2020)

FIFTH : That the names, nationalities and residences of the incorporators of said corporation are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Residence</u>
Jon Ramon Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Juan Antonio Bernad	Filipino	Maria Luisa, South Guadalupe Cebu City
Mike A. Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Erramon I. Aboitiz	Filipino	North Town Homes, Cebu City
Alfonso Y. Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City

SIXTH : That the number of directors of said corporation shall be Nine (9) and that the names, nationalities, and residences of the directors who are to serve until their successors are elected and qualified as provided in the by-laws are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Residence</u>
Jon Ramon Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Enrique M. Aboitiz, Jr.	Filipino	San Lorenzo Village, Makati City
Ernesto M. Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Juan Antonio Bernad	Filipino	Maria Luisa South Guadalupe, Cebu City
Mikel A. Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Erramon I. Aboitiz	Filipino	North Town Homes, Cebu City
Luis Miguel Aboitiz	Filipino	110 Legaspi St., Makati City

Alfonso Y. Aboitiz	Filipino	Maria Luisa Estate Park, Cebu City
Antonio R. Moraza	Filipino	Maria Luisa Estate Park, Cebu City

SEVENTH : That the authorized capital stock of said corporation is SEVENTEEN BILLION PESOS (P17,000,000,000.00), Philippine currency and said capital stock is divided into:

1. SIXTEEN BILLION (16,000,000,000) COMMON SHARES, with a par value of ONE PESO (P1.00) per share;
2. ONE BILLION (1,000,000,000) PREFERRED SHARES, with a par value of ONE PESO (P1.00) per share.

Preferred Shares shall be non-voting, non-convertible, and shall have preference over common shares in case of liquidation or dissolution of the corporation. The Board of Directors or the Executive Committee is expressly authorized to issue preferred shares in one or more series, establish and designate each particular series of preferred shares, fix the number of shares to be included in the series, and to determine the dividend rate, issue price, designations, relative rights, preferences, privileges and limitations of the preferred shares and/or series of shares. Preferred shares may or may not be cumulative, participating, or redeemable, as may be determined by the Board of Directors or the Executive Committee.

Upon redemption, preferred shares (whether unissued, issued and outstanding, including all existing treasury shares) shall not be considered retired, but may be reissued under such terms and conditions as may be determined by the Board of Directors or the Executive Committee.

No holder of shares of the capital stock of any class of the corporation shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the Corporation, whether now or hereafter authorized, other than such, if any, as the Board of Directors in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time set.

(As amended on January 16, 2007 and further amended by the Board of Directors on March 6, 2020 and the stockholders on April 27, 2020)

EIGHTH: That the amount of said capital stock which has been actually subscribed is TWO BILLION (P2,000,000,000) PESOS, and the following persons have subscribed for the number of shares and the amount of capital stock indicated opposite their respective names:

<u>Names</u>	<u>No. of Shares Common Subscribed</u>	<u>Amount Subscribed</u>
Jon Ramon Aboitiz	1	P1.00
Enrique M. Aboitiz, Jr.	1	P1.00
Ernesto M. Aboitiz	1	P1.00
Juan Antonio Bernad	1	P1.00

Mikel A. Aboitiz	1	P1.00
Erramon I. Aboitiz	1	P1.00
Luis Miguel Aboitiz	1	P1.00
Alfonso Y. Aboitiz	1	P1.00
Antonio R. Moraza	1	P1.00
Aboitiz Equity Ventures, Inc.	1,999,999,991	P 1,999,999,991.00
	-----	-----
TOTAL	2,000,000,000	P2,000,000,000.00
	=====	=====

NINTH : That the following persons have paid on the shares of capital stock for which they have subscribed the amount set out after their respective names:

<u>Name</u>	<u>Common Amount Paid</u>
Jon Ramon Aboitiz	P1.00
Enrique M. Aboitiz, Jr.	P1.00
Ernesto M. Aboitiz	P1.00
Juan Antonio E. Bernad	P1.00
Mikel A. Aboitiz	P1.00
Erramon I. Aboitiz	P1.00
Luis Miguel Aboitiz	P1.00
Alfonso Y. Aboitiz	P1.00
Antonio R. Moraza	P1.00
Aboitiz Equity Ventures	P 1,599,999,991.00

TOTAL	P 1,600,000,000.00
	=====

TENTH : That no issuance or transfer of shares of stock of the corporation which would reduce the stock ownership of Filipino Citizens to less than the minimum percentage of the outstanding capital stock required by law to be owned by Filipino Citizens, shall be allowed or permitted to be recorded in the books of the corporation. This restriction shall be printed or indicated in all the certificates of stock to be issued by the corporation.

ELEVENTH : That Mr. Erramon I. Aboitiz has been elected by the subscribers as Treasurer of the corporation to act as such until his/her successor is duly elected and shall have qualified in accordance with the by-laws; and that, as such Treasurer, he/she has been authorized to receive for the corporation, and to issue its name receipt for, all subscription paid in by the subscribers.

IN WITNESS WHEREOF, we have hereunto signed the Articles of Incorporation, this 24th day of October 1997 at Cebu City, Philippines.

(Sgd) Jon Ramon Aboitiz

(Sgd) Juan Antonio E. Bernad

(Sgd) Mikel A. Aboitiz

(Sgd) Erramon I. Aboitiz

(Sgd) Alfonso Y. Aboitiz

SIGNED IN THE PRESENCE OF:

(Sgd) Illegible

(Sgd) Illegible

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

Before me, a Notary Public for and in the City of Cebu, Philippines, on this 24th day of October 1997 personally came and appeared:

<u>Name</u>	<u>CTC No.</u>	<u>Place/Date of Issue</u>
Jon Ramon Aboitiz	██████████	██████████ 7
Juan Antonio Bernad	██████████	██████████ 7
Mikel A. Aboitiz	██████████	██████████ 7
Erramon I. Aboitiz	██████████	██████████ 7
Alfonso Y. Aboitiz	██████████	██████████ 7

Known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their own free act and deed.

WITNESS MY HAND AND SEAL at the place and on the date first above-written.

Doc. No. 354;
Page No. 72;
Book No. 75;
Series of 1997.

(Sgd) Delfin H. Decierdo
Notary Public
Until December 31, 1998
PTR No. 9212119
Issued on Jan. 7, 1997
At Cebu City
TIN No. 103-715-215

TREASURER'S CERTIFICATE

I, ERRAMON I. ABOITIZ, after having been duly sworn in accordance with law, hereby depose and say:

That I am the duly elected Treasurer-in Trust by the subscribers named in the foregoing Articles of Incorporation of Aboitiz Power Corporation, to act as such until my successor has been duly elected and qualified in accordance with the By-laws of the corporation; and that as such Treasurer, I hereby certify under oath that at least twenty-five (25%) percent of the authorized capital stock has been subscribed and at least twenty-five percent (25%) of the subscription has been paid and received by me in cash in the amount of not less than THIRTY NINE MILLION NINE HUNDRED SEVENTY-ONE THOUSAND FOUR HUNDRED THREE PESOS (P39,971,403.00) and shares of stock in the amount of ONE BILLION FIVE HUNDRED SIXTY MILLION TWENTY EIGHT THOUSAND FIVE HUNDRED NINETY-SEVEN Pesos (P1,560,028,597.00), and attached herewith are supporting documents, in accordance with the corporation code.

(Sgd) ERRAMON I. ABOITIZ
Treasurer

SUBSCRIBED AND SWORN to before me this 24th day of October 1997, at Cebu City, Philippines; Affiant having exhibited to me his [REDACTED] issued at [REDACTED].

Doc. No. 418;
Page No. 85;
Book No. 35;
Series 1997.

(Sgd) MEL B. LIBRE
Notary Public
Until December 31, 1997
PTR No. 9212120
ISSUED AT CEBU CITY
ON JAN. 7, 1997

DIRECTORS' CERTIFICATE

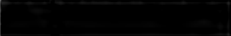
We, the undersigned members of the Board of Directors and the Corporate Secretary of **ABOITIZ POWER CORPORATION** (the "Company"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila 1634, Philippines, do hereby certify that:

- (1) the amendments to the Company's Articles of Incorporation were approved in a Special Board Meeting held on March 6, 2020, by the vote of at least a majority of the members of the Board of Directors and by the stockholders representing at least 2/3 of the issued and outstanding capital stock in the Company's Annual Stockholders' Meetings held on April 27, 2020 in accordance with Section 15 of the Revised Corporation Code;
- (2) the amendments to the Company's By-Laws were in a Special Board Meeting held on March 6, 2020, by the vote of at least a majority of the members of the Board of Directors pursuant to the delegated authority approved and renewed by the stockholders representing at least 2/3 of the issued and outstanding capital stock in the Company's Annual Stockholders' Meetings held on May 18, 2009 and May 18, 2015 in Taguig City, respectively, in accordance with Section 47 of the Revised Corporation Code.
- (3) The amendments consist of the following:
 - (a) Articles Second, Fourth, and Seventh of the Amended Articles of Incorporation to:
 - i) include in the Primary Purpose the power to act as guarantor or surety for the loans and obligations of its Affiliates and Associates; ii) amend the corporate term to perpetual existence; and iii) amend the features of the preferred shares; and
 - (b) Sections 4, 5, and 6 Article I of the Amended By-Laws to allow the Company's shareholders to vote through remote communication or in absentia, subject to the rules and regulations that may be issued by the Securities and Exchange Commission from time to time.

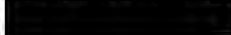
[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, we have signed this certificate this JUL 29 2020 in
TAGUIG CITY Philippines.



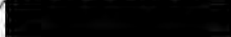
EMMANUEL V. RUBIO
Director, President and Chief Executive Officer
TIN: 



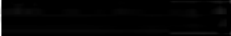
ROMEO L. BERNARDO
Lead Independent Director
TIN: 

ENRIQUE M. ABOITIZ
Director
TIN: 




CARLOS C. EJERCITO
Independent Director
TIN: 




DANIEL C. ABOITIZ
Director
TIN: 



ERIC RAMON O. RECTO
Independent Director
TIN: 

Countersigned:




MANUEL ALBERTO R. COLAYCO
Corporate Secretary *PCA*
TIN: 

TAGUIG CITY

IN WITNESS WHEREOF, we have signed this certificate this

JUL 29 2020

, Philippines.


ENRIQUE M. ABOITIZ

Director

TIN: 

Countersigned:


MANUEL ALBERTO R. COLAYCO

Corporate Secretary ^{CA}

TIN: 

IN WITNESS WHEREOF, we have signed this certificate this JUL 01 2020 in _____, Philippines.

[Redacted Signature]

ERRAMON I. ABOITIZ *sw*
Chairman of the Board
TIN: [Redacted]

[Redacted Signature]

JAIME JOSE Y. ABOITIZ *sw*
Director, Executive Vice President & Chief
Operating Officer
TIN: [Redacted]

Countersigned:

[Redacted Signature]

MANUEL ALBERTO R. COLAYCO
Corporate Secretary
TIN: [Redacted]

REPUBLIC OF THE PHILIPPINES)
CITY OF **TAGUIG CITY**) S.S.

SUBSCRIBED AND SWORN TO before me this **JUL 29 2020** in **TAGUIG CITY**,
Philippines. Affiants, who are personally known to me, presented their respective Community
Tax Certificates and passports with the details shown below as follows:

<u>Name</u>	<u>Gov't Issued ID No.</u>	<u>Date/ Place Issued</u>	<u>CTC No.</u>	<u>Date/ Place Issued</u>
EMMANUEL V. RUBIO	Passport No. [REDACTED]	09-13-19 DFA Manila	[REDACTED]	01-15-20 Manila
ENRIQUE M. ABOITIZ	Passport No. [REDACTED]	02-28-18 DFA Manila	[REDACTED]	02-05-18 Cebu City
DANEL C. ABOITIZ	Passport No. [REDACTED]	09-20-16 DFA Manila	[REDACTED]	01-06-20 Makati City
ROMEO L. BERNARDO	Passport No. [REDACTED]	09-20-15 DFA Manila		
CARLOS C. EJERCITO	Passport No. [REDACTED]	08-18-19 DFA NCR East		
ERIC RAMON O. RECTO	Passport No. [REDACTED]	03-18-19 DFA NCR East		
MANUEL ALBERTO R. COLAYCO	Passport No. [REDACTED]	09-23-16 NCR Central	[REDACTED]	01-08-19 Taguig City

Doc. No. 593;
Book No. 106;
Page No. IV;
Series of 2020.



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Unit, December 2020
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-4208020 January 7, 2019, Taguig City
IBF Lifetime OR No. 061321
Roll No. 63289
MCLE Compliance No. VI 0011090

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

SUBSCRIBED AND SWORN TO before me this JUL 01 2020 in CEBU CITY
Philippines. Affiants, who are personally known to me, presented their respective Community
Tax Certificates and passports with the details shown below as follows:

<u>Name</u>	<u>Gov't Issued ID No.</u>	<u>Date/ Place Issued</u>	<u>CTC No.</u>	<u>Date/ Place Issued</u>
ERRAMON I. ABOITIZ	Passport No. [REDACTED]	03-11-17 DFA Manila	[REDACTED]	01-30-20 Cebu City
JAIME JOSE Y. ABOITIZ	Passport No. [REDACTED]	01-16-19 DFA Manila	[REDACTED]	01-13-20 Cebu City

Doc. No. 73 ;
Book No. 8 ;
Page No. 1 ;
Series of 2020.



[REDACTED]
JUSTINE MAE A. CABATINGAN
Notary Public for Cebu City
Notarial Commission No. 94-16
Until December 31, 2021
Aboitiz Corporate Center
Gov. M. Cuenco Ave., Cebu City
Roll No. 62000
PTR 1856258 12 16 19 Cebu City
IBP Lifetime No. 013514 1.21 15 Cebu City
MCLE Compliance No. VI-0016200



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Ground Floor, Secretariat Building, PICC
City Of Pasay, Metro Manila

COMPANY REG. NO. C199800134

CERTIFICATE OF FILING OF AMENDED BY-LAWS


KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

ABOITIZ POWER CORPORATION

copy annexed, adopted on March 06, 2020 by majority vote of the Board of Directors pursuant to the authority duly delegated to it by the stockholders owning at least two thirds (2/3) of the outstanding capital stock during the Company's Annual Stockholders' Meeting on May 18, 2009 and renewed on May 18, 2015 and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 47 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 18th day of October, Twenty Twenty.


DANIEL P. GABUYO
Assistant Director
SO Order 1188 Series of 2018

MGT/qba

AMENDED BY-LAWS
OF
ABOITIZ POWER CORPORATION

ARTICLE I
STOCKHOLDERS' MEETING

SECTION 1. Annual Meeting – The annual meeting of the stockholders shall be held, if applicable, at the principal office of the Corporation at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines, or in lieu thereof at any location within Metro Manila that the Board of Directors may approve, and at a time to be announced by the Board of Directors on the day which is the 4th MONDAY OF APRIL of each year; provided that if such day is a legal holiday, the annual meeting of the stockholders shall be held on the next succeeding business day. (As amended on May 15, 2007 and further amended by the Board of Directors on March 21, 2013 and the stockholders on May 20, 2013, and by the Board of Directors on March 8, 2018 pursuant to its authority delegated by the stockholders representing at least 2/3 of the issued and outstanding capital stock on May 18, 2009, and renewed on May 19, 2014)

SECTION 2. Special Meeting – Special Meeting of the stockholders may be called by the President of the Corporation at his discretion, or by resolution of the Board of Directors, or upon written demand of stockholders holding one-third of the outstanding capital stock of the Corporation.

SECTION 3. Notices – Notice of time and place of annual or special meetings of the stockholders shall be given either personally or by mail, addressed to each stockholder of record at the address left by such stockholder with the Corporate Secretary of the Corporation or at his last known address, by telefacsimile, electronic mail or publication in a newspaper of general circulation. Provided, however, that in the case of special meetings, notice shall state the object or objects of the same. Failure or irregularity of notice of any annual or special meeting shall not invalidate such meeting or any proceedings when all the stockholders are present and voting thereat without protest. (As amended on May 15, 2007 and on May 18, 2009)

SECTION 4. Quorum – A quorum for any meeting of stockholders shall consist of a majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decided any question at the meeting save and except in those matters where the corporation law requires the affirmative vote of a greater proportion. **Stockholders casting votes through remote participation or in absentia, electronically or otherwise, shall be deemed present for the purpose of determining the existence of a quorum. (As amended by the Board of Directors on March 6, 2020 pursuant to its authority delegated by the stockholders representing at least 2/3 of the issued and outstanding capital stock on May 18, 2009, and renewed on May 18, 2015)**

SECTION 5. Vote – Voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita. **Any stockholder entitled to vote may vote in person, through remote communication, in absentia, or be represented by proxy at any**

stockholders' meeting, subject to compliance with the rules and regulations as may be issued by the Securities and Exchange Commission from time to time. (As amended by the Board of Directors on March 6, 2020 pursuant to its authority delegated by the stockholders representing at least 2/3 of the issued and outstanding capital stock on May 18, 2009, and renewed on May 18, 2015)

SECTION 6. Proxy – Stockholders may vote at all meetings either in person, through remote participation, in absentia, or by proxy duly given in writing and presented to the Corporate Secretary for inspection and record at least seven (7) days before said meeting. Unless otherwise stated therein, any proxy issued by the stockholder shall be valid for only one meeting, and any adjournments thereof, provided that such proxy is presented to the Corporate Secretary not later than the deadline set in this section. Such proxies may be revoked by the stockholder in writing duly presented to the Corporate Secretary at least a day prior to a scheduled meeting or by the stockholder's personal appearance at the meeting. The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction. (As amended on May 15, 2007, May 18, 2009, November 12, 2010 and by the Board of Directors on March 6, 2020 pursuant to its authority delegated by the stockholders representing at least 2/3 of the issued and outstanding capital stock on May 18, 2009, and renewed on May 18, 2015))

SECTION 7. Nomination of Directors – Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen working (15) days prior to the Annual Meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law. (As amended on May 15, 2007)

SECTION 8. Order of Business – The order of business at the annual meeting of the stockholders shall be as follows:

- a) Proof of the required notice of the meeting
- b) Proof of the presence of quorum
- c) Reading of the minutes of previous meeting
- d) Report of the President and the Board of Directors
- e) Ratification and approval of the acts of the President and the Board of Director
- f) Election of Directors for the ensuing year
- g) Appointment of External Auditors
- h) Other matters
- i) Adjournment

SECTION 9. Minutes – Minutes of all meetings of the stockholders shall be kept and preserved as a record of the business transacted at such meetings. The minutes shall contain in such entries as maybe required by law.

ARTICLE II

THE BOARD OF DIRECTORS

SECTION 1. Qualifications and Election – The general management and governance of the Corporation shall be vested in a board of nine (9) who shall be stockholders and who shall be elected annually by the stockholders owning majority of the

outstanding capital stock for a term of one (1) year and who shall serve until the election and qualification of their successors. (As amended on May 15, 2007)

No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- a) If he is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least 30% of the capital stock) engaged in business which the Board, by at least majority vote, determines to be competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates;
- b) If he is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 20% or more of any outstanding class of shares of, any corporation or entity engaged in any line of business of the Corporation or any of its subsidiaries or affiliates, when in the judgment of the Board, by at least majority vote, the law against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- c) If the Board, in the exercise of its judgment in good faith, determines by at least majority vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner or nominee of another, the Board may take into account such factors as business and family relationships. (As amended on May 15, 2007 further amended on May 18, 2009)

Any vacancy in the Board of Directors, other than removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.

SECTION 2. Independent Directors - The Corporation shall have at least two (2) independent directors or at least twenty percent (20%) of the entire Board membership, whichever is lesser. (As amended on May 15, 2007)

The independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as the same may be amended from time to time. (As amended on May 15, 2007)

SECTION 3. Board Committees – The Board of Directors may create committees and bodies as it may deem necessary to ensure effective management oversight. (As amended on May 15, 2007)

SECTION 4. Quorum – The directors shall act 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. Every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act, except as provided under Section 25 of the Corporation Code.

SECTION 5. Meetings – The Board of Directors shall hold a meeting for organization, and for the election of officers immediately after their election of which meeting no notice is required. Thereafter, the Board of Director shall hold regular meetings at least quarterly on such dates that it may fix. (As amended on May 18, 2009)

Special meetings of the Board of Directors may be called by the Chairman or the President or upon the written request of two (2) directors on one day's prior notice to each director personally, in writing, by telefacsimile, electronic media, and such meeting may be held any place within the Philippines.

Attendance at board meetings by tele/videoconferencing shall be allowed. (As amended on May 15, 2007)

SECTION 6. Powers – The Board of Directors shall have the management of the business of the company and such powers and authorities as are herein by these By-Laws or by statutes of the Philippines expressly conferred upon it.

Without prejudice to the general powers herein-above conferred, 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 these by-laws for the management of the Corporation's business and officers;
- b) To purchase or otherwise acquire for the Corporation, rights or privileges which the Corporation is authorized to acquire at such price and on such terms and conditions and for such considerations as it shall from time to time see fit;
- c) To borrow money for the Corporation and for such purpose, to create, make and issue mortgage, bonds, deeds of trust and negotiable instruments and securities secured by mortgage or pledge or property belonging to the Corporation;
- d) 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;
- e) To delegate, from time to time, any of the powers of the board which may lawfully be delegated in the course of any officer or agent and to appoint any person or persons to be agents of the Corporation with such powers and upon such terms as may be deemed fit;

SECTION 7. Order of Business – The order of business at any regular or special meeting of the Board of Directors shall be as follows:

- a) Calling to Order
- b) Confirmation of Quorum
- c) Reading and Approval of the Minutes of Previous Meeting
- d) Business Overview
- e) Other business
- f) Adjournment

The foregoing order of business may, however, be changed by the affirmative vote of the majority of the members of the Board. (As amended on May 18, 2009 and further amended on March 27, 2014)

SECTION 8. Minutes – Minutes of all meetings of the Board of Directors shall be kept and preserved as a record of the business transacted at such meetings. The minutes shall contain such entries as may be required by law.

ARTICLE III

OFFICERS

SECTION 1. Corporate Officers – The officers of the Corporation shall consist of a Chairman, a Vice Chairman, Chief Executive Officer, President, Chief Operating Officer(s), Corporate Secretary, Assistant Corporate Secretary(ies) and a Treasurer, and such other officers as may be appointed by the Board, whose powers and duties shall be as hereinafter provided and as the Board of Directors may fix in conformity with the provisions of these By-Laws. All officers shall be elected to their offices by a majority vote of all the members of the Board of Directors and they shall hold office for the term of one (1) year. (As amended on May 15, 2007 and May 18, 2009 and further amended on March 27, 2014)

SECTION 2. General Proviso – In addition to the duties enjoined upon them by law or these By-laws, the officers of the Corporation shall exercise such powers and discharge such duties as the Board of Directors may prescribe from time to time. (As amended on May 18, 2009)

SECTION 3. Chairman – The Chairman, who must be a Director, shall preside in all meetings of the Board of Directors and stockholders. He shall approve the agenda for all meetings of the Board of Directors and stockholders and also inform the Board of Directors and the stockholders of matters of interest to them at their respective meetings. (as amended on May 15, 2007 and May 18, 2009 and further amended on March 27, 2014)

SECTION 4. Vice Chairman – The Vice Chairman, who must be a Director, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. In the absence or inability of the Chairman, the Vice Chairman shall act in his stead, and shall exercise any and all such powers and perform any and all duties pertaining to the office of the Chairman as conferred upon him by these By-Laws.

SECTION 5. Chief Executive Officer – The Chief Executive Officer shall assume overall leadership of the Corporation. He shall report to, and take instructions from, the Board of Directors. He is responsible for leading the development and execution of the Company's long term strategy in accordance with the Board's mandate. He is also responsible for implementing the Company's long and short term strategic plans and shall have oversight over the President. (Amended on March 27, 2014)

SECTION 6. President – The President, who must be a Director, shall have general supervision of the business affairs and property of the Corporation and over its several offices and employees. He shall submit to the Board as soon as possible, at each annual meeting, a complete report of the operations of the Corporation for the preceding year and the state of its affairs. He shall also from time to time, report to the Board and to the Chief Executive Officer all matters within his knowledge which the interests of the

Corporation may require to be brought to its notice. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

The President may assign the exercise or performance of any of the foregoing powers, duties, and functions to any other officer(s), subject always to his supervision and control. (As amended on March 27, 2014)

SECTION 7. Corporate Secretary – The Corporate Secretary, who must be a citizen and a resident of the Philippines, shall keep the minutes of all meetings of the stockholders and of the Board of Directors. He shall have charge of the corporate seal, the stock certificate books and such other books and papers of the Corporation. He shall countersign with the President the certificate of stock issued as well as such other instruments which require his signature. He shall attend to the giving and serving of all notices required by the Corporation Law or these By-Laws. He shall also perform such other duties as are incident to his office and as the Board of Directors may from time to time direct. (As amended on May 18, 2009)

SECTION 8. Asst. Corporate Secretary(ies) – The Assistant Secretary(ies) shall assist the Corporate Secretary in the performance of the Corporate Secretary's functions. He shall perform the duties or responsibility of the Corporate Secretary, if qualified, for and in the absence or inability for any cause of the Corporate Secretary and discharge such duties as the Board of Directors may prescribe. (As amended on May 15, 2007 and on May 18, 2009)

SECTION 9. Treasurer – The Treasurer, who must be a resident of the Philippines, shall have charge of the funds, securities, receipts, and disbursements of the Corporation. He shall deposit or cause to be deposited all money and other valuable effects of the Corporation in such banks or trust companies as the Board of Directors may delegate. He shall render to the President or the Board of Directors, whenever required, an account of the financial condition of the Corporation and of all transactions made by him as Treasurer. He shall keep correct books of account of all the business transactions of the Corporation. He shall perform all other duties which are incident to his position and which are from time to time prescribed by the Board of Directors. He maybe required to post a bond of sufficient securities for the faithful performance of his duties. (As amended on May 15, 2007)

SECTION 10. Executive Committee – An executive committee may be formed to consist of such number of members as may be determined by the Board of Directors provided that not less than three (3) members thereof shall be members of the Board of Directors. The powers of the Executive Committee shall extend to any acts within the competence of the Board, except with respect to the following:

- a) approval of any action for which shareholders' approval is also required;
- b) the filling of vacancies in the Board of Directors;
- c) the amendment or repeal of these By-laws or the adoption of new By-laws;
- d) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and
- e) a distribution of cash dividends to the stockholders.

(As amended on May 18, 2009)

ARTICLE IV

STOCKS

SECTION 1. Issuance – The Board of Directors shall, in accordance with law, provide for the issuance of the stock certificate of the Corporation and shall be signed by the President and countersigned by the Corporate Secretary and sealed with the seal of the Corporation; Provided, that in case any such stock certificate is countersigned by a duly appointed stock transfer agent, transfer clerk or registrar, the signature of the President, as well as the countersignature of the Corporate Secretary or Assistant Corporate Secretary, upon such certificate, may be facsimiles, which can be engraved or printed on the same. The certificate of stocks shall be issued in consecutive order, and the certificates shall be numbered in the order in which they are issued. Upon the stub of each certificate issued shall be entered the name of the person, firm, or corporation owning the stock represented by such certificate, the number of shares in respect of which the certificate is issued and, in the case of cancellation, the date thereof. (As amended on May 15, 2007 and on May 18, 2009)

SECTION 2. Transfer – Transfer of stock shall be made by endorsement of the certificate and delivery thereof, but shall not be effective and binding in so far as the Corporation is concerned until it is duly registered in the books of the Corporation. Every certificate surrendered for exchange or transfer shall be cancelled, and no new certificate shall be issued in exchange for cancelled certificate until the old certificate has been so cancelled.

SECTION 3. Stock and Transfer Book – There shall be kept by the Corporate Secretary of the Corporation a book (which may be electronic) to be known as the “Stock and Transfer Book”, containing the names, alphabetically arranged, of the stockholders of the Corporation, showing their places of residence, the number of stock held by them and the time when they respectively become the owner thereof and the amount paid by them thereon. A record date may be set by the Board of Directors during such period as the Board of Directors may from time to time direct and in accordance with rules and regulations issued by the Securities and exchange Commission or Philippine stock exchange from time to time. (As amended on May 15, 2007 and on May 18, 2009)

SECTION 4. Treasury Stocks – The treasury stocks of the Corporation shall consist of such issued and outstanding stocks which have found their way back into the treasury of the Corporation either by reason of donation in its favor or by virtue of any other forms of acquisition. The said stocks may be disposed of by virtue of a resolution adopted by the Board of Directors. While held by the Corporation, said stocks shall neither vote nor participate in the distribution of dividends.

SECTION 5. Loss or Destructions of Certificates – The Board of Directors may direct a new certificate of stock to be issued in place of any certificate theretofore issued and alleged to have been lost or destroyed. The Board of Directors authorizing such issue of a new certificate, may in its discretion, require the owner of the stock or his legal representative to furnish proof by affidavit or otherwise to the satisfaction of the Board as to ownership of the stock alleged to have been lost or destroyed, and the facts which supported its loss or destruction. The Board of Directors may also require him to give notice to such loss or destruction by publication or otherwise, as it may direct, and cause the delivery to the Corporation of a bond with or without sureties in such sum as it may direct, indemnifying the Corporation from any claims that may be made against it by reason of the issuance of such new certificate. The Board of Directors, however, may refuse in its discretion, to issue any such new certificate except pursuant to legal proceedings made and provided for in such case. In this connection, the provision of Sec. 73 of the Corporation Code must be complied with.

SECTION 6. Compulsory Exchange of Certificates – When the Articles of Incorporation are amended in any way affecting the statements contained in the certificates for outstanding shares, or it becomes desirable for any reason to cancel the outstanding certificates of shares and issue new certificates thereafter conforming to the rights of the holder, the Board of Directors may order any holder of outstanding certificates for shares to surrender and exchange them for new certificates within reasonable time to be fixed by the Board of Directors.

SECTION 7. Uncertificated Securities – Anything in this Article to the contrary notwithstanding, the Board of Directors may, subject to existing laws and regulations which may be issued by the Securities and exchange Commission from time to time, approve the issuance or transfer of stocks by way of electronic book entries of uncertificated securities in any duly registered clearing agency.

ARTICLE V

FISCAL YEAR, DIVIDENDS, AUDITING AND INSPECTION OF BOOKS OF ACCOUNTS

SECTION 1. Fiscal year – The Fiscal Year of the Corporation shall commence with the opening of the business on the 1st day of January of each calendar year and shall close on the 31st of December of the same year.

SECTION 2. Dividends – Dividends shall be declared only from the unrestricted retained earnings and shall be payable at such times and in such amounts as the Board of Directors shall determine, and payment shall be in cash and/or in shares of the unissued stock of the Corporation and/or in kind namely, properties of the Corporation, particularly any shares of stock, debentures, or securities of other companies belonging to this Corporation as said Board of Directors shall determine; provided, that no stock dividend shall be declared without concurrence of stockholders representing not less than two-thirds (2/3) of outstanding capital stock. No dividends shall be declared that will impair the capital of the Corporation.

SECTION 3. Auditing of Books of Accounts – Inspection of the books of accounts by any member of the Board of Directors may be made at any and all times, and such inspection may embrace all book, records, and voucher of the Corporation. Stockholders may inspect the books of the incorporation only on reasonable time during business hours.

ARTICLE VI

SEAL

The corporate seal of the Corporation shall consist of two concentric rings, between shall be inscribed – the words “ABOITIZ POWER CORPORATION” and in the center, the words “Incorporated on followed immediately by the date of the approval of the Articles of Incorporation by the Securities & Exchange Commission”

ARTICLE VII

AMENDMENTS

These By-Laws may be amended, repealed, or altered in whole or in part by a majority vote of the Board of Directors and a majority vote of the entire outstanding capital

stock of the Corporation at any regular or special meeting of the shareholders or at any special meeting where such action has been announced in the call and notice of such meetings, provided, however, that the owners of two-thirds (2/3) of the outstanding capital stock may delegate to the Board of Directors the power to amend or repeal these By-laws or to adopt new By-laws. Such delegation of powers shall be considered revoked whenever a majority of the outstanding capital stock shall so vote at a regular or special meeting.

ADOPTED THIS 24th day of October, 1997 at Cebu City, Philippines, by the unanimous vote of the undersigned incorporators of ABOITIZ POWER CORPORATION representing the majority of the outstanding capital stock of the Corporation.

(Sgd.) Jon Ramon Aboitiz

(Sgd.) Juan Antonio E. Bernad

(Sgd.) Mikel A. Aboitiz

(Sgd.) Erramon I. Aboitiz

(Sgd.) Alfonso Y. Aboitiz

(Sgd.) Jon Ramon Aboitiz

for and in behalf of
Aboitiz Equity Ventures, Inc.
in his capacity as
President and Chief Executive Officer
thereof.

DIRECTORS' CERTIFICATE

We, the undersigned members of the Board of Directors and the Corporate Secretary of **ABOITIZ POWER CORPORATION** (the "Company"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila 1634, Philippines, do hereby certify that:

- (1) the amendments to the Company's Articles of Incorporation were approved in a Special Board Meeting held on March 6, 2020, by the vote of at least a majority of the members of the Board of Directors and by the stockholders representing at least 2/3 of the issued and outstanding capital stock in the Company's Annual Stockholders' Meetings held on April 27, 2020 in accordance with Section 15 of the Revised Corporation Code;
- (2) the amendments to the Company's By-Laws were in a Special Board Meeting held on March 6, 2020, by the vote of at least a majority of the members of the Board of Directors pursuant to the delegated authority approved and renewed by the stockholders representing at least 2/3 of the issued and outstanding capital stock in the Company's Annual Stockholders' Meetings held on May 18, 2009 and May 18, 2015 in Taguig City, respectively, in accordance with Section 47 of the Revised Corporation Code.
- (3) The amendments consist of the following:
 - (a) Articles Second, Fourth, and Seventh of the Amended Articles of Incorporation to:
 - i) include in the Primary Purpose the power to act as guarantor or surety for the loans and obligations of its Affiliates and Associates; ii) amend the corporate term to perpetual existence; and iii) amend the features of the preferred shares; and
 - (b) Sections 4, 5, and 6 Article I of the Amended By-Laws to allow the Company's shareholders to vote through remote communication or in absentia, subject to the rules and regulations that may be issued by the Securities and Exchange Commission from time to time.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, we have signed this certificate this JUL 29 2020 in
TAGUIG CITY Philippines.

[Redacted Signature]

EMMANUEL V. RUBIO
Director, President and Chief Executive Officer
TIN: [Redacted]

[Redacted Signature]

ROMEO L. BERNARDO
Lead Independent Director
TIN: [Redacted]

ENRIQUE M. ABOITIZ
Director
TIN: [Redacted]

[Redacted Signature]

CARLOS C. EJERCITO
Independent Director
TIN: [Redacted]

[Redacted Signature]

DANEL C. ABOITIZ
Director
TIN: [Redacted]

[Redacted Signature]

ERIC RAMON O. RECTO
Independent Director
TIN: [Redacted]

Countersigned:

[Redacted Signature]

MANUEL ALBERTO R. COLAYCO
Corporate Secretary ^{PCA}
TIN: 1 [Redacted]

TAGUIG CITY

IN WITNESS WHEREOF, we have signed this certificate this

JUL 29 2020

, Philippines.

[REDACTED]
ENRIQUE M. ABOITIZ

Director

TIN: [REDACTED]

Countersigned:

[REDACTED]
MANUEL ALBERTO R. COLAYCO

Corporate Secretary^{KA}

TIN: [REDACTED]

IN WITNESS WHEREOF, we have signed this certificate this JUL 01 2020 in

_____, Philippines.

[Redacted Signature]

ERRAMON I. ABOITIZ
Chairman of the Board

TIN: [Redacted]

[Redacted Signature]

JAIME JOSE Y. ABOITIZ
Director, Executive Vice President & Chief
Operating Officer

TIN: [Redacted]

Countersigned:

[Redacted Signature]

MANUEL ALBERTO R. COLAYCO
Corporate Secretary

TIN: [Redacted]

REPUBLIC OF THE PHILIPPINES)
CITY OF **TAGUIG CITY**) S.S.

SUBSCRIBED AND SWORN TO before me this **JUL 29 2020** in **TAGUIG CITY**,
Philippines. Affiants, who are personally known to me, presented their respective Community
Tax Certificates and passports with the details shown below as follows:

Name	Gov't Issued ID No.	Date/ Place Issued	CTC No.	Date/ Place Issued
EMMANUEL V. RUBIO	Passport No. [REDACTED]	09-13-19 DFA Manila	[REDACTED]	01-15-20 Manila
ENRIQUE M. ABOITIZ	Passport No. [REDACTED]	02-28-18 DFA Manila	[REDACTED]	02-05-18 Cebu City
DANEL C. ABOITIZ	Passport No. [REDACTED]	09-20-16 DFA Manila	[REDACTED]	01-06-20 Makati City
ROMEO L. BERNARDO	Passport No. [REDACTED]	09-20-15 DFA Manila		
CARLOS C. EJERCITO	Passport No. [REDACTED]	08-18-19 DFA NCR East		
ERIC RAMON O. RECTO	Passport No. [REDACTED]	03-18-19 DFA NCR East		
MANUEL ALBERTO R. COLAYCO	Passport No. [REDACTED]	09-23-16 NCR Central	[REDACTED]	01-08-19 Taguig City

Doc. No. 597;
Book No. 106;
Page No. IV;
Series of 2020.



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Unit, December 2020
NAC Tower, 32nd St. Bonifacio Global City Taguig City
PTR No. A-4208020 January 7 2019, Taguig City
IBF Lifetime OR No. 061321
Roll No. 63289
MCLE Compliance No. VI 0011090

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

SUBSCRIBED AND SWORN TO before me this JUL 01 2020 in CEBU CITY
Philippines. Affiants, who are personally known to me, presented their respective Community
Tax Certificates and passports with the details shown below as follows:

<u>Name</u>	<u>Gov't Issued ID No.</u>	<u>Date/ Place Issued</u>	<u>CTC No.</u>	<u>Date/ Place Issued</u>
ERRAMON I. ABOITIZ	Passport No. [REDACTED]	03-11-17 DFA Manila	[REDACTED]	01-30-20 Cebu City
JAIME JOSE Y. ABOITIZ	Passport No. [REDACTED]	01-16-19 DFA Manila	[REDACTED]	01-13-20 Cebu City

Doc. No. 73 ;
Book No. 8 ;
Page No. 1 ;
Series of 2020.



[REDACTED]
JUSTINE MAE A. CABATINGAN
Notary Public for Cebu City
Notarial Commission No. 94-16
Until December 31, 2021
Aboitiz Corporate Center
Gov. M. Cuenco Ave., Cebu City
Roll No. 62000
PTR 1856258 12 16 19 Cebu City
IBP Lifetime No. 013514 1.21 15 Cebu City
MCLE Compliance No. VI-0016200

This **ISSUE MANAGEMENT AND UNDERWRITING AGREEMENT** (“**Agreement**”) is entered into on [•], 2021 (the “**Signing Date**”), by and among:

ABOITIZ POWER CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at the 32nd Street, Bonifacio Global City, 1634 Taguig City, Metro Manila (hereinafter referred to as “**AboitizPower**” or the “**Issuer**”);

BDO CAPITAL & INVESTMENT CORPORATION, a corporation duly organized and validly existing under the laws of the Republic of the Philippines, with principal offices at the 20th Floor, South Tower, BDO Corporate Center, Makati City (hereinafter referred to as “**BDO Capital**”);

CHINA BANK CAPITAL CORPORATION, a corporation duly organized and validly existing under the laws of the Republic of the Philippines, with principal offices at the 28th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City (hereinafter referred to as “**China Bank Capital**”);

FIRST METRO INVESTMENT CORPORATION, a corporation duly organized and validly existing under the laws of the Republic of the Philippines, with principal offices at the 45th Floor, GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City (hereinafter referred to as “**First Metro**”);

SB CAPITAL INVESTMENT CORPORATION, a corporation duly organized and validly existing under the laws of the Republic of the Philippines, with principal offices at 18th Floor Security Bank Center, 6776 Ayala Avenue, Makati City (hereinafter referred to as the “**SB Capital**”).

(BDO Capital, China Bank Capital, First Metro and SB Capital shall each be referred to as a “**Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner**” and shall be collectively referred to as the “**Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**”)

– and –

[•], a corporation duly organized and validly existing under the laws of the Republic of the Philippines, with principal offices at [•] (hereinafter referred to as “[•]” or the “**Co-Lead Underwriter**”)

RECITALS:

WHEREAS, the Issuer is authorized by the Philippine Securities and Exchange Commission (“**SEC**”) to issue for offering, distribution and sale to the general public Fixed Rate Peso-Denominated Bonds of the aggregate principal amount of up to PHILIPPINE PESOS: THIRTY BILLION (₱30,000,000,000.00) to be issued in one or several tranches within three (3) years from the date of effectivity of its shelf registration (the “**Debt Securities Program**”). The Issuer previously issued the first tranche under the Debt Securities Program on March 16, 2021 and desires to issue this second tranche. The second tranche shall comprise of [•]% per annum fixed rate bonds due 2025 (“**Series B Bonds**”) and [•]% per annum fixed rate bonds due 2028

("Series C Bonds") for a principal amount of up to PHILIPPINE PESOS: SIX BILLION (₱6,000,000,000.00) ("Base Offer"), and an oversubscription option of up to PHILIPPINE PESOS: SIX BILLION (₱6,000,000,000.00) (the "Oversubscription Option"; the bonds under the Oversubscription Option, the "Oversubscription Bonds"; the Series B and C Bonds and the Oversubscription Bonds, the "Bonds"; and this second tranche, the "Offer");

WHEREAS, in case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period (as defined below), the remaining bonds under the Debt Securities Program will be automatically increased by such number of Oversubscription Bonds that will not be taken up or exercised;

WHEREAS, the terms and conditions of the Bonds are more fully described in Annex "B" hereof and in the Prospectus or the Offer Supplement to be issued and circulated for the Offer which is made an integral part hereof by reference;

WHEREAS, the Issuer expects to obtain a Permit to Offer Securities for Sale from the SEC in respect of the public distribution and sale of the Bonds prior to the start of the Offer Period;

WHEREAS, the Base Offer of the Bonds are being underwritten on a firm commitment underwriting basis by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Co-Lead Underwriter, on the basis of the representations and warranties of the Issuer and under the terms and conditions hereinafter set forth;

WHEREAS, the Issuer has appointed, and hereby confirms the appointment of BDO Capital, China Bank Capital, First Metro and SB Capital as Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and [●] as Co-Lead Underwriter for the Offer and they have consented to said appointment and agreed to underwrite the Base Offer of the Bonds under the terms and conditions hereinafter set forth on a firm basis;

NOW, THEREFORE, for and in consideration of the foregoing premises, and the mutual terms and conditions hereinafter set forth, the Parties hereby agree as follows:

Section 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

When used in this Agreement and the Recitals, unless the context provides otherwise, capitalized terms used herein shall have the same meanings as set forth below and under the Terms and Conditions (as such term is defined below):

"Agreement" shall mean this Issue Management and Underwriting Agreement, and its annexes and attachments, as may be modified, supplemented, or amended from time to time;

"Allocation Day" shall mean the Banking Day after the end of the Offer Period during which the Bonds shall be allocated to Applicants in accordance with the agreed allocation procedure under Section 3.2(b);

"Allocation Report" shall mean the report to be prepared by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Co-Lead Underwriter and sent to the Issuer and

the Registrar no later than 9:00 a.m., three (3) Banking Days before the Issue Date, allocating the Bonds, for issuance to their respective clients;

“Anti-Money Laundering Law of the Philippines” or **“AMLA”** shall mean Republic Act No. 9160, as amended by Republic Act No. 9194, Republic Act No. 10167 and Republic Act No. 11521; BSP Circular Nos. 251, 253, 279, 527, 564, 608, 612 and 706; and all other laws, regulations, jurisprudence, notices or orders of any Philippine governmental body relating thereto, as each may be amended from time to time;

“Applicable Law” shall refer to any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority;

“Applicant” shall mean any person who submits a duly accomplished Application to Purchase, together with all requirements set forth therein;

“Application or Application to Purchase” shall mean the application form actually accomplished and submitted by the Applicant for the Bonds, together with all requirements set forth substantially in the form attached hereto as Annex “A”, or electronically submitted through the e-SIP;

“Banking Day” shall mean any day other than Saturday, Sunday and public non-working holidays on which commercial banks in Taguig City and Makati City and the Philippine Clearing House Corporation are generally open for the transaction of business; *provided*, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each;

“BIR” shall mean the Bureau of Internal Revenue of the Philippines;

“Bondholders” shall mean a Person whose name appears at the relevant time in the Register of Bondholders as the registered owner of the Bonds, with each holder being a **“Bondholder”**;

“Bonds” shall mean the Series B Bonds and the Series C Bonds, collectively.

“BSP” shall mean the Bangko Sentral ng Pilipinas;

“Debt Securities Program” shall mean the fixed-rate bonds of up to an aggregate amount of ₱30,000,000,000.00 to be issued under the shelf registration statement filed by Issuer with and rendered effective by the SEC on 1 March 2021;

“Eligible Bondholders” shall mean institutional and retail investors determined by the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Co-Lead Underwriter to be eligible holders of the Bonds;

“e-SIP” means the e-Securities Issue Portal established and maintained by the PDTC.

“Event of Default” shall have the meaning given to it under the Trust Agreement;

“Final Sales Report” shall have the meaning given to that term in Section 3.2e;

“Government Approval” shall mean any authorization, consent, concession, grant, approval, right, franchise, privilege, registration, filing, certificate, license, permit or exemption from, by or with any Government Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period;

“Government Authority” shall mean the government of the Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person;

“Indebtedness” shall mean, with respect to the Issuer: (i) all indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (iii) capitalized lease obligations of the Issuer;

“Issue Date” shall be on [•], 2021, such other Banking Day as the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may agree in writing; provided, that such date shall remain within the validity of the SEC Permit to Sell Securities;

“Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter” shall mean BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and SB Capital Investment Corporation as joint issue managers, joint lead underwriters and joint bookrunners for the Offer, and [•], as co-lead underwriter for the Offer, collectively;

“Lien” shall mean, with respect to any Person, any lien, pledge, mortgage, charge, hypothecation, encumbrance, or other security or preferential arrangement on or with respect to any asset or revenue of such Person;

“Majority Bondholders” shall mean, at any time, the Bondholders of the Bonds who hold, represent or account for at least fifty percent (50%) plus one peso (₱1.00) of the aggregate outstanding principal amount thereof;

“Master Certificates of Indebtedness” shall mean the certifications representing such amount corresponding to the Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders, substantially in the form set forth in Annex “C-1” and Annex “C-2” of the Trust Agreement;

“Material Adverse Effect” shall mean, in relation to the Issuer, and in the reasonable opinion of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Co-Lead Underwriter after discussions with the Issuer, a material adverse effect on: (i) the ability of the Issuer to fully perform or comply with any of its obligations, or to exercise any of its rights, under this Agreement, the Trust Agreement, or the Bonds; or (ii) the validity or enforceability of this Agreement, the Trust Agreement, or the Bonds;

“Offer” or “Issue” as the context may require, shall mean the Bonds or the offering, issuance, distribution and sale of the Bonds;

“Offer Period” shall mean the period when the Bonds are offered for sale, distribution and issuance by the Issuer, commencing on [•], 2021 at 9:00 a.m. and ending on [•], 2021 at 5:00 p.m. or such other date and time as may be mutually agreed between the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and Co-Lead Underwriter;

“Offer Supplement” shall mean the offer supplement dated [•], 2021 for the offer and sale to the public of the Bonds, and any amendments thereto;

“Omnibus Rules” shall mean the Omnibus Rules and Regulations for Investment Houses and Universal Banks Registered as Joint Lead Underwriters of Securities dated July 23, 2002;

“Oversubscription Bonds” shall mean the bonds issued under the Oversubscription Option of the Bonds;

“Paying Agent” shall mean the Philippine Depository & Trust Corp. acting as paying agent in accordance with the Registry and Paying Agency Agreement;

“PDEX” shall mean the Philippine Dealing & Exchange Corp.;

“Permit to Sell Securities” shall mean the permit to be issued by the SEC authorizing the Issuer to sell, distribute and issue the Bonds to the public;

“Permitted Liens” shall mean each of the liens permitted to be incurred by the Issuer as enumerated under Section 5.2a of the Trust Agreement;

“Person” shall mean any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization;

“PFRS” shall mean Philippine Financial Reporting Standards;

“Philippine Peso” or **“₱”** shall mean the legal currency of the Republic of the Philippines;

“Prospectus” shall mean the Prospectus of the Issuer dated 26 February 2021, and any amendments, supplements and addenda thereto for the offer and sale to the public of fixed-rate bonds (inclusive of the Bonds) within the shelf period of the Debt Securities Program;

“Purchase Price” shall have the meaning given to that term in Section 3.1(f);

“Receiving Account” shall have the meaning given to that term in Section 3.3(a);

“Register of Bondholders” shall mean the electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrance thereon;

“Registrar” shall mean Philippine Depository & Trust Corp., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, whose principal obligation is to maintain the Register of Bondholders and record the initial issuance and subsequent transfers of the Bonds, pursuant to the Registry and Paying Agency Agreement;

“Registration Statement” shall mean the registration statement filed by the Issuer with the SEC on 18 December 2020, in accordance with the Securities Regulation Code, relating to the registration of the Debt Securities Program of the Issuer of which the Bonds form part, and rendered effective by the SEC on 1 March 2021, as may be amended or supplemented from time to time;

“Registry and Paying Agency Agreement” shall mean the agreement dated [•], 2021 by and between the Issuer and Philippine Depository & Trust Corp., as the Paying Agent and Registrar for the Offer;

“Registry Confirmation” shall mean the written advice sent by the Registrar to the Bondholders, confirming the registration in the name of such Bondholder in the Register of Bondholders of the specified amount of the Bonds issued to or purchased by a Bondholder;

“RTGS” shall mean Real Time Gross Settlement system;

“SEC” shall mean the Securities and Exchange Commission of the Philippines;

“SEC Rules” shall have the meaning given to that term in Section 7.1a;

“Selling Agents” shall mean institutions who are authorized under Applicable Law to act as such and whose role is to help facilitate the sale and distribution of the Bonds. The Selling Agents for this offering are the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, Co-Lead Underwriter and [•].

“Series B Bonds” shall mean the fixed rate bonds having a term ending four (4) years from the Issue Date, or on [•], 2025, with a fixed interest rate of [•]% per annum;

“Series C Bonds” shall mean the fixed rate bonds having a term ending seven (7) years from the Issue Date, or on [•], 2028, with a fixed interest rate of [•]% per annum;

“SRC” shall mean Republic Act No. 8799, otherwise known as “The Securities Regulation Code of the Philippines,” as amended from time to time, and including the rules and regulations issued thereunder;

“Terms and Conditions” shall mean the terms and conditions pursuant to which the Issuer issues, and the Eligible Bondholders subscribe for, the Bonds, which constitute an integral part of the relevant Master Certificates of Indebtedness, attached as Annex “B” hereof;

“Transaction Documents” shall mean this Agreement, the Registry and Paying Agency Agreement, the Trust Agreement, its annexes, and any amendments thereto;

“Trust Agreement” shall mean the agreement dated [•], 2021 between the Issuer and the Trustee for the Bondholders;

“Trustee” shall mean [•] or any successor Trustee acting as trustee in accordance with the Trust Agreement;

“Underwritten Bonds” shall mean the Base Offer of the Bonds to be offered for subscription and which the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunner, and Co-Lead Underwriter commit to underwrite on a firm basis pursuant to their Underwriting Commitment; and

“Underwriting Commitment” shall have the meaning given to that term in Section 2.3.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- a. words importing the singular number shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter gender and vice versa;
- b. any reference to Sections or Annexes is a reference to the sections or annexes of this Agreement;
- c. any reference to any document, instrument or agreement shall (i) include all annexes, exhibits, schedules and other attachments thereto, (ii) include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time in accordance with the terms thereof and in effect at any given time;
- d. the headings to the Sections and paragraphs hereof are inserted for ease of reference only and shall not affect the interpretation thereof or of this Agreement;
- e. any reference to “writing” or cognate expressions includes a reference to facsimile transmission, electronic mail or comparable means of communication, where any notice or instructions sent through must be accompanied by a document executed by an authorized signatory;
- f. any reference to a person or entity includes such person or entity’s permitted successors and assigns;
- g. accounting terms have the meanings assigned to them by Philippine Accounting Standards and PFRS, as applied by the accounting entity to which they refer;
- h. the words “include,” “includes” and “including” are not limiting and shall be deemed to be followed by the words “without limitation,” whether or not so followed;
- i. the words “hereof,” “herein” and “hereunder” and words of similar import when used in any document shall mean such document as a whole and not to any particular provision of such document;
- j. any reference to “days” shall mean calendar days, unless the term “Banking Days” is used;
- k. a “company” shall be construed so as to include any company, corporation or any association or partnership (whether or not having separate legal personality) of any

two or more Persons;

- l. "Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners," "Co-Lead Underwriter," "Registrar," "Paying Agent" and "Bondholders" shall be construed so as to include their respective successors, transferees and assigns in accordance with their respective interests to the extent permitted under the terms hereof and, in the case of the "Issuer," its respective successors, transferees and assigns, to the extent permitted under the terms hereof;
- m. a "month" is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the relevant subsequent calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month);
- n. the "winding-up", "dissolution" or "administration" of a company shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or any jurisdiction in which such company carries on business.
- o. Save where the contrary is indicated, any reference in this Agreement to:
 - (i) this Agreement, the Bonds, or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, the Bonds, other agreement or document as the same may have been, or may from time to time be (subject to any restrictions herein), amended, varied, novated, supplemented, replaced or substituted;
 - (ii) any law, rule or regulation shall be construed as a reference to such law, rule or regulation as the same may have been, or may from time to time be, amended or re-enacted; and
- p. In case of any conflict between and among this Agreement, the Trust Agreement, the Prospectus and the Offer Supplement, the provisions of the Trust Agreement shall prevail.

Section 2 RESPONSIBILITIES OF THE JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS, AND CO-LEAD UNDERWRITER

2.1 Appointment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter

- a. The Issuer hereby appoints BDO Capital, China Bank Capital, First Metro, and SB Capital as Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and [●] as Co-Lead Underwriter in connection with the issuance, placement, distribution, and sale of the Bonds to the Eligible Bondholders.
- b. The appointment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter shall subsist until the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter shall have fulfilled all its obligations under this Agreement, unless this Agreement is otherwise earlier terminated in accordance with the provisions hereof.

- c. Nothing in this Agreement shall be deemed to create a partnership or joint venture between the Issuer, on one hand, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter on the other hand, or among the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.

2.2 Arrangement

- a. Subject to the terms and conditions hereof, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners agree to arrange the issuance, placement, distribution and sale of the Bonds within the Philippines to Eligible Bondholders during the Offer Period.
- b. Nothing in this Agreement shall be deemed to create a partnership or joint venture between the Issuer, on one hand, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners on the other hand, or among the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

2.3 Underwriting Commitment

- a. Subject to the conditions provided in this Agreement and the Terms and Conditions, each Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner and the Co-Lead Underwriter shall offer, distribute, and sell the Bonds within the Philippines during the Offer Period and each Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner and the Co-Lead Underwriter agrees to underwrite the Underwritten Bonds **jointly, not solidary, on a firm basis**, in the following respective amounts of the Base Offer; and if the Oversubscription Option is exercised, then as increased by including the amount of Oversubscription Bonds, to the extent exercised (the “Underwriting Commitment”).

Underwriter	Underwriting Commitment
BDO Capital & Investment Corporation	₱ [●].00
China Bank Capital Corporation	₱ [●].00
First Metro Investment Corporation	₱ [●].00
SB Capital & Investment Corporation	₱ [●].00
[●]	₱ [●].00
Total	₱ 6,000,000,000.00

- b. During the Offer Period and with the consent of the Issuer, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may exercise the Oversubscription Option by submitting an irrevocable written notice to the Issuer, indicating the amount of Oversubscription Bonds applied for, which shall not be less than PHILIPPINE PESOS: FIFTY MILLION (₱50,000,000.00), in accordance with the allocation agreed upon among the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and the Co-Lead Underwriter. The amount of the Oversubscription Bonds indicated in the irrevocable written notice to the Issuer forms part of the Underwriting Commitment of the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the remaining bonds under the Debt Securities Program will be automatically

increased by such number of Oversubscription Bonds that will not be taken up or exercised. For the avoidance of doubt, no such irrevocable written notice to exercise the Oversubscription Option shall be issued without the unanimous consent of all the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, and the Co-Lead Underwriter.

- c. In the event that any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, or Co-Lead Underwriter fails to comply with its Underwriting Commitment because of its own fault for any reason whatsoever (provided that such failure is not caused by force majeure and/or such failure is attributable to the fault of the Issuer) the Issuer may appoint such other Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner/s or Co-Lead Underwriter under terms and conditions as the Issuer may deem reasonable under the circumstances.

2.4 Scope of Obligations of the Underwriters

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall have the following obligations in their capacity as Joint Issue Managers:

- a. Each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall have such rights and obligations as set forth in this Agreement as well as such other rights as may be further granted to it by the Issuer in writing. No implied covenants or obligations shall be read into this Agreement against each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners save where such covenants or obligations are imposed or implied by Applicable Law.
- b. Each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall not be liable except for the performance of its duties and obligations as specifically set forth in this Agreement and no Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner or any of its officers, directors, agents, or employees shall be held liable for any action taken or omitted to be taken by, or be held responsible for the obligations of, the other Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners in connection with this Agreement, except for its own gross negligence or willful default.
- c. Nothing herein shall be construed as requiring the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to give or provide any legal, accounting, tax, or other specialist or technical advice or services, including but not limited to insurance, legal, taxation, accounting, regulatory or financial or strategic advice, other than as otherwise expressly set out in this Agreement, or give advice on any aspect relating to regulatory requirements in the Philippines or elsewhere.
- d. Without diminishing its obligations under this Agreement, each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may execute any of its duties hereunder by or through, or in conjunction with, one or more of its affiliates or through agents or attorneys-in-fact. Without diminishing its obligations under this Agreement, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may consult with legal counsel and other professional experts and consultants selected by it.
- e. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may have

certain material interests in the Offer other than the fees to be paid by the Issuer herein in respect of the work undertaken as issue managers of the Offer. Provided that the obligations of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners herein shall not be diminished, the Issuer accepts that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may, without reference to the Issuer, and without taking into account the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners' involvement with the Issuer as issue managers or in any other capacity in connection with the Offer, have a financial interest in the Offer, and/or make a market in the shares or other securities of the Issuer, or those of other companies with an interest in the Offer, and/or advise clients in relation to the buying, selling and/or holding of such shares or securities, and/or buy, sell or hold such shares or securities on behalf of clients for investment purposes and/or have existing lending exposure to the Issuer or other companies with an interest in the Offer. Although the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners in the course of such other relationships may acquire information about the Offer or other matters concerning the Issuer, they shall have no obligation to disclose such information, or the fact that a Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner is in possession of such information, to the Issuer or to use such information for the benefit of the Issuer. It is hereby understood and agreed that the Issuer's acceptance as above provided does not in any way imply acceptance of knowledge, responsibility or liability for any such transactions.

- f. None of the provisions contained in this Agreement shall require the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement if, in the determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to them under the terms of this Agreement, unless such cost, expense or liability is for the account of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners under this Agreement.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and the Co-Lead Underwriter shall have the following obligations in their respective capacities as Joint Lead Underwriters and Joint Bookrunner/Co-Lead Underwriter:

- g. For the avoidance of doubt, the obligations and liabilities of each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to the Issuer arising from the offer, distribution, and sale of the Bonds is strictly limited to its respective Underwriting Commitment.
- h. Each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall not be liable except for the performance of its duties and obligations as specifically set forth in this Agreement and no Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter or any of its officers, directors, agents, or employees shall be held liable for any action taken or omitted to be taken by, or be held responsible for the obligations of, the other Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in connection with this Agreement, except for its own gross negligence or willful default.

- i. Nothing herein shall be construed as requiring the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to give or provide any legal, accounting, tax, or other specialist or technical advice or services including but not limited to insurance, legal, taxation, accounting, regulatory or financial or strategic advice, other than as otherwise expressly set out in this Agreement, or give advice on any aspects relating to regulatory requirements in the Philippines or elsewhere.
- j. Without diminishing its obligations under this Agreement, each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may execute any of its duties hereunder by or through, or in conjunction with, one or more of their affiliates or through agents or attorneys-in-fact. Without diminishing its obligations under this Agreement, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may consult with legal counsel and other professional experts and consultants selected by it.
- k. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may have certain material interests in the Offer other than the fees to be paid by the Issuer herein in respect of the work undertaken as Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to the Offer. Provided that the obligations of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter herein shall not be diminished, the Issuer accepts that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may, without reference to the Issuer, and without taking into account the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's involvement with the Issuer as Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or in any other capacity in connection with the Offer, have a financial interest in the Offer, and/or make a market in the shares or other securities of the Issuer, or those of other companies with an interest in the Offer, and/or advise clients in relation to the buying, selling and/or holding of such shares or securities, and/or buy, sell or hold such shares or securities on behalf of clients for investment purposes and/or have existing lending exposure to the Issuer or other companies with an interest in the Offer. Although the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in the course of such other relationships may acquire information about the Offer or other matters concerning the Issuer, it shall have no obligation to disclose such information, or the fact that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter are in possession of such information, to the Issuer or to use such information for the benefit of the Issuer. It is hereby understood and agreed that the Issuer's acceptance as above provided does not in any way imply acceptance of knowledge, responsibility or liability for any such transactions, without prejudice to Section 9.1.
- l. None of the provisions contained in this Agreement shall require the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to expend or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties or in the exercise of any of their rights or powers under this Agreement (other than their respective Underwriting Commitment or unless such cost, expense or liability is for the account of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead

Underwriter under this Agreement) if, in the determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to them under the terms of this Agreement.

- m. In consultation with the Issuer, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may organize such syndicate of participating or sub-underwriters, soliciting dealers and/or selling agents as they may deem necessary or convenient, and as they may select under such terms and conditions not inconsistent with this Agreement as may be agreed upon between and among them and such members.
- n. For the duration of the Offer Period, the Bonds may be acquired only through any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and such syndicate of participating or sub-underwriters, soliciting dealers, and/or selling agents selected by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in accordance with this Agreement.

2.5 Fulfillment of Underwriting Commitment

- a. Each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall remain solely responsible to the Issuer in respect of its obligations under this Agreement.
- b. Relying on the representations and warranties contained in Section 7.1 hereof and subject to satisfaction of the conditions set out in Section 5.1, each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be deemed as of 5:00 p.m. on the last day of the Offer Period, to have irrevocably subscribed for and agreed to purchase on the terms set forth herein and in the Application to Purchase, the unsold portion of the Underwritten Bonds but only to the extent of their respective Underwriting Commitment as set out in Section 2.3 and after taking into account the Bonds taken up by the investors in general, all duly completed Applications to Purchase and payments received by the end of the Offer Period. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall pay or shall cause their respective clients to pay at the Purchase Price (it being understood that any portion of such Underwritten Bonds not taken up and paid for by their respective clients shall be taken up and paid for by the relevant Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to the extent of their relevant Underwriting Commitment).

2.6 Submission of Documents to the Registrar

- a. Before the commencement of the Offer Period, the Issuer shall deliver to the Registrar the documents referred to in Section 2.4.2 of the Registry and Paying Agency Agreement.
- b. In the event that there are deficiencies in the foregoing documents as specified in a written notice issued by the Registrar, the Issuer or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall correct

or remedy such deficiencies in accordance with the Registry and Paying Agency Agreement.

Section 3 APPLICATION AND PAYMENT FOR THE BONDS

3.1 Application to Purchase and Payment Terms

- a. Subject to Applicable Law and the Terms and Conditions, there shall be no limitation on the number of Bonds that Applicants may apply for.
- b. All applications to purchase the Bonds shall be evidenced by a duly completed originally signed Application to Purchase, or a completed Application to Purchase electronically submitted through the e-SIP facility, and should be submitted to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or through the e-SIP facility, together with the documentary requirements set forth in Sections 3.1(c) to 3.1(e) below not later than 5:00 p.m. on the last day of the Offer Period.
- c. The Application to Purchase of corporate, partnership, institutional or trust account Applicants must be accompanied by the following:
 - (i) an original notarized certificate by the corporate secretary (or an equivalent officer of the Applicant) setting forth resolutions of the board of directors, partners or equivalent body (x) authorizing the purchase of the Bonds indicated in the Application to Purchase and (y) designating the signatory/ies, with their specimen signature/s, for the said purposes;
 - (ii) copies of its Articles of Incorporation and By-laws (and latest amendments thereof), together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory/ies;
 - (iii) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to the Registrar;
 - (iv) valid and unexpired identification document(s) of the authorized signatories of the Applicant, as specified in Section 3.1(d) below;
 - (v) valid tax identification number ("TIN") issued by the BIR; and
 - (vi) such other documents as may be reasonably required by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering and requirements related to the Foreign Account Tax Compliance Act ("FATCA").

- d. The Application to Purchase of an individual Applicant must be accompanied by the following:
- (i) identification document (“ID”) of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: TIN ID, Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, *e.g.*, Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, Maritime Industry Authority, Philippine Health Insurance Corporation company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
 - (ii) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
 - (iii) Valid TIN issued by the BIR; and
 - (iv) such other documents as may be reasonably required by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or the Registrar in implementation of its internal policies regarding “know your customer” and anti-money laundering and requirements related to the FATCA.
- e. An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth in Section 3.1(c) and Section 3.1(d) above, be required to submit the following requirements to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter (together with the Application to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:
- (i) Proof of Tax Exemption or Entitlement to Preferential Tax Rates
 - For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code) including non-stock savings and loans associations; (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid,

current and subsisting” if it has not been more than 3 years since the date of issuance thereof;

- For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
- For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax;
- For entities claiming tax treaty relief - original or certified true copies of the following documents:

General requirements:

- (a) Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- (b) Original and duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer’s authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

- (c) Authenticated copy of the Bondholder’s Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- (d) For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- (e) For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional requirements for entities:

- (f) Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;

- (g) List of owners/beneficiaries of the Bondholder;
- (h) Proof of ownership of the Bondholder; and
- (i) TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for interest payments due in each subsequent calendar year and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

- (ii) A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; Provided, that, in the case of Tax- Exempt Personal Equity Retirement Account, an additional representation and warranty shall be added that the PERA Fund consists of contributions which qualify for exemption from income tax pursuant to Section 9 of the PERA Act of 2008; and

Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

The Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Failure to submit any of the documents provided under (i), (ii), and (iii) above, as may be applicable, will result in the application of withholding tax rate provided under the Tax Code.

- f. The purchase price for each Bond which is equal to the face amount of such Bond (the “Purchase Price”) is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in check or appropriate debit instructions or payment instructions made out to the order of, and delivered to, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or Selling Agents.

3.2 Manner of Distribution; Allocation and Submission of Final Sales Report

- a. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall, at its discretion but with the consent of the Issuer, determine the manner by which proposals for applications for purchase and issuances of the Bonds shall be solicited, with the primary sale of the Bonds to be effected only through the Underwriters.
- b. Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, in consultation with the Issuer, shall agree on the process for allocating the Bonds and the manner of accepting the Applications to Purchase. Consistent with bank procedures (if applicable) and such agreed procedure, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be responsible for determining who are Eligible Bondholders from the Applicants and for establishing the *bona fide* identity of each in accordance with AMLA, as well as its own internal policies and arrangements under acceptable standards and policies regarding “know-your-customer” and anti-money laundering. Nothing herein, however, shall be construed as preventing any of the Parties from performing their own investigation in accordance with the AMLA and their own internal guidelines and standards.

The Application to Purchase may be originally signed in the form prescribed under Schedule 2 of the Registry and Paying Agency Agreement, or electronically submitted through the e-SIP. The Application to Purchase, once accepted, may not be unilaterally revoked or cancelled by the Applicant, in full or in part, and the rights and privileges pertaining thereto shall be non-transferrable.

- c. Based on each tentative report on sales of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, they shall, as soon as practicable, commence the evaluation of the same for purposes of allocating the Bonds to the Applicants based on the agreed procedure described under Section 3.2(b).
- d. If the Bonds shall be insufficient to satisfy all Applications to Purchase, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, shall proceed with the manner of allocation and/or rejection of the Applications to Purchase, including the scaling down of allocations.
- e. After allocating the Bonds to the Applicants, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall immediately prepare and complete the

Allocation Report and transmit the same to the Registrar on or before 9:00 a.m. of the date that is three (3) Banking Days before the Issue Date, and in accordance with Section 2.4.3 of the Registry and Paying Agency Agreement.

- f. Based on the Allocation Report, each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall prepare a sales report detailing the Applications to Purchase covering the Bonds it has approved and accepted, for purchase during the Offer Period (the “Final Sales Report”).

However, if the e-SIP shall be used for the Offer, the Final Sales Report is generated by the portal and the preceding paragraph shall not be applicable.

- g. In the event that the total sales reflected in a Final Sales Report is less than the principal amount of the Bonds allocated to such Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, or the Co-Lead Underwriter, any such difference shall be registered in the name of such Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter pursuant to its Underwriting Commitment. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall submit the Application(s) to Purchase covering such unsold Bonds simultaneously with the submission of the Final Sales Report.
- h. The Final Sales Report by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be submitted to the Registrar no later than 5:00 p.m., three (3) Banking Days immediately preceding the Issue Date, together with such other documents as may be required by the Registrar under the Registry and Paying Agency Agreement subject to compliance with the applicable requirements of the Data Privacy Act and its Implementing Rules and Regulations (the “DPA IRR”), to enable the Registrar to issue and prepare the Register of Bondholders and the relevant Registry Confirmations, including but not limited to the following:
 - (i) a copy of the Allocation Report;
 - (ii) a certificate issued by an authorized representative of each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, that: (w) the necessary or know-your client process was conducted on the Applicants pursuant to the AMLA and the amendments thereto as well as its implementing rules and regulations (“IRR”), (x) the identity of the Applicants were duly established pursuant to the AMLA and its IRR; (y) to the best knowledge of each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriters, all information provided to the Registrar regarding the Applicants are true, complete, current and correct, and (z) all authorizations and waivers from the Applicants necessary for each of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to disclose all information required by the Registrar to determine the eligibility of the Applicants have been duly obtained;
 - (iii) the duly accomplished Application to Purchase, including the required supporting documents set forth in Sections 3.1(c) to 3.1(e) for each Application to Purchase.

However, if the e-SIP shall be used for the Offer, the documents listed above, where appropriate, can be submitted by the Selling Agents using the e-SIP facility no later than 9:00 a.m., one (1) Banking Day immediately preceding the Issue Date.

- i. A copy of the Final Sales Report accompanied by the notarized Certification under Section 3.2(g)(ii) above shall likewise be given to the Issuer.

However, if the e-SIP shall be used for the Offer, the Final Sales Report shall be generated by the e-SIP and submitted by the Selling Agents using the e-SIP facility in accordance with the PDEX rules.

- j. The Parties acknowledge that the procedure in relation to the Registrar, the Register of Bondholders, and other matters in relation thereto shall be as follows:
 - (i) The Registrar shall register in its Register of Bondholders on Issue Date the amount of the Bonds held by each accepted Applicant and the information needed to create the registry account based solely on the certified Final Sales Report from the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.
 - (ii) The Registrar shall verify that the total sales as indicated in the Final Sales Report submitted by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter are within the total amount of the Bonds authorized for sale by the SEC, and consistent with the aggregate Underwriting Commitment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter as indicated in the Allocation Report.
 - (iii) In the event that the Registrar determines that there is any documentation deficiency or error in the submission of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, the Registrar shall coordinate with the Underwriter concerned to immediately take the necessary action to remedy the deficiency. The relevant Underwriter shall be given five (5) Banking Days after Issue Date to remedy or cure any documentation or other deficiency as stated in the Final Sales Report.
 - (iv) The Registrar will not issue a Registry Confirmation to the Bondholder pending completion of documentation. In addition, such Bondholder will not be allowed to sell or transfer his Bonds until such deficient document/s has/have been fully remedied.

However, if the e-SIP shall be used for the Offer, once an Application to Purchase is endorsed by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, the Registrar shall automatically issue a Registry Confirmation to the Bondholder and the provisions in the preceding paragraph concerning deficiencies or errors in the submissions of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter under 3.2i (iii) and (iv) shall not be applicable.

- (v) The Issuer shall, not later than 9:00 a.m. on Issue Date, deliver the duly executed Master Certificates of Indebtedness covering the entire principal amount of the Bonds, to the Trustee, with a copy to the Registrar. The Trustee shall, upon its receipt of the duly executed Master Certificates of Indebtedness, immediately notify the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter of such fact in writing (including, without limitation, by facsimile transmission, telex or telecopier or electronic mail).

3.3 Remittance of Purchase Price

- a. After confirmation of receipt by the Trustee of the Master Certificates of Indebtedness, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall deliver or cause the delivery of the Purchase Price of the Underwritten Bonds to the Issuer in accordance with this Section 3.3, subject to the satisfaction of the conditions set out in Sections 3.1 and 5.1. The Purchase Price of the Underwritten Bonds shall be remitted in cleared and available funds via RTGS to bank account no. [•] (Unionbank, 32nd Street, BGC, Taguig City), under the account name, "Aboitiz Power Corporation" (the "Receiving Account"), not later than 11:00 a.m., on the Issue Date as payment for the Purchase Price of the Underwritten Bonds sold by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or deemed purchased by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter pursuant to their respective Underwriting Commitments except as to Application/s rejected by the Issuer. In such a case, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall not be obliged to remit the amount/s for such rejected Application/s. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall, not later than 12:00 n.n. on the Issue Date, submit to the Issuer via fax or electronic mail a copy of its RTGS remittance instructions.
- b. All remittances of the Purchase Price by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to the Receiving Account shall be in an amount equal to the Purchase Price for the Underwritten Bonds allocated to it pursuant to the allocation held prior to the Offer Period, including all payments received from qualified institutional buyers, and their proprietary sales or in an amount equal to the Underwriting Commitment in the event that the Issuer calls on the Underwriting Commitment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.
- c. In the event that an Underwriter fails to remit the Purchase Price to the Receiving Account on the Issue Date, such Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be liable to remit the deficient sums to the Issuer, and shall also be liable to the Issuer for the interest on such amount not remitted on time at a rate equal to the then applicable interest rate on Bonds, from the Issue Date to the date of the actual remittance, without prejudice to any other action which the Issuer may take to protect its interest; provided, that such Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall not be liable hereunder where such failure is not due to the fault of such Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners,

and the Co-Lead Underwriter or where such failure is caused by an event beyond the control of such Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and/or such failure is attributable to the fault of the Issuer.

3.4 Rejection of Applications to Purchase/Refunds

- a. In the event an Application to Purchase is rejected or the amount of the Bonds applied for is scaled down for a particular Applicant on grounds stated in the Offer Supplement or in accordance with the agreed procedure described under Section 3.2(b), the relevant Underwriter, upon completion of the Allocation Report, shall notify the Applicant concerned that his/her application has been rejected or that the amount of Bonds applied for is scaled down.
- b. With respect to an Applicant whose application was rejected or scaled down in accordance with the agreed procedure described under Section 3.2(b), refund shall be made without interest by the relevant Underwriter within ten (10) Banking Days after the last day of the Offer Period through issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and made available for pickup, at the risk of the Applicant, at the office of the relevant Underwriter. For the avoidance of doubt, the relevant Underwriter that is responsible for the refund of any Application to Purchase that is rejected or scaled down in accordance with the agreed procedure described under Section 3.2(b) shall hold the Issuer free and harmless of any loss or damage (excluding indirect or consequential loss or damage) arising therefrom.

3.5 Correction of Entries

Any changes to the Register of Bondholders as may be necessary to correct erroneous information shall be made in accordance with the Registry and Paying Agency Agreement.

Section 4 LISTING

4.1 Application for Listing

- a. The Issuer shall, as soon as reasonably practicable, apply for the Bonds to be listed on the PDEX.
- b. The Issuer agrees to deliver to PDEX copies of all necessary documents and to take such other steps as may be required for the purpose of obtaining and maintaining such listing including, without limitation, the payment of the necessary fees for listing.

4.2 Maintenance of Listing

In the event the Bonds are listed in the PDEX, the Issuer shall maintain the listing of the Bonds for as long as the Bonds are outstanding, unless it shall become unlawful for the Issuer to maintain such listing. In the event of termination of listing, the Issuer shall exert best efforts to ensure the Bonds are immediately listed again in the PDEX or such other proper exchange licensed by the SEC as an exchange under the provisions of the SRC.

Section 5 CONDITIONS PRECEDENT

5.1 Conditions to Obligations of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter

The obligations of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter under this Agreement: (i) are premised and conditioned on the truth and accuracy of the representations and warranties of the Issuer in Section 7.1 hereof from the signing of this Agreement, throughout the Offer Period, and up to Issue Date; and (ii) shall be conditioned on the occurrence of all of the following conditions on or before Issue Date:

- a. the completion of a customary due diligence review of the Issuer, with results reasonably satisfactory to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
- b. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, and the Registrar, through their respective counsel, of a copy of the Offer Supplement and the Certificate of Permit to Sell Securities in respect of the Bonds under the Issuer's Registration Statement for the Debt Securities Program certified by the corporate secretary of the Issuer or any of its authorized officers as a true copy;
- c. the execution and delivery of the Transaction Documents by the relevant parties thereto;
- d. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, through their counsel or any of their authorized representative, and the Registrar three (3) Banking Days before the Issue Date, through their respective counsels, of a certificate issued by the corporate secretary of the Issuer certifying to:
 - (i) the resolutions of the board of directors of the Issuer authorizing the issuance, offering and distribution of the Bonds and the performance by the Issuer of all the terms and conditions of the Bonds including *inter alia* details of the issue size, and the appointment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, the Registrar, the Paying Agent, and the Trustee, and
 - (ii) the authority, name, title, and specimen signature of each officer of the Issuer authorized to sign, execute and deliver any document necessary for the Offer, including but not limited to the Transaction Documents;
- e. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, and Registrar, at least three (3) Banking Days before Issue Date, through counsel, of the SEC Certificate of Incorporation and Articles of Incorporation and By-Laws of the Issuer, certified by the corporate secretary of the Issuer or any of its authorized officers as a true copy;
- f. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter on the Issue Date, through

counsel, of a written confirmation from the Issuer, executed by an authorized officer, dated as of the Issue Date and in form and substance acceptable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter that:

- (i) the representations and warranties contained in Section 7.1 of this Agreement are true and correct at, and as if made on, the Issue Date;
 - (ii) the Issuer has performed its obligations herein to the extent required as of Issue Date, and that the conditions specified in this Section 5.1 have been satisfied;
 - (iii) none of the events enumerated in Section 10.1a(i) to Section 10.1a(xiii) has occurred or is continuing as of Issue Date;
 - (iv) all documents delivered to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter pursuant to this Section 5.1 are in full force and effect as of Issue Date; and
 - (v) subsequent to the date of the most recent financial statements in the Offer Supplement, there has been no event or condition which would have a Material Adverse Effect on the Issuer except as disclosed in the Offer Supplement or other documents in the public domain.
- g. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, through counsel, of a closing opinion, issued by the legal counsel of the Issuer and dated as of Issue Date, in form and substance acceptable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
- h. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter through counsel or any of their authorized representatives, of comfort letters from the external auditor of the Issuer, SyCip Gorres Velayo & Co., dated as of the date of the Final Offer Supplement and as of Issue Date, in form and substance acceptable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
- i. the Offer Period shall have closed according to the terms and conditions of the Offer, except if certain terms and conditions of the Offer are changed due to the fault or gross negligence, or with the consent, of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
- j. there shall have occurred no downgrading, nor shall any notice have been given of (i) any intended or potential downgrading, or (ii) any review or possible change which does not indicate the direction of any change, in a rating solicited by the Issuer in accordance with SEC regulations for the Bonds from any rating agency;
- k. receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter no later than the Issue Date, of the confirmation from the Trustee of the Issuer's delivery of the duly executed Master Certificates of Indebtedness covering the Bonds purchased during the Offer Period;

and

- I. the receipt via electronic mail by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter no later than the Issue Date of a closing opinion, issued by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's legal counsel on the capacity and due authorization of the Issuer to enter into the Transaction Documents.

Within seven (7) Banking Days from the Issue Date, the Issuer shall provide the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter hard copies of the documents constituting conditions precedent transmitted via electronic mail as indicated in this Section 5.1.

5.2 Non-Fulfillment of Conditions Precedent

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall notify the Issuer in writing in the event that any of the above conditions are not complied with on the dates that compliance is required (unless the condition is waived unanimously in writing by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter at their sole discretion), and thereupon this Agreement and the obligations of the Parties under this Agreement shall forthwith lapse with the effects set forth in Section 10.4 below. Provided however that, in lieu of cancellation or termination, and with the prior consent of the Issuer and subject to Applicable Law, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may change the structure and pricing of the Offer if it determines that such changes are advisable in order to ensure the successful placement of the Offer.

Section 6 INFORMATION, PROSPECTUS, AND OFFER SUPPLEMENT

6.1 Materials for the Offer

- a. The Issuer, the Bonds and the terms and conditions of the Offer are as described as required by the SEC in the Prospectus and the Offer Supplement which is made an integral part hereof by reference.
- b. The Issuer shall furnish the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter with applicable and relevant documents and information, give all such relevant undertakings, execute all such required agreements and instruments, and do all such acts and deliver all such things as may be reasonably required in connection with the fulfillment of the conditions contained in Section 5.1 of this Agreement, and the preparation and finalization of the Offer Supplement and all Transaction Documents.
- c. The Issuer hereby authorizes the use by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter of the Offer Supplement for purposes of the Offer. The Issuer shall, through the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, furnish and deliver as many copies of the Offer Supplement and the Application to Purchase as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may reasonably request.

6.2 Limitations of Use

- a. Each Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter agrees not to use any material except the Prospectus and the Offer Supplement, its amendments or supplements, and other circulars, letters, or sales literature provided by the Issuer or approved by the Issuer in writing in respect of the Offer. Any advertisement or press release relating to the Offer shall be subject to prior written approval by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, and the Issuer, which shall not be unreasonably delayed or withheld. Any Party to this Agreement committing a violation of this Section 6.2 shall be liable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, and the Issuer for any advertisement or press release relating to the Offer, which has not been previously approved by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and the Issuer.
- b. Unless such public announcement or communication is in adherence with Section 6.2, neither the Issuer nor the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall make public announcements or communications concerning any aspect of the Offer, which is or may be material without the other Parties' prior written approval (which approval shall not to be unreasonably withheld) except for such announcements or communications required by Applicable Law.
- c. If so required under Applicable Law, any and all acts and deeds legally required to be done or obtained before such notices or advertisements can be made or such other sales literature can be distributed, shall be performed, executed, done or obtained by the Issuer on or before the final approval by the Issuer of the advertisements and/or sales literature.

Section 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Issuer

The Issuer hereby represents, warrants and undertakes to the other Parties that, except as otherwise disclosed in the Prospectus and the Offer Supplement and to the general public in accordance with the relevant rules of the SEC and Philippine Stock Exchange:

- a. To the best of the knowledge of the Issuer, reckoned from date of this Agreement, no grounds exist for the issuance of any cease and desist order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Prospectus and/or the Offer Supplement or no such order has been issued or threatened by the SEC. If at any time the SEC shall issue any order suspending the effectiveness of the Registration Statement or the Prospectus and/or the Offer Supplement, the Issuer shall exert its best efforts to obtain the withdrawal of such order at the earliest possible time. The Prospectus, the Offer Supplement, and the Registration Statement: (i) are compliant and will remain compliant in all material respects with relevant SEC regulations on bond issuances currently existing ("SEC Rules"); (ii) contain all information and particulars with respect to the Issuer and to

the Bonds which are material in the context of the Offer (including, without limitation, all information required by the Applicable Law and the information which, according to the particular nature of the Issuer and the Bonds, are required to be provided to potential investors to enable investors to make an informed assessment of the financial position, capitalization, assets, business, operations and prospects of the Issuer in its entirety and the rights attaching to the Bonds); (iii) do not contain any untrue statement of a material fact nor omit to state a material fact required to be stated or necessary to make the statements (taken as a whole) not misleading under the circumstances; and (iv) all reasonable enquiries have been made by the Issuer to ascertain such material facts and to verify the accuracy of all such material information and statements. The Permit to Sell Securities, Registration Statement, the Prospectus or the Offer Supplement shall continue to be in the aforementioned condition during the Offer Period.

- b. Except for the Permit to Sell Securities which shall be in full force and effect on or before the Offer Period and until the Listing Date, and the approval of the PDEx for the listing of the Bonds which shall be in full force and effect upon the issuance of the Bonds, there are no filings or registrations with, nor any rulings, approvals and consents of, any government, administrative or regulatory agency, that are necessary for the execution and delivery by the Issuer of the Transaction Documents, the circulation of the Prospectus or the Offer Supplement, the issue and distribution of the Bonds, and the performance by the Issuer of its obligations under the Bonds and the Transaction Documents.
- c. No proceeding for the purpose of non-issuance of the Permit to Sell Securities has been instituted or, to the best knowledge of the Issuer, threatened by the SEC or any third party.
- d. The statements, forecasts, estimates and expressions of opinion contained in the Registration Statement, the Prospectus, and the Offer Supplement, including but not limited to the profits, prospects, dividends, indebtedness, assets, liabilities, cash flow and working capital of the Issuer have been made after due and proper consideration, and represent reasonable and fair expectations honestly held based on facts known to the Issuer as of the respective dates as of which information is given in the Registration Statement, Prospectus, and the Offer Supplement.
- e. The Issuer is a corporation duly organized, validly existing, and in good standing under and by virtue of the laws of the Philippines, and has its principal office at the address indicated in the recitals of this Agreement.
- f. The Issuer is registered or qualified to do business in every jurisdiction where registration or qualification is necessary; and has full legal right, corporate power and authority to carry on and conduct its present business, to own and lease the properties and assets owned and leased by it, to issue the Bonds and to execute and deliver the Transaction Documents, and to comply, perform and observe the terms and conditions thereof.
- g. The Articles of Incorporation, By-Laws and other constituent documents of the Issuer authorize, and all required corporate, governmental and legal action, approvals, consents and authorization have been taken by the Issuer to authorize, the execution, delivery and performance of the Transaction Documents.

- h. This Agreement constitutes, and each other Transaction Documents when executed and delivered pursuant hereto and the obligations of the Issuer will constitute, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, and except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other similar laws of general application relating to or affecting the enforcement of creditors' rights; and (ii) the application of general equitable principles; provided, that the documentary stamp taxes due on the issuance of the Bonds shall be paid by the Issuer within the period allowed under Applicable Laws.
- i. The execution, delivery and performance of the Transaction Documents, the obligations of the Issuer under the Bonds and the payment of all amounts due on the dates and in the currency provided for therein by the Issuer (i) will not violate any Applicable Law, (ii) will not conflict with the Articles of Incorporation and By-Laws of the Issuer, (iii) will not conflict with or result in the breach of any provision of, or in the creation or imposition of any Lien on any of the properties of the Issuer under, any agreement or instrument to which the Issuer is a party or by which it or any of its properties or assets are bound, and (iv) will not conflict with, or constitute a default or an event that, with the giving of notice or the passing of time, or both, would constitute a default under, any such agreement or instrument, except for any such conflict, breach, violation, default or Lien under (i), (iii) or (iv) above that would not have a Material Adverse Effect.
- j. Except for the Permit to Sell Securities which shall be obtained on or before the Offer Period and until the Listing Date, and the approval of the PDEX for the listing of the Bonds which shall be in full force and effect upon the issuance of the Bonds, the Issuer has obtained all material Government Approvals and the consents of third parties, if any, which are necessary for the due execution, delivery, performance, validity and enforceability of the Transaction Documents other than the payment of the documentary stamp taxes due on the issuance of the Bonds which shall be paid by the Issuer within the period allowed by Applicable Laws and except if the failure to obtain such Government Approvals will not have a Material Adverse Effect.
- k. All conditions imposed under the SRC and any subsequent conditions imposed by the SEC for the Offer under this Agreement have been and will be complied with by the Issuer as of the date and/or time that they are required to be complied with.
- l. The Issuer shall promptly advise the Joint Issue Managers, Joint Lead Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and Joint Bookrunners, and the Co-Lead Underwriter: (i) of any request by the SEC to the Issuer for any updating, amendment or supplement to the Registration Statement or the Prospectus or the Offer Supplement or for any additional information thereon; and (ii) of the issuance by any government agency or office of any cease and desist order suspending the distribution or sale of the Bonds or the initiation of any proceeding for any such purpose. No amendment or supplement to the Registration Statement or the Prospectus have been or will be made during the Offer Period without prior written approval of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, which approval shall not be unreasonably withheld.

- m. All written information supplied or provided by the Issuer to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter for the due diligence review for the Offer and for other purposes directly relating to the Offer and to the Trustee in connection with the Transaction Documents, including the information contained in the Registration Statement, the Prospectus, and the Offer Supplement are, taken as a whole and as of their respective dates, and if amended or supplemented, as of the date of such amendment or supplement: (i) are not violative of any statute, or any rule or regulation of any government agency or office, (ii) are true, correct, and complete, in all material respects, as of the date such written information is dated or certified, and (iii) are not incomplete by omitting to state any fact necessary to make such written information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such written information was provided; provided that:
- (i) any statement in such written information describing documents and agreements are summaries only and such summaries are qualified in their entirety by reference to such documents and agreements. The Issuer represents that such summaries are accurate summaries and do not omit to state any fact necessary to make the summaries (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such written information was provided;
 - (ii) to the extent any information was based upon or constitutes a forecast, projection, opinion or other data which by its nature is uncertain, the Issuer represents only that it acted in good faith and utilized due and careful consideration in the preparation of such information;
 - (iii) as to such written information which has been sourced from or supplied by or with respect to third parties (other than any such written information supplied by the agents of the Issuer on behalf of the Issuer), the Issuer represents only that, to its reasonable knowledge and without making any independent inquiry, it is not aware of any misstatement or omission therein; and
 - (iv) no representation or warranty is made as to any information which has been expressly qualified as an opinion.
- n. Except as otherwise disclosed in the Prospectus and the Offer Supplement, since the respective dates as of which information is given in the Prospectus and the Offer Supplement and until the Issue Date: (i) there has not been any event which may have a Material Adverse Effect, or any development involving a Material Adverse Effect, in or affecting the general affairs, condition (financial or otherwise), results of operation, business, prospects, management, financial position, stockholders' equity, or financial performance of the Issuer or which makes it improbable that it will be able to fulfill any of its obligations under Transaction Documents; and (ii) the Issuer has not entered into any transaction or agreement which has a Material Adverse Effect to the Offer.
- o. The Issuer has good and marketable title to all its properties, free and clear of Liens except for Permitted Liens.

- p. The obligations of the Issuer under the Bonds shall constitute direct, unconditional, unsecured, and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any Permitted Lien, or as may be allowed by the Trust Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the Issue Date.
- q. No event has occurred and is continuing or would result from the making of this Agreement which constitutes an Event of Default or which, upon a lapse of time or notice or both, would become such an Event of Default.
- r. The Issuer is not in default in the performance, observance or fulfillment of any obligation, covenant or condition in any agreement or instrument to which they are parties or by which it or any of its properties or assets are bound, where such default will have a Material Adverse Effect;
- s. No litigation, arbitration or administrative proceeding or claim before or of any court, tribunal, arbitrator or other relevant Government Authority is pending or presently in progress or, after due inquiry and to the best knowledge of the Issuer, threatened against the Issuer, or affecting its assets and properties, which, by itself or together with any other such proceeding or claim is reasonably likely to be adversely decided against the Issuer and if so adversely decided, would have a Material Adverse Effect, or which would enjoin the execution and delivery of the Transaction Documents.
- t. The Issuer is conducting its businesses and operations in compliance with all Applicable Laws except where failure to do so will not have a Material Adverse Effect;
- u. The Issuer has filed true, complete and timely tax returns and have paid all taxes due on such tax returns and assessments received by it in respect of the ownership of its properties and assets or the conduct of their operations, except (i) to the extent the payment of such taxes is being contested in good faith and by appropriate proceedings duly conducted and covered by adequate reserves to the extent required in accordance with PFRS as interpreted by the independent external auditor of the Issuer; or (ii) the failure to file such true, complete and timely tax returns or pay such taxes will not have a Material Adverse Effect;
- v. The consolidated audited financial statements as of December 31, 2019, December 31, 2020 and unaudited consolidated financial statements as of the period ended June 30, 2021 of the Issuer provided to the Trustee or the Bondholders through the Prospectus and the Offer Supplement have been prepared in accordance with PFRS; such financial statements fairly present the financial condition and results of operations of the Issuer as of the dates stated therein and for the periods then ended, and there are no material or substantial liabilities, direct or indirect, fixed or contingent, of the Issuer as of Issue Date that are not reflected therein or in the notes thereto; and since the latest date of such financial statements, to the best knowledge of the Issuer, there has not occurred any event or circumstance which has had or would be reasonably likely to have a Material Adverse Effect and which has not been disclosed to the Trustee or the Bondholders.

- w. No information which could have a Material Adverse Effect on the Issuer has been withheld from the independent public accountants of the Issuer for the purposes of the relevant audited financial statements as set out in the Prospectus and the Offer Supplement and as used in connection with the Offer.
- x. There is no tax payable by the Issuer pursuant to the terms of any of the Transaction Documents or to be imposed on or by virtue of the execution, delivery, performance or enforcement of any of the Transaction Documents other than as disclosed in the statements in the Prospectus, and the Offer Supplement under the caption "Recent Developments Relevant to Bondholders Claiming Tax Treaty Benefits".
- y. The Issuer has not entered into any business other than those disclosed in the Prospectus and the Offer Supplement.
- z. The operations of the Issuer are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes in the Philippines and of all jurisdictions in which the Issuer conducts business or operations, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued and administered or enforced by any government agency or proceeding by or before any court or government agency (collectively, "Money Laundering Laws") and except as otherwise disclosed in the Prospectus and in the Offer Supplement, no action, suit or proceeding by or before any court or government agency, authority or body or any arbitrator involving the Issuer with respect to Money Laundering Laws is pending and to the best of knowledge, information and belief of the Issuer, no such actions, suits or proceedings are threatened.
- aa. Neither the Issuer nor any of its properties or assets enjoy any right of immunity from suit, jurisdiction, of any competent court, attachment prior to judgment, attachment in aid of execution, execution of judgment or set-off in respect of its obligations under this Agreement, the Trust Agreement and the Bonds.
- bb. The Issuer is solvent to operate and engage in business, and specifically that: (i) it is able to meet its obligations as they mature; (ii) the fair value of its assets exceeds its liabilities; and (iii) it has sufficient capital to carry on its business;
- cc. The Issuer shall use the proceeds of the Offer in accordance with the Offer Supplement.

7.2 Representations and Warranties of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter

Each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, jointly and not solidary, and with respect to itself only, represents and warrants that:

- a. It is a corporation duly organized and existing under the laws of the place of its incorporation, and is duly authorized to do business in the Philippines, with full power and authority to undertake its respective duties as a Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, or Co-Lead Underwriter, as the case may be.

- b. The execution, delivery, and performance by it of this Agreement have been duly authorized by appropriate or necessary corporate actions or approvals and constitute its valid and binding agreement and will not conflict with or constitute a breach of its Articles of Incorporation or By-Laws, or any contract or other instrument by which it or any of its assets is bound, or any Philippine law, regulation, judgment, or order of any of its offices, agencies, or instrumentalities.
- c. It has made its own independent appraisal of the business, financial condition, operations, creditworthiness and status of the Issuer based on information provided by the Issuer, and will continue to be solely responsible for making its own independent appraisal of such matters in the future.
- d. Since no action has been taken to permit a public offer of the Bonds or the distribution of the Prospectus or Offer Supplement in any jurisdiction other than the Philippines, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter have not sold or offered any of the Bonds which may be sold or acquired by them or distributed copies of the Prospectus or the Offer Supplement in any jurisdiction except under circumstances that will result in compliance with any applicable laws and/or regulations.

7.3 Notice of Material Events

The Issuer shall forthwith notify the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter if, at any time on or prior to the Issue Date, anything becomes known to the Issuer that renders or may render untrue or inaccurate any of the representations and warranties of the Issuer in this Agreement. The Issuer shall forthwith take steps as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may reasonably request to remedy and/or publicize that fact, including the making of any announcement.

7.4 Accuracy of Representations and Warranties

The representations and warranties made by the Issuer and by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in this Agreement are true, correct and accurate as of the Signing Date, throughout the Offer Period and up to the Issue Date.

Section 8 UNDERTAKINGS

8.1 UNDERTAKINGS OF THE JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS, AND THE CO-LEAD UNDERWRITER

- a. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter agree not to give any information or make any representation in respect of the Issuer, the Offer and the Bonds other than those: (i) allowed by Applicable Law or required by the courts or government authorities; (ii) contained in the Prospectus, the Offer Supplement, their amendments or supplements, and other circulars, letters, or sales literature provided by the Issuer; (iii) announcements made during a road show; or (iv) any other corporate information approved in writing by the Issuer.

- b. Since no action has been taken to permit a public offer of the Bonds or the distribution of the Prospectus or the Offer Supplement in any jurisdiction other than the Philippines, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter will not sell or offer any of the Bonds which may be sold or acquired by them or distribute copies of the Prospectus or the Offer Supplement in any jurisdiction except under circumstances that will result in compliance with any applicable laws and/or regulations. For this purpose, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall require a representation and warranty from their foreign investors that their investment in the Bonds will not violate the laws of their jurisdiction and that they are allowed to acquire or invest in the Bonds.

8.2 UNDERTAKINGS OF THE ISSUER

The Issuer shall use the proceeds of the Offer in accordance with the Offer Supplement and report such disbursements in accordance with applicable rules and regulations.

8.3 UNDERTAKINGS OF THE ISSUER AND THE JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS, AND THE CO-LEAD UNDERWRITER

In the event of failure of the e-SIP facility, the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall exert best efforts to resolve the issues caused by such failure and mutually agree on the adjustment of the timetable (if necessary) or the procedures to be performed by the parties.

Section 9 INDEMNITIES AND LIMITATIONS

9.1 Indemnity Obligation

- a. The Issuer shall indemnify and hold the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, its directors, officers employees, affiliates, agents, and stockholders, free and harmless from any and all actual, and documented losses, claims, damages, liabilities and expenses (including reasonable attorney's fees), or any actions with respect thereto, arising directly out of or by virtue of: (i) the failure of the Issuer to comply with any of its undertakings, covenants or other obligations in this Agreement and related agreements referred to herein; (ii) any defect, falsity or inaccuracy in the representations and warranties of the Issuer herein or in any material fact contained in the Offer Supplement, or any misleading statement of a material fact contained therein, or omission of, a material fact necessary or required to be stated therein for purposes of fair disclosure or to make such statement not misleading in the light of the circumstances under which it was made; or (iii) any court proceeding, litigation or other similar action against the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in connection with or with respect to the sale by the Issuer of the Bonds in the Offer, and will pay for or reimburse the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter within ten (10) Banking Days from demand for any, direct, and documented legal or other expense reasonably incurred by it in connection with investigating or defending against such losses, claims, damages, expenses, liabilities or actions, except where such court proceeding, litigation or other similar action is due to the willful misconduct or gross negligence of any Underwriter as determined by final judgement of a court of

competent jurisdiction.

- b. The Issuer shall indemnify and hold the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, its respective directors, officers and employees, free and harmless from any and all actual and documented losses, claims, damages, liability and expenses, or actions with respect thereto arising primarily and directly out of, or in connection with the appointment of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter as such pursuant to this Agreement, except to the extent that said losses, claims, damages, liability and expenses, or actions have resulted primarily and directly from the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's own willful misconduct or gross negligence. The Issuer will pay for or reimburse within ten (10) Banking Days from demand of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter of any actual and documented legal or other expense in connection with investigating or defending against such losses, claims, damages, expenses, liabilities or actions.
- c. The obligation of the Issuer to indemnify the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter for breach of the representations and warranties set out in Section 7.1 shall continue in full force and effect, notwithstanding the completion of the Offer, the performance of other provisions of this Agreement, or the termination of this Agreement.
- d. In case of assertion of any claim against the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or of the commencement of any claim, action or proceeding relating to this Agreement, including any breach or violation by or any action that may be attributable to the Issuer or any claim, action or proceeding to refund to any person the moneys paid for the Bonds or to pay damages to any person ("Claimant") on the grounds that any statement contained in the Offer Supplement, or any other offering material prepared by the Issuer or which were known to and/or approved by it in connection with the Offer is found to be untrue, inaccurate or misleading in any material respect or that the Offer Supplement, or any other offering material prepared by it in connection with the Offer did not contain any material information in the context of other grounds which constitute a breach of any of the representations or warranties contained herein, the Issuer agrees to indemnify the actual and documented liabilities, losses, damages, actions, claims, costs, charges and expenses in respect thereof including, without limitation, all such costs, charges and expenses the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may pay or incur in disputing any such claim or defending any proceeding instituted against it. If the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter receive notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any Claimant, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter will give the Issuer prompt written notice thereof. Such notice shall describe the nature of the claim in reasonable detail (including a copy of the Claimant's claim, if made in writing) and shall indicate the estimated amount, if practicable, of the claim costs, charges, and expenses that has been or may be sustained by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter. The Issuer will have the right to

participate in or, by giving written notice to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, assume the defense of any such claim at the Issuer's own expense and by the Issuer's own counsel, by all appropriate proceedings, which proceedings will be diligently defended, and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter will, upon reasonable request of the Issuer, cooperate in good faith in such defense, provided it is not inconsistent with the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's interest, at the Issuer's expense. Without the prior written consent of the Issuer (not to be unreasonably withheld or delayed), the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter will not enter into any settlement with the Claimant.

- e. Each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter agrees to indemnify and hold the Issuer free and harmless from any and all actual and documented losses, claims, damages, liability and expenses or actions with respect thereto arising primarily and directly from or in connection with the willful misconduct or gross negligence of each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, its respective successors, assigns, directors, officers, shareholders, employees, agents and representatives in the discharge of the obligations of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter under this Agreement, provided that any such losses, claims, damages, liability, and expenses are incurred from the date of this Agreement. The maximum liability of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in respect of this Section shall be limited to the amount of their respective fees, net of out-of-pocket expenses, due or payable to it under this Agreement.
- f. If in one or more instances the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall take any action or assume any responsibility not specifically required to be taken or assumed pursuant to the provisions of this Agreement, neither the taking of such action nor the assumption of such responsibility shall be deemed to be an express or implied undertaking on the part of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter that they will take the same or similar action or assume the same or similar responsibility in any other instance.
- g. Nothing in this Agreement shall be construed as (i) excusing the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter from their obligation under Section 5(A) of the Omnibus Rules and potential liability under Section 56.1(g) of the SRC, (ii) preventing the public from claiming against the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in respect of their obligation under Section 5(A) of the Omnibus Rules, and (iii) reducing or limiting the obligation of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to conduct due diligence under Section 5(A) of the Omnibus Rules.

9.2 Scope of Indemnity Obligation

- a. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-

Lead Underwriter assume no obligation and shall not be subject to any obligation or liability to any other person, except as specifically set forth in this Agreement. Neither shall the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, nor any of their officers, directors, agents, or employees be liable for any action taken or omitted to be taken by them in accordance with the terms of this Agreement, except for their own gross negligence or willful default. For the avoidance of doubt, an Underwriter shall only be liable for its own act or omission and shall not be liable for any act or omission of any other Underwriter.

- b. Neither the Issuer nor any of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be liable for indirect, consequential, or special damages under this Section 9.2.
- c. The obligations and undertakings of the Parties in this Section 9 shall survive or remain in full force and effect as long as the Bonds or any portion thereof remain outstanding.

9.3 Tax on the Bonds

The Issuer acknowledges that it has sought its own tax advice regarding the Bonds and has not relied and does not rely in any way on the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter. Consequently, the Issuer agrees to solely take full legal and financial responsibility for any of its actions in accordance with such tax advice, and further agrees to hold the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter free and harmless from any liability that may arise from the foregoing.

Section 10 TERMINATION

10.1 Option of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to Terminate

- a. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, deciding unanimously may, by prior written notice to the Issuer, cancel, suspend, or terminate this Agreement upon the occurrence of any of the following events prior to the Issue Date:
 - (i) The Issuer fails to perform any of its undertakings, covenants, or obligations under this Agreement or the Trust Agreement, or any representations and warranties made by the Issuer in the Agreement or the Trust Agreement, or any information given in the Offer Supplement is untrue or misleading, or has become untrue or misleading to a material extent, or fails to complete the conditions precedent as set in Section 5.1, or
 - (ii) An order cancelling, suspending, or terminating the offer, sale, distribution, or issuance of the Bonds is issued by any Governmental Authority with competent jurisdiction.
 - (iii) Any change or impending change occurs in any Applicable Law which (x) could materially and adversely affect any of the features, yield, or marketability of the Bonds, or the financial position, operations, profitability, or business

prospects of the Issuer, or the ability of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to perform any of their obligations under this Agreement or any substantive aspect of this Agreement, or (y) increases or may increase the taxes on the fees or increase the costs of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in performing their obligations under this Agreement, and in both (x) and (y), render it inadvisable or impracticable to proceed with the Offer in the manner contemplated by this Agreement or the Registration Statement or the Offer Supplement.

- (iv) Declaration of a war by a sovereign state against the Philippine government or vice versa; occurrence of an invasion, sedition, revolution, military uprising, widespread civil disorder, national calamity or other adverse political or social developments which, in the reasonable determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, would have a material adverse effect on the value or marketability of the Bonds.
- (v) The Issuer is compelled to stop or is about to stop its operations pursuant to an order of a competent Governmental Authority.
- (vi) A general banking moratorium is declared in the Philippines.
- (vii) Any event occurs which makes it legally impossible for the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter whose aggregate Underwriting Commitments constitute more than fifty percent (50%) to perform their obligations hereunder due to conditions beyond their control, so long as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter are not, independent of such event, in breach of any of its obligations.
- (viii) In the reasonable determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, after discussions and consultations, in good faith, with the Issuer, a (x) material and adverse change or development in the financial condition, assets, corporate structure or relationships, investments, revenues, operations, or business and profitability prospects of the Issuer or (y) material change in the general commercial bank, loan syndication, financial or capital market conditions, the national or international financial, social, political or economic conditions or currency exchange rates or exchange controls, which in each case is reasonably expected to have a material and adverse effect on, and is likely to prejudice materially the successful distribution of, the Bonds in the primary market and/or dealings in the Bonds in the secondary market.
- (ix) In the sole opinion of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, after discussions and consultations, in good faith, with the Issuer, a change, or any development involving a prospective change, occurs or is revealed in the social, political, economic, or fiscal conditions, policies, or relationships of the Philippines, notably any material and adverse development or change in the general commercial bank, bond, loan syndication, financial or capital market

conditions, the national financial, political or economic conditions which in each case may materially and adversely affect the Offer and render it inadvisable or impracticable to proceed with the Offer in the manner contemplated by this Agreement or the Registration Statement or the Offer Supplement.

- (x) Any other event, whether or not similar to any of the above, should occur or be revealed which, in the reasonable determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter will materially and adversely affect the circumstances existing when this Agreement was entered into rendering it inadvisable or impracticable to proceed with the Offer in the manner contemplated by this Agreement or the Registration Statement or the Offer Supplement; provided, that such event is beyond the control of and/or not attributable to the fault of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.
- (xi) Any Government Authority issues an order cancelling, suspending, or terminating the Offer.
- (xii) The Issuer shall be adjudicated by final order of a competent court as bankrupt or insolvent, or shall be proven to be unable to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class of creditors, or shall declare or threaten to declare a moratorium on its indebtedness or any class of indebtedness; or the Issuer shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or such receiver, trustee, or similar officer shall be appointed and such appointment shall continue undischarged for a period of ninety (90) days; or the Issuer shall institute (by petition, application, or otherwise) or consent to the institution of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against it and shall remain undismissed for a period of ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process shall be issued or levied against any material asset of the Issuer and such judgment, writ, or similar process shall not be released, vacated, or fully bonded within ninety (90) days after its issue or levy; or any event occurs which, under Applicable Law, has an effect equivalent to any of the foregoing.
- (xiii) Any other event, whether or not similar to any of the above, should occur or be revealed which, in the reasonable determination of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, after discussions and consultations, in good faith, with the Issuer, will materially affect the circumstances existing when this Agreement was entered into; provided, that such event is beyond the control of and/or not attributable to the fault of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.

b. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-

Lead Underwriter may suspend, cancel or terminate its Underwriting Commitment by giving written notice to the Issuer if, on or prior to the Issue Date, performance of or compliance with any of the undertakings of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter or its covenants and obligations herein becomes impossible due to conditions beyond its control, such as force majeure, natural calamities and disasters, flood, storm, earthquake, wars, riots, insurrections, terrorist acts, epidemic or pandemic (including but not limited to severe acute respiratory syndrome, avian flu, and COVID-19 quarantine restrictions) and/or any other cause beyond the reasonable control of and which cannot be reasonably foreseen by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.

- c. No waiver of the applicability of any provision in this Section 10 shall be deemed implied from the execution by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and the Issuer of this Agreement.

10.2 Option of the Issuer to Terminate

The Issuer may, by prior written notice to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, cancel, suspend, or terminate this Agreement fully or with respect to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter upon the occurrence of any of the following events prior to the Issue Date:

- a. The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter fail to perform any of its undertakings, covenants, or obligations under this Agreement; or in any material respect.
- b. Any of the representations and warranties of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter under this Agreement is or becomes untrue or misleading in any material respect.
- c. Any change or imminent change occurs in any Applicable Law which, upon prior consultation with the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, (x) could materially and adversely affect the ability of the Issuer to perform any of its obligations under this Agreement, or (y) increases or may materially increase the taxes on the fees or increase the costs of the Issuer in performing its obligations under this Agreement, and in both (x) and (y), render it inadvisable or impracticable to proceed with the Offer in the manner contemplated by this Agreement or the Registration Statement or the Prospectus or the Offer Supplement.

Provided, that such event is beyond the control of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and/or is not attributable to the fault of the Issuer.

10.3 Discussions in Good Faith

In case of events, which are not due to the fault of any of the Parties, the Parties shall discuss in good faith any remedial actions or steps.

The Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall not exercise the right to suspend, cancel or revoke its Underwriting Commitment (under Section 10.1(b)) or this Agreement (under Section 10.1(a)) until and unless consultation in good faith shall have first been held with the Issuer, and the Parties in discussions shall have failed to resolve the situation. In the event that after consultation, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter and/or the Issuer decide(s) to terminate this Agreement, the terminating Party (*i.e.*, the Issuer or Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter) or both Parties (should they mutually agree to terminate) shall send written notice to all concerned Parties and the SEC regarding such termination within one (1) Banking Day from the date of termination.

10.4 Effect of Termination

Upon the giving of written notice of termination, all the obligations of the Parties hereunder shall cease and terminate, and no Party to this Agreement shall have any claim against the other in respect of any matter or thing arising out of or in connection with this Agreement, provided that except when the termination is due to any of the grounds for termination by the Issuer under Section 10.2: (a) the foregoing shall be without prejudice to Section 9.1(c); and (b) all costs and expenses referred to in Section 11.2 incurred by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in connection with the Offer up to the time notice of termination is served shall be for the account of the Issuer. Reasonable expenses incurred up to the time of service of notice of termination shall, after verification by the Issuer, be reimbursed to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter within fifteen (15) Banking Days from receipt by the Issuer of a statement of account and properly documented receipts.

If this Agreement is terminated for any of the causes stated in Section 10.1 hereof, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall within seven (7) Banking Days cause the Issuer to return to the Applicant the full subscription price of all applications procured from them, without interest, provided that full payment has already been remitted and received. It is understood that upon such return, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall be free from any and all liability to such Applicant.

Section 11 FEES AND EXPENSES

11.1 Fees and Commissions

- a. In consideration of the services rendered by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter pursuant to this Agreement, the Issuer shall pay each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter such fees as has been agreed upon by them, or among themselves in accordance with a separate fee letter.

For the avoidance of doubt, gross receipts tax on the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's Fees shall be for the account of the relevant Underwriter and the fees shall be inclusive of such gross receipts tax.

- b. The fees due to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter under this Section 11.1 shall be due and payable by the Issuer to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter within five (5) Banking Days from the Issue Date, provided that the Issuer has received confirmation from the bank of the Issuer that cleared funds representing payments for all accepted Applications to Purchase have been credited to the Receiving Account, and statement of account thereof. The Issuer shall then remit the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter's Fees and all costs and expenses payable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter to the respective account(s) designated by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.

11.2 Payment of Costs and Expenses

- a. The Issuer shall bear and will pay for or reimburse the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter within five (5) Banking Days upon request for all reasonable and properly documented costs and expenses, agreed upon in advance with the Issuer, which the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may incur in connection with the Offer, including all travelling, printing, communication, video conferencing and webinar, postage, publishing, advertising and other promotional expenses, documentary stamp tax, in all cases whether or not definitive documentation for the Offer is signed or the Offer is closed.
- b. Such expenses shall be in addition to any direct expenses incurred by the Issuer and for which it is liable in connection with the proposed Offer, including without limitation:
 - (i) fees payable to the Registrar, the Paying Agent, the Trustee;
 - (ii) fees and disbursements of the legal counsel of the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
 - (iii) fees payable to auditors, accountants and any other advisors;
 - (iv) fees payable in conjunction with the rating of the Issuer;
 - (v) expenses relating to the preparation, printing and filing with the SEC of the Offer Supplement (including any and all amendments and supplements thereto);
 - (vi) expenses relating to the marketing and roadshow activities for the Offer;
 - (vii) fees and expenses in conjunction with the listing of the Bonds in a fixed income exchange, and registration of the Bonds with the SEC;
 - (viii) filings with the Insurance Commission;

- (ix) any and all printing, mailing, communication, publicity, signing, tombstone and representation expenses and other out-of-pocket expenses which may be reasonably incurred by the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in connection with the Offer and the issuance of the Bonds, in connection with this Agreement and other relating agreements in implementation thereof;
- (x) any other expenses incurred directly by the Issuer in connection with the issuance of the Bonds and relating to this Agreement and other related agreements or the implementation and enforcement therefor.

Notwithstanding the foregoing, any single out-of-pocket expense in excess of Ten Thousand Pesos (₱10,000.00) directly incurred by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall require the prior approval of the Issuer (which shall not be unreasonably withheld or delayed).

- c. The Issuer shall pay all aforementioned costs and expenses in connection with the Offer that may be advanced by the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter as provided in this Section. Except in the case of termination of this Agreement (in which case, the provisions of Section 10.4 shall apply), the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall deliver to the Issuer a statement of account and properly documented receipts detailing the expenses not withheld by virtue of this Section to be reimbursed not later than five (5) Banking Days from receipt of the statement of account. In the case of termination of this Agreement, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall deliver a statement of account detailing such costs and expenses to be reimbursed, to the Issuer not later than five (5) Banking Days from the date of the notice of termination.

11.3 Mode of Payment

- a. All sums payable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter hereunder shall be paid in Philippine currency and in full without withholding or deduction (other than the creditable withholding tax) and free and clear of any taxes (including value added, excise or other similar taxes, but excluding gross receipts taxes), duties, assessments or government charges of any nature unless such withholding or deduction is required by Applicable Law, in which event the Issuer will pay to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter such additional amounts as to ensure that the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter receive and retain the amount it would have received (free from any liability in respect of any such withholding or deduction) if no such withholding or deduction have been made or required to be made.
- b. The Issuer shall pay any value added, excise, or other similar tax at the same time as any amount due is paid to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter. Each Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter shall issue an official receipt upon receipt of any payment from the Issuer. All official receipts or other accountable form to be issued by any Party pursuant to this Agreement shall

comply with the prevailing invoicing and receipting rules and regulations as well as contain all the information required by BIR to support the expenses incurred as well as enable the Issuer to utilize the input value-added tax thereon.

- c. Unless otherwise agreed among the Parties, no payments made to third parties by the Issuer shall reduce the fees and expenses payable to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.

Section 12 NOTICES

12.1 Form of Notice

All documents required to be submitted to the Issuer or Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter pursuant to this Agreement and all other notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if (a) (i) delivered personally, or (ii) mailed through a reputable overnight courier service (postage prepaid) to the parties at the following addresses and addressed to the individuals names below; provided, that in either case, such notice, request or other communication be also sent via email; or (b) via email communication to the parties at the following email addresses and addressed to the individuals named below:

If to the Issuer:

ABOITIZ POWER CORPORATION
32nd Street, Bonifacio Global City
1634 Taguig City, Metro Manila

Attention: Maria Veronica C. So
First Vice President – Group Treasurer
Telephone No: +639178180008
Email: veronica.so@aboitiz.com
With copy to: aev.tsg@aboitiz.com

If to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter:

BDO CAPITAL & INVESTMENT CORPORATION
20th Floor, South Tower, BDO Corporate Center
7899 Makati Avenue, Makati City

Attention: Barbara May M. Billano
First Vice President
Telephone No: 8878-4129
Email: billano.barbaramay@bdo.com.ph

CHINA BANK CAPITAL CORPORATION
28th Floor, BDO Equitable Tower
8751 Paseo de Roxas St., Makati City

Attention: Michael L. Chong
Director and Head of Origination and Client Coverage
Telephone No: +632 8230 6926
Email: mlchong@chinabank.ph

FIRST METRO INVESTMENT CORPORATION
45th Floor, GT Tower International
6813 Ayala Ave. cor. H.V. Dela Costa St., Makati City

Attention: Luis Martin E. Villalon
Vice President
Telephone No: +632 8858 7960
Fax: +632 8840 3706
Email: martin.villalon@firstmetro.com.ph

SB CAPITAL INVESTMENT CORPORATION
18th Floor, Security Bank Center
6776 Ayala Ave., Makati City

Attention: Marie Natalie J. Collado
Senior Director
Telephone No: +63(2) 8888-7354
Email: mncollado@securitybank.com.ph

[•]
[Address]

Attention: [Name]
[Title]

Telephone No: [•]
Email: [•]

All notices shall be deemed served or given when sent via email; provided, that no bounce mail, error or send failure notification is received by the sender.

Each of the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change to the other parties pursuant to the notice procedure under this Section 12.1.

Section 13 GENERAL PROVISIONS

13.1 Entire Agreement

This Agreement contains the sole and entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes all prior discussions, memoranda of understanding, term sheets, correspondence agreements and arrangements (whether

written or oral, including all correspondence) if any, among the Parties with respect to the subject matter of this Agreement (together with any amendments or modifications thereof).

13.2 Assignment and Delegation

- a. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the Parties and their successors and permitted assigns, any rights, benefits, privileges, liabilities or obligations under or by reason of this Agreement.
- b. The Issuer or the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter may not, without the prior written consent of the other, (i) assign its rights and interests or any part thereof under this Agreement, or (ii) delegate to any other person the whole or any part of its obligations or duties under this Agreement.

13.3 Amendment

No modification, variation, amendment, waiver or change of this Agreement shall be of any force and effect unless such modification, variation, or amendment is in writing and has been signed by all the Parties.

13.4 Waiver

No failure or delay on the part of any Party in exercising any right, power or remedy accruing to it upon any breach or default of any Party under this Agreement shall impair any such right, power or remedy nor shall it be construed as a waiver of any such breach or default thereafter occurring, nor shall a waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. All remedies, either under this Agreement or by Applicable Law or otherwise afforded the Parties shall be cumulative and not alternative. No notice to or demand on any Party in any case shall entitle it to any other or further notice or demand in similar or other circumstances.

13.5 Governing Law

- a. This Agreement shall in all respects be governed by, construed and enforced in accordance with the laws of the Republic of the Philippines.
- b. Any legal action or proceeding arising out of, or connected with, this Agreement shall be brought exclusively in the proper courts of Makati City or Taguig City, at the option of the complaining Party, each of the Parties expressly waiving any other venue.

13.6 Severability of Provisions

Should any provision of this Agreement be declared void or unenforceable by any competent authority or court, the other provisions of this Agreement which are capable of severance from the defective provision shall continue to be effective and the Parties shall cooperate in such manner as would fully implement their intentions hereby.

13.7 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any single counterpart or set of counterparts signed in either case by any of the Parties hereto shall constitute a full and original agreement for all purposes.

13.8 Waiver of Preference

In the event that a primary obligation for payment shall arise out of this Agreement, such as to constitute this Agreement as a contract for the payment of an indebtedness or a loan, then it is understood and expressly agreed by the parties hereto that the obligation created under this Agreement shall not enjoy any priority, preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that this Agreement may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced.

[Signature pages follow.]

DRAFT

The Joint Issue Manager,
the Joint Lead Underwriter and
Joint Bookrunner:

BDO Capital & Investment Corporation

By:

Name: Barbara May M. Billano
Title: First Vice President

Name: Allen T. Tenedero
Title: Assistant Vice President

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

) SS.

I certify that on this ___ day of _____ 2021, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following:

Name	Competent Evidence of Identity	Date of Issue/ Place of Issue
Barbara May. M. Billano	[REDACTED]	[REDACTED]
Allen T. Tenedero	[REDACTED]	[REDACTED]

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, and that they have the authority to sign on behalf of their principals.

WITNESS MY HAND AND SEAL, on the date and at the place first above written.

Doc. No. : _____;
Page No. : _____;
Book No. : _____;
Series of 2021.

The Co-Lead Underwriter:

[•]

By:

Name: [•]

Title: [•]

Name: [•]

Title: [•]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) SS.

I certify that on this ___ day of _____ 2021, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following:

Name	Competent Evidence of Identity	Date of Issue/ Place of Issue
[•]	[•]	[•]
[•]	[•]	[•]

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, and that they have the authority to sign on behalf of their principals.

WITNESS MY HAND AND SEAL, on the date and at the place first above written.

Doc. No. : _____;
Page No. : _____;
Book No. : _____;
Series of 2021.

**ANNEX A
APPLICATION TO PURCHASE**

[Form to be inserted once final]

DRAFT

**ANNEX B
TERMS AND CONDITIONS**

[to be lifted from the Offer Supplement]

DRAFT

TRUST AGREEMENT

This TRUST AGREEMENT (this “Agreement”) is made and executed this [•], 2021, by and between:

ABOITIZ POWER CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at the 32nd Street, Bonifacio Global City, 1634 Taguig City, Metro Manila (hereinafter referred to as “**AboitizPower**” or the “**Issuer**”);

– and –

[•], a universal banking corporation duly organized and validly existing under the laws of the Republic of the Philippines and duly authorized to perform trust and other fiduciary business, with principal offices at the [•], (hereinafter referred to as “[•]” or the “**Trustee**”).

RECITALS

WHEREAS, the Issuer is authorized by the Philippine Securities and Exchange Commission (“**SEC**”) to issue Fixed Rate Peso-Denominated Bonds for offering, distribution and sale to the general public of the aggregate principal amount of up to PHILIPPINE PESOS: THIRTY BILLION (PhP30,000,000,000.00) to be issued in one or several tranches within three (3) years from the date of effectivity of its shelf registration (the “**Debt Securities Program**”). The Issuer previously issued the first tranche under the Debt Securities Program on March 16, 2021 and desires to issue this second tranche. The second tranche under the Debt Securities Program shall comprise of [•]% per annum fixed rate bonds due 2025 (“**Series B Bonds**”) and [•]% per annum fixed rate bonds due 2028 (“**Series C Bonds**”) for a total principal amount of up to PHILIPPINE PESOS: SIX BILLION (PhP6,000,000,000.00) (“**Base Offer**”) and an oversubscription option of up to PHILIPPINE PESOS: SIX BILLION (PhP6,000,000,000.00) (the “**Oversubscription Option**”; the bonds under the Oversubscription Option, the “**Oversubscription Bonds**”; the Series B Bonds, Series C Bonds and the Oversubscription Bonds, the “**Bonds**”; and this second tranche, the “**Offer**”);

WHEREAS, the Offer and the terms thereof are more fully described in **Annex “A”** hereof and in the Offer Supplement to be issued and circulated for the Offer, which is made an integral part hereof by reference;

WHEREAS, the Issuer expects to obtain a Permit to Offer Securities for Sale from the SEC in respect of a public distribution and sale of the Bonds prior to the start of the Offer Period;

WHEREAS, to achieve the foregoing objectives, the Issuer has appointed, and hereby confirms the appointment of [•] as the Trustee, and [•], on the basis of the representations and warranties of the Issuer and under the terms and conditions hereinafter set forth, has consented to the appointment;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto agree as follows:

Section 1 DEFINITIONS AND INTERPRETATION

1.1. Definitions

The following terms shall have the respective meanings set forth below except as otherwise expressly provided or unless the context otherwise requires:

“Aboitiz Group” shall mean Aboitiz & Company, Inc. (“ACO”) and the companies or entities in which ACO has beneficial interest and over which ACO, directly or indirectly, exercises management control, including, without limitation, Aboitiz Equity Ventures Inc. (AEV), Aboitiz Power Corporation (AboitizPower), Aboitiz Land, Inc., Pilmico Foods Corporation, Aboitiz InfraCapital, Inc. (formerly: AEV Infracapital, Inc.), each a corporation organized under Philippine law, together with their respective Subsidiaries and Affiliates, related persons and related interests, whether or not stockholders of record of the Issuer as of the Issue Date;

“Affiliate” shall mean with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person;

“Agreement” shall mean this Trust Agreement, and its annexes and attachments, as may be modified, supplemented or amended hereto;

“Applicable Law” shall refer to any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority;

“Applicant” shall mean any Person who shall duly accomplish the Application to Purchase, together with all requirements set forth therein and who shall deliver the same to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter in accordance with the Issue Management and Underwriting Agreement;

“Application” or **“Application to Purchase”** shall mean the application form actually accomplished and submitted by the Applicant for the purchase of the Bonds, together with all other requirements set forth in such application form, substantially in the form attached hereto as Annex “B”, or electronically submitted through the e-Securities Issue Portal established and maintained by the PDTC;

“Authorization” shall refer to any authorization, consent, approval, license, exemption, filing, registration, or other similar action;

“Banking Day” shall mean any day other than Saturday, Sunday and public holidays on which commercial banks in Taguig City and Makati City, and the Philippine Clearing House Corporation are generally open for the transaction of business; *provided*, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each;

“BIR” shall mean the Bureau of Internal Revenue of the Republic of the Philippines;

“Board” shall mean the board of directors of AboitizPower, unless context clearly provides otherwise;

“Bona Fide Bondholder” shall have the meaning ascribed to it in Section 3.10.a hereof;

“Bonds” shall mean the Peso-denominated fixed-rate, Series B and Series C bonds, comprising the second tranche of the Company’s ₱30,000,000,000.00 Debt Securities Program;

"Bondholders" shall mean a Person whose name appears at the relevant time in the Register of Bondholders as the registered owner of the Bonds, with each holder being a "Bondholder";

"Co-Lead Underwriter" shall mean [•];

"Competitor" shall have the meaning ascribed to it in Section 3.9.c hereof;

"Consolidated Equity" shall mean the total stockholders' equity of the Issuer as recognized and measured in its fiscal year-end audited consolidated financial statements and quarter-end unaudited consolidated financial statements, as may be applicable and available in accordance with Applicable Law, both in conformity with PFRS;

"Control" shall mean the possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over fifty percent (50%) of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person, and "Controlling" and "Controlled" have corresponding meanings;

"Debt Securities Program" shall mean the fixed-rate bonds of up to an aggregate amount of ₱30,000,000,000.00 to be issued under the shelf registration statement filed by Issuer with and rendered effective by the SEC on 1 March 2021;

"Early Redemption Date" shall have the meaning set forth in Section 6.4;

"Early Redemption Price" shall have the meaning set forth in Section 6.4;

"Event of Default" shall have the meaning set forth in Section 9.1 hereof;

"Fair Market Value of Assets" shall mean at any particular time, the aggregate of the total current assets and the total non-current assets of the Issuer as shown in the balance sheet of its latest audited financial statements on a consolidated basis;

"Fee Letter" shall mean the letter of the Trustee to the Issuer dated on or about [•], 2021 and acknowledged by the Issuer on a later date;

"Government Authority" shall mean the Government of the Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person;

"Indebtedness" shall mean: (i) all indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (iii) capitalized lease obligations of the Issuer;

“Interest Payment Date” shall mean [•], [•], [•], and [•] of each year commencing on [•], 2021 until and including the Maturity Date, or the next Banking Day if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed;

“Issue Date” means [•], 2021, or the immediately succeeding Banking Day if such Issue Date is not a Banking Day (with corresponding adjustment to all corresponding payment dates but without adjustment to the respective interest periods or amounts) or such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners and the Co-Lead Underwriter may agree in writing; provided, that such date shall be a date, which is within the validity of the SEC Permit to Sell Securities;

“Issue Management and Underwriting Agreement” shall mean the issue management and underwriting agreement dated [•], 2021, executed by and between the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;

“Issue Price” shall mean one hundred percent (100%) of the face value of the Bonds;

“Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners” shall mean BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation and SB Capital Investment Corporation;

“Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter” shall mean BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and SB Capital Investment Corporation as joint issue managers, joint lead underwriters and joint bookrunners for the Offer, and [•], as co-lead underwriter for the Offer, collectively;

“Lien” shall mean, with respect to any Person, any lien, pledge, mortgage, charge, hypothecation, encumbrance, or other security interest or preferential arrangement on or with respect to any asset or revenue of such Person;

“Majority Bondholders” shall mean, at any time, the Bondholders of the Bonds, or a series thereof, who hold, represent or account for at least fifty percent (50%) plus one peso (₱1.00) of the aggregate outstanding principal amount of the Bonds; provided that, in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series B Bonds, holders of Series B Bonds, exclusively, will be considered for quorum and approval purposes and in respect of any matter presented for resolution at any meeting of Bondholders that affect the rights and interests of only the holders of the Series C Bonds, holders of Series C Bonds, exclusively, will be considered for quorum and approval purposes;

“Master Certificates of Indebtedness” shall mean the certificates representing such amounts corresponding to the Series B and Series C Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders, substantially in the form set forth in Annex “C-1” and Annex “C-2” hereof;

“Material Adverse Effect” shall mean a material adverse effect on the ability of the Issuer to perform or comply with any of its material obligations, or to exercise any of its material rights, under this Agreement, the Issue Management and Underwriting Agreement or the Bonds;

“Maturity Date” shall mean the date at which the Series B and Series C Bonds shall be redeemed by the Issuer by paying the principal amount thereof, and which date is, for the Series B Bonds, 4

years from the Issue Date or on [•], 2025 and, for the Series C Bonds, 7 years from Issue Date or on [•], 2028; provided that, in the event that the Maturity Date falls on a day that is not a Banking Day, the Maturity Date shall be the immediately succeeding Banking Day, without adjustment to the amount of interest to be paid;

“Net Debt” shall mean the interest-bearing debt less cash, cash equivalents, and short-term investments of the Issuer;

“Net Debt to Consolidated Equity Ratio” shall mean the ratio of Net Debt to Consolidated Equity;

“Offer” shall mean the offering of the Bonds by the Issuer under the Terms and Conditions;

“Offer Period” shall mean the period commencing on [•], 2021 and ending on [•], 2021 or such other date as may be mutually agreed between the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;

“Offer Supplement” shall mean the offer supplement dated [•], 2021 for the offer and sale to the public of the Bonds, and any amendments thereto;

“Paying Agent” shall mean the Philippine Depository & Trust Corp. acting as paying agent in accordance with the Registry and Paying Agency Agreement;

“Payment Date” shall mean the Interest Payment Date and/or the Principal Payment Date, as the case may be;

“PDEX” shall mean Philippine Dealing & Exchange Corp, the fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities;

“Penalty Interest” shall mean the penalty interest at the rate of two percent (2%) per annum payable by the Issuer pursuant to Section 6.7 hereof;

“Person” shall mean an individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof;

“PFRS” shall mean Philippine Financial Reporting Standards;

“Philippine Peso” or **“₱”** shall mean the legal currency of the Republic of the Philippines;

“Philippines” shall mean the Republic of the Philippines;

“Principal Payment Date” shall mean the Maturity Date or the Early Redemption Date;

“Prospectus” shall mean the Prospectus of the Issuer dated 26 February 2021, and any amendments, supplements and addenda thereto for the offer and sale to the public of fixed-rate bonds (inclusive of the Bonds) within the shelf period of the Debt Securities Program;

“PSE” shall mean The Philippine Stock Exchange, Inc.;

“Record Date” shall mean the cut-off date in determining the Bondholders entitled to receive interest or principal amount due; as used with respect to any Interest Payment Date, the day which is two (2) Banking Days prior to the relevant Interest Payment Date;

“Register of Bondholders” shall mean the electronic registry book of the Registrar containing the official information on the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrance thereon;

“Registrar and Paying Agent” shall mean the Philippine Depository & Trust Corp. acting as the registrar in accordance with the Registry and Paying Agreement;

“Registration Statement” shall mean the registration statement filed by the Issuer with the SEC on 18 December 2020, in accordance with the Securities Regulation Code, relating to the registration of the Debt Securities Program of the Issuer of which the Bonds form part, and rendered effective by the SEC on 1 March 2021, as may be amended or supplemented from time to time;

“Registry and Paying Agency Agreement” shall mean the agreement dated [•], 2021 by and between the Issuer and Philippine Depository & Trust Corp., as the Registrar and Paying Agent for the Issue;

“Relevant Period” shall mean a period of 12 calendar months ending on the last day of any quarter of any of the Issuer’s fiscal years for which financial statements have been disclosed in accordance with SEC regulations;

“SEC” shall mean the Securities and Exchange Commission of the Philippines;

“Securities Regulation Code” shall refer to Republic Act No. 8799 and its implementing rules and regulations, as the same may be amended and supplemented from time to time;

“Series B Bonds” shall mean the fixed rate bonds having a term ending four (4) years from the Issue Date, or on [•], 2025, with a fixed interest rate of [•]% per annum;

“Series C Bonds” shall mean the fixed rate bonds having a term ending seven (7) years from the Issue Date, or on [•], 2028, with a fixed interest rate of [•]% per annum;

“Subsidiary” shall mean in respect of any Person, any entity: (i) over fifty percent (50%) of whose capital is owned directly by that Person; or (ii) for which that Person may nominate or appoint a majority of the members of the board of directors or such other body performing similar functions;

“Taxes” or “Tax” shall mean any present or future taxes, levies, imposts, duties, filing, registration and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof;

“Terms and Conditions” shall mean the terms and conditions of the Bonds attached hereto as Annex “A”;

“Transaction Date” shall mean with respect the incurrence of any loan obligation with a maturity of more than one (1) year, the date such loan obligation is incurred;

“Transaction Documents” shall mean this Agreement, the Registry and Paying Agency Agreement, the Issue Management and Underwriting Agreement, and any amendments thereto;

“Treasury Transaction” shall mean any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement, in relation to the Issuer’s treasury management; and

“Trustee” shall mean [•] or any other successor trustee acting as trustee pursuant to this Agreement.

1.2. Other Terms

Any reference in this Agreement to:

a **“company”** shall be construed so as to include any company, corporation or any association or partnership (whether or not having separate legal personality) of any two or more Persons;

“Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners,” “Co-Lead Underwriter,” “Registrar,” “Paying Agent,” “Trustee,” and **“Bondholders”** shall be construed so as to include their respective successors, transferees and assigns in accordance with their respective interests to the extent permitted under the terms hereof and, in the case of the **“Issuer,”** its respective successors, transferees and assigns, to the extent permitted under the terms hereof;

a **“month”** is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the relevant subsequent calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month);

an **“Annex”** shall, subject to any contrary indication, be construed as a reference to a schedule hereto;

a **“Section”** shall, subject to any contrary indication, be construed as a reference to a section hereof; and

the **“winding-up,” “dissolution”** or **“administration”** of a company shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or any jurisdiction in which such company carries on business.

1.3. Accounting Terms

All accounting terms not specifically defined in this Agreement shall be construed in accordance with PFRS.

1.4. Rules of Construction

Save where the contrary is indicated, any reference in this Agreement to:

- a. the Bonds or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, the Bonds, other agreement or document as the same may have been, or may from time to time be (subject to any restrictions herein), amended, varied, novated, supplemented, replaced or substituted;
- b. a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted; and

- c. a day shall be construed as a reference to a calendar day.

1.5. Headings

Section, Annex, Exhibit and Schedule headings are for ease of reference only and shall not affect the interpretation of this Agreement and the Bonds.

1.6. Interpretation

The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole, and not to any particular Section, subsection or clause hereof. Any reference herein to any Person shall include its successors and permitted assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities. All accounting terms used herein and not otherwise defined will have the meanings accorded them under the PFRS and, except as expressly provided herein, all accounting determinations will be made in accordance with such accounting principles in effect from time to time. Any reference to “include” or “including” shall be treated as “including, without limitation”. Defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders.

Section 2 ISSUANCE OF BONDS AND DELIVERY OF MASTER CERTIFICATES OF INDEBTEDNESS

2.1. Issuance of the Bonds

The Bonds shall be issued by the Issuer in accordance with the terms of this Agreement. The obligations of the Issuer in connection with the Bonds shall consist of all its obligations under this Agreement, including the full and prompt payment of all accrued interests and redemption amounts due on the Bonds, as well as any and all reasonable and documented expenses that may be incurred by the Trustee in enforcing any of its and/or the Bondholders’ rights, powers, and remedies under and in accordance with this Agreement.

2.2. Delivery of Executed Master Certificates of Indebtedness

The Issuer shall, not later than 9:00 a.m. on Issue Date, deliver the duly executed Master Certificates of Indebtedness covering the entire principal amount of each of the Series B and Series C Bonds purchased during the Offer Period, to the Trustee, with copies to the Registrar. The Trustee shall, upon its receipt of the duly executed Master Certificates of Indebtedness, immediately notify the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter of such fact in writing (including, without limitation, by facsimile transmission, telex or telecopier, or electronic mail).

Section 3 THE TRUSTEE

3.1. Appointment

- a. The Issuer hereby appoints [•] as the Trustee, and the Trustee hereby accepts its appointment as Trustee for and on behalf and benefit of the Bondholders, in connection with the distribution, sale and issuance of the Bonds by the Issuer.

- b. The foregoing appointment shall commence on the Issue Date and shall subsist for so long as any amount of the Bonds is outstanding, unless the services of the Trustee are otherwise terminated pursuant to this Agreement.

3.2. Duties and Responsibilities of the Trustee

- a. The Trustee shall coordinate with the Issuer, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter, and the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant Transaction Documents.
- b. The Trustee shall act as trustee for and on behalf of the Bondholders and as such shall, in accordance with the terms and conditions of this Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the Issuer's observance of all its covenants and performance of all its obligations, under and pursuant to this Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under this Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters to be taken up with the Issuer.
- c. The Trustee shall report regularly to the Bondholders any non-compliance by the Issuer with this Agreement and, to the best of Trustee's knowledge, any development with respect to the Issuer based on official disclosures to the PDEX, PSE, SEC, or other regulatory agencies and that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have knowledge based on official disclosures to the PDEX, PSE, SEC, or other regulatory agencies; provided, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification and Registrar's confirmation;
- d. The Trustee shall have custody of and hold in its name, for and in behalf of the Bondholders, the Master Certificates of Indebtedness for the total issuance of the Bonds.
- e. The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with Section 11.
- f. The Trustee may, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the Bonds and this Agreement, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the Bonds and this Agreement.

The request shall be reasonable, made not less than seventy-two (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said

request or to limit the use thereof for the purpose intended as stated in the request provided such limitation shall not apply if it is in conflict with the duties and responsibilities of the Trustee under any provision of this Agreement.

- g. The Trustee shall, prior to the occurrence of an Event of Default or after the curing or waiver of any Event of Default which may have occurred, perform only such duties as are specifically set forth in this Agreement. In case of an Event of Default, the Trustee shall exercise such rights and powers vested in it by this Agreement, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances. The Trustee may appoint agents to perform or institute the necessary actions in the exercise of such rights and powers.
- h. The Trustee shall inform the Bondholders of any event, breach of representations and warranties, and Event of Default within a reasonable period from the time that the Trustee learns or is informed of such event.

As to the Bondholders, the Trustee may presume that no Event of Default has occurred and the Issuer has complied with all its representations, warranties and covenants until it has received notice or has actual knowledge thereof.

- i. Upon written request by the Issuer no later than 11:30 a.m. on a Banking Day, the Trustee shall send notice of any matter to the Bondholders, other than those matters notice of which is specifically required to be given to the Bondholders by another party under this Agreement. If required, a copy of such notice shall be sent to the Registrar.
- j. Except as may be necessary to perform its duties under this Agreement and as required by Applicable Law, the Trustee (i) shall permanently keep privileged and confidential, separate and distinct, any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to this Agreement or obtained in the course of the performance of its duties and functions as a Trustee; (ii) shall refrain from disclosing any such information or item in any manner, whether written, verbal, telegraphic, coded, or encrypted, whether in physical, electronic, or any other form or media; and (iii) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer; provided, that where any disclosure of the foregoing information is required by Applicable Law, the Trustee shall properly apprise the Issuer of such disclosure and give reasonable opportunity to the Issuer to consider the same. This Section shall survive termination of this Agreement.
- k. The Trustee shall perform such other powers and functions as provided for elsewhere under this Agreement.

3.3. Corporate Form

The Trustee shall at all times be a financial institution organized and doing business under the laws of the Republic of the Philippines duly authorized to exercise corporate trust powers, having its principal office and place of business in Metro Manila, Philippines.

3.4. Custody, Segregation, and Deposit of Funds

All moneys and funds received by the Trustee in connection with this Agreement shall be held in trust for the purpose for which they were received, and any and all such sums and assets shall be segregated from all other funds and assets of the Trustee.

3.5. Compensation, Reimbursement, and Indemnification

- a. In consideration for the faithful compliance and performance by the Trustee of its duties and obligations under this Agreement, the Issuer shall pay to the Trustee the amount of fees to be stipulated in a separate Fee Letter which is made an integral part hereof. The Issuer will pay or reimburse the Trustee for all expenses, disbursements, and advances incurred or made by the Trustee in accordance with any of the provisions of this Agreement (including reasonable compensation and expenses and disbursements of its counsel and of all Persons not regularly in its employ). If any property other than cash shall at any time be subject to any Lien created for the benefit of the Trustee, on account of the Issuer's obligations to the Trustee under the Agreement, or the Bondholders by operation of Applicable Law or as a result of any execution, receivership, bankruptcy, dissolution or similar proceedings, if and to the extent authorized by any agency or court of competent jurisdiction subjecting such property to such Lien, the Trustee may, but without legal obligation to do so, make advances for the purpose of preserving such property or of discharging tax Liens or other prior Liens or encumbrances thereon previously disclosed to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter.
- b. The Issuer also covenants to indemnify the Trustee for, and to hold it free and harmless against, any loss, liability or expense arising out of the willful misconduct, gross negligence and bad faith on the part of the Issuer; provided, that such loss, liability, or expense is incurred without willful misconduct, gross negligence or bad faith on the part of the Trustee, arising out of or in connection with the administration of this trust and the performance of its obligations and functions under this Agreement, including the cost and expenses of defending itself against any claim of liability in the premises. The Issuer shall not be liable for any consequential or indirect loss.
- c. The obligations of the Issuer to the Trustee under this Section shall constitute additional indebtedness of the former hereunder.

3.6. Liability of the Trustee

- a. No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its willful misconduct, or that of its directors, officers or employees, provided that:
 - i. In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon, as to the truth of the statements and the correctness of the opinion expressed in, any certificate or opinion furnished to the Trustee conforming to the requirements of this Agreement.
 - ii. The Trustee shall not be liable for any error of judgment made in good faith by its responsible officer or officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent fact.

- iii. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Majority Bondholders, relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Agreement.
- iv. None of the provisions contained in this Agreement shall require the Trustee to expend, advance or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- v. The Trustee shall have no duty or liability beyond its duty to perform the obligations under this Agreement.
- vi. The Trustee or successor Trustee shall be exempt from giving any surety or bond in the performance of its duties under this Agreement.

3.7. Ability to Consult with Counsel

- a. The Trustee may consult with counsel in connection with the duties to be performed by the Trustee under this Agreement, upon due notice to Issuer, and any reasonable opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken by the Trustee hereunder in good faith and in accordance with such opinion; provided that, prior to taking or not taking such action for which the opinion of counsel is sought, the Trustee shall inform the Issuer of the relevant opinion of counsel.
- b. Notwithstanding any provision of this Agreement authorizing the Trustee conclusively to rely upon any certificate or opinion, the Trustee may, before taking or refraining from taking any action in reliance thereon, require any further evidence or make any further investigation as to the facts or matters stated therein which it may in good faith deem reasonable in the circumstances; and the Trustee shall require such further evidence or make such further investigation as may reasonably be requested in writing by the Majority Bondholders.

3.8. Trustee as Owner or Pledgee of the Bonds

The Trustee, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Trustee, and subject to the provisions of Section 3.9, the Trustee may otherwise deal with the Issuer in the same manner and to the same extent as though it were not the Trustee hereunder.

3.9. Conflict of Interest

- a. If the Trustee has or acquires any conflicting interest, as defined in Section 3.9c, the Trustee shall, within sixty (60) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign as Trustee in the manner and with the effect specified in this Section 3.9, or obtain a written waiver from the Issuer in relation to such conflicting interest, which waiver shall not be unreasonably withheld or delayed. In the event of a resignation by the Trustee under this Section 3.9, the Trustee shall resign in the manner and with the effect specified in Section 3.11.

- b. In the event that the Trustee shall fail to comply with the provisions of Section 3.9a, the Trustee shall within ten (10) days after the expiration of the aforesaid sixty (60)-day period transmit notice of such failure to the Bondholders and the Issuer.
- c. For the purpose of this Section, the Trustee shall be deemed to have a conflicting interest if:
 - i. The Trustee directly or indirectly Controls or is directly or indirectly Controlled by or is under direct or indirect common Control of the Issuer; or
 - ii. Twenty percent (20%) or more of the voting securities of the Trustee is beneficially owned either by the Issuer or by any director, partner or executive officer thereof, or thirty percent (30%) or more of such voting securities is beneficially owned, collectively, by any two (2) or more of such Persons; or
 - iii. The Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, five percent (5%) or more of the voting securities, or ten percent (10%) or more of any other class of security, of the Issuer, not including the bonds of the Issuer issued under any other agreement under which the Trustee is also a trustee; or
 - iv. The Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, five percent (5%) or more of the voting securities of any Person who, to the knowledge of the Trustee, owns ten percent (10%) or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control of, the Issuer; or
 - v. The Trustee is or becomes a Competitor.

For this purpose, a "Competitor" is:

- i. any Person which is: (a) engaged in, (b) has a direct or indirect beneficial interest of at least thirty percent (30%) of the outstanding capital stock of, (c) has the power to nominate, appoint or elect a director or executive officer of, or (d) has the power to propose, direct or Control (whether by contract, the ownership of shares or otherwise) the management policy or affairs of, any business which is in competition with the business of the Issuer or, in any event, any Person which has the ability or power to disclose, use or otherwise exploit information relating to the Issuer in furtherance of or in connection with such competitive business; or
- ii. any Person, twenty percent (20%) or more of the voting securities of which is legally and beneficially, directly or indirectly, owned by a Person referred to in Section 3.9c(vi) above; or
- iii. any Person which is the legal and beneficial, direct or indirect, owner of at least twenty percent (20%) of the voting securities of a Person referred to in Section 3.9c(vi) above; or
- iv. any Person whose directors, partners or executive officers is a director, partner or executive officer of any of the Persons referred to in Section 3.9c(vi), (vii), and (viii) above; or

- v. any Person, thirty percent (30%) or more of the voting securities of which is legally and beneficially, directly or indirectly, owned by a director, partner, or executive officer, or any two (2) or more of such directors, partners or executive officers, of a Person referred to in Section 3.9c(vi).

3.10. Change of Trustee

- a. The Trustee may at any time resign by giving sixty (60) days prior written notice to the Issuer and to the Bondholders of such resignation. Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor Trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor Trustee. If no successor Trustee shall have been so appointed and have accepted appointment within sixty (60) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Bondholder who has been a bona fide holder of the Bonds for at least six (6) months (the "**Bona Fide Bondholder**") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor Trustee. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor Trustee, subject to Section 3.2 of this Agreement.
- b. In case at any time any of the following shall occur -
 - i. The Trustee shall fail to comply with the provisions of Section 3.9.a after written request therefor by the Issuer or by the Majority Bondholders; or
 - ii. The Trustee shall cease to be eligible in accordance with the provisions of Section 3.2 and shall fail to resign after written request therefor by the Issuer or by any Bona Fide Bondholder; or
 - iii. The Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation; or
 - iv. Provided there is no Event of Default, the successor Trustee, pursuant to Section 3.11, is not acceptable to the Issuer, for any reason;

then the Issuer may, within thirty (30) days therefrom remove the Trustee and appoint a successor Trustee, by written instrument in duplicate, executed by the Issuer's duly authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor Trustee. If the Issuer fails to remove the Trustee and appoint a successor Trustee, any Bona Fide Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor Trustee, subject to Section 3.2 of this Agreement.

- c. The Majority Bondholders may at any time remove for cause the Trustee and appoint a successor Trustee by the delivery to the Trustee so removed, to the successor Trustee and to the Issuer of the evidence provided for in Section 11.9 of the action in that regard taken

by the Majority Bondholders. This is without prejudice to whatever remedies may be available to the Majority Bondholders under Applicable Law or in equity.

- d. Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section shall become effective upon the earlier of: (i) acceptance of appointment by the successor Trustee as provided in this Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under this Agreement provided, however, that after such effectivity of the resignation notice and, as relevant, until such successor Trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Issuer.
- e. Within ten (10) days from the effectivity of the resignation notice, the Trustee shall transfer and turn over to the successor Trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the Trustee pursuant to this Agreement, if any.

3.11. Successor Trustee

- a. Any successor Trustee appointed as provided in Section 3.10 shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein. The foregoing notwithstanding, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trust herein expressed, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor Trustee all such rights, powers and duties.
- b. No successor Trustee shall accept appointment as provided in this Section unless at the time of acceptance such successor Trustee shall be qualified and eligible under the provisions of Section 3.2 and has none of the conflict of interest under Section 3.9.
- c. Upon acceptance of appointment by a successor Trustee as provided in this Section, the Issuer shall notify the Bondholders in writing of the succession of such Trustee to the trust herein. If the Issuer fails to notify the Bondholders within ten (10) days after acceptance of appointment by the successor Trustee, the latter shall cause the Bondholders to be so notified at the expense of the Issuer.

3.12. Merger or Consolidation

Without prejudice to Section 3.9.b, any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such successor Trustee shall be eligible under Section 3.2 and has none of the conflict of interest under Section 3.9, and that, if such

successor Trustee shall not be qualified under Section 3.9, such successor Trustee shall, within ninety (90) days after becoming such successor Trustee, either become qualified under Section 3.9 or resign in the manner and with the effect specified in Section 3.10. The Trustee shall immediately inform the Issuer of the occurrence of such merger, consolidation or such succession to the business of the Trustee.

3.13. Representations and Warranties of the Trustee

The Trustee represents to the Issuer and to the Bondholders as follows:

- a. It is a corporation duly incorporated, validly existing and in good standing under the laws of the Republic of the Philippines, and has its business address at the place indicated in this Agreement, and is registered or qualified to do business as now being conducted in every jurisdiction where registration or qualification is necessary;
- b. It is duly authorized and licensed, and has full power and authority to enter into this Agreement and to perform its obligations hereunder and execute the trust hereby created, and hereby accepts the trust in this Agreement and provided upon the terms and conditions herein set forth;
- c. The obligations of the Trustee under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with its terms;
- d. All consents, approvals and authorizations necessary on its part for the due execution, delivery and performance of this Agreement have been obtained or effected by it and remain in full force and effect as of the date hereof;
- e. It shall not give any information or make any representation in respect of the Issuer, the Offer, and the Bonds other than those contained in the Prospectus, or any other sales literature approved in writing by the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter;
- f. The execution and delivery of this Agreement, and the performance of its obligations hereunder, do not and will not violate any Applicable Law or judgments, orders or issuances of Philippine courts and will not conflict with or result in a breach of its constitutive documents, any contract, agreement or other obligation to which it is a party or for which it may be bound.

The aforesaid representations and warranties are true and correct as of the date of this Agreement and shall remain to be true and correct as long as the Bonds or any portion thereof remain outstanding.

The representations and warranties of the Trustee shall survive the issuance of the Bonds and may be enforced at any time while the Bonds or any portion thereof remains outstanding.

Any breach of the foregoing representations of the Trustee entitles the Majority Bondholders to remove the Trustee pursuant to and in accordance with Section 3.10.c.

3.14. Declarations by the Trustee and the Issuer

The recitals contained herein and in the Bonds, except the Trustee's representations provided in Section 3.13, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of any of the Bonds or of the proceeds of such Bonds. Similarly, the Issuer takes no responsibility for the correctness of the representations made by the Trustee under Section 3.13.

3.15. Reports to the Bondholders

- a. Only upon the occurrence of either (i) or (ii) below, the Trustee shall submit to the Bondholders on or before March 31 of each year from the relevant Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:
 - i. The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report (as reported by the Paying Agent to the Trustee on or before March 1 of each year); and
 - ii. Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 10.2.
- b. Upon the written request of any Bona Fide Bondholder, the Trustee shall likewise transmit to the requesting Bondholder, a brief report with respect to the character, amount and the circumstances surrounding the making of any advance by the Trustee for the reimbursement of which the Trustee claims or may claim a Lien or charge which is prior to that of the Bondholders on the trust estate or property or funds held or collected by the Paying Agent and which it has not previously reported pursuant to this paragraph, if such advance remaining unpaid at any time aggregates more than ten percent (10%) of the aggregate principal amount of Bonds outstanding at such time, such report to be transmitted within ninety (90) days from the making of such advance.
- c. Only upon a written request at least five (5) Banking Days before, the following pertinent documents may be inspected during regular business hours on any Banking Day at the principal office of the Trustee:
 - i. This Agreement;
 - ii. The Registry and Paying Agency Agreement;
 - iii. The latest Articles of Incorporation and By-Laws of the Issuer; and
 - iv. The Permit to Sell the Bonds.
- d. Upon the written request of any Bona Fide Bondholder, the Trustee shall issue a certification as to the amount of Bonds held by such Bona Fide Bondholder, based on the information provided by the Registrar and Paying Agent and subject to the issuance by the Registrar and Paying Agent of a certification in favor of the Trustee stating (i) that such Bondholder is a Bona Fide Bondholder and (ii) the amount of Bonds held by such Bona Fide Bondholder. The Bondholder shall pay the Trustee an upfront certification fee of Five

Thousand Pesos (PhP5,000.00) per certification in addition to any fees that may be imposed by the Registrar and Paying Agent for such certification.

Section 4 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

4.1. Representations and Warranties

The Issuer hereby represents and warrants to the Bondholders, through the Trustee, as follows:

- a. **Organization and Existence.** It is a corporation duly incorporated, validly existing and in good standing under the Laws of the Republic of the Philippines, and has its business address at the place indicated in this Agreement, and is registered or qualified to do business as now being conducted in every jurisdiction where registration or qualification is necessary;
- b. **Authorization.** It has full legal right, power and authority to carry on its present business, to own its properties and assets, to incur the Indebtedness and other obligations provided for in the Bonds and this Agreement, and has taken all appropriate and necessary corporate and legal actions to authorize the offer, issuance, distribution and sale of the Bonds, for the circulation of the Prospectus and the execution and delivery of this Agreement, and to comply, perform and observe the terms and conditions hereof and thereof;
- c. **Binding Obligation.** The obligations of the Issuer under the Bonds, this Agreement and all accepted Applications to Purchase will constitute its legal, valid and binding obligations, enforceable in accordance with their terms and conditions;
- d. **No Breach.** The execution and delivery by the Issuer of this Agreement, the issuance of the Bonds, the performance by it of any provision, condition, covenant or other terms herein or therein and its payment of all amounts due on the dates and in the currency provided for therein will not violate in any respect any provision of its Articles of Incorporation, By-Laws, or other constitutive documents, or violate, conflict with or result in the breach of or constitute a default (or which, with the giving of notice or passing of time or both, would constitute a default) under: (i) any Applicable Law presently in effect; or (ii) any indenture, agreement, mortgage, contract or other undertaking or instrument to which it is a party or which is binding upon it or any of its properties or assets, and do not and will not result in the creation or imposition of any Lien in or any security interest on any of its properties or assets pursuant to the provisions of such indenture, agreement, contract or other undertaking or instrument;
- e. **No Event of Default.** No event has occurred and is continuing or would result from the making of this Agreement or the issuance of the Bonds which constitutes an Event of Default under Section 9.1 hereof or which, upon a lapse of time or notice or both, would become such an Event of Default;
- f. **No Declared Event of Default in Other Agreements.** No declared event of default which would have a Material Adverse Effect has occurred which constitutes a default by the Issuer under or in respect of any agreement, undertaking or instrument to which it is a party or by which it or its ownership in any of its assets or properties may be bound; Neither has an event which would have a Material Adverse Effect occurred which with giving of notice, lapse of time or other conditions would constitute a declared event of default by it under or in respect of any such agreement, undertaking or instrument;

- g. **Consents, Approvals and Registrations.** All consents, licenses, approvals and authorizations of, and all filings and registrations with any Governmental Authority, bureau or agency, or other entity or Person legally necessary for the issuance as well as the offering, distribution and sale of the Bonds, for the circulation of the Prospectus, and for the Issuer to enter into and comply with its obligations under this Agreement, the Bonds and all accepted Applications to Purchase, will have been obtained or effected on or before the commencement of the Offer Period;
- h. **Compliance with Conditions.** All conditions imposed under the Securities Regulation Code and the pertinent rules and regulations of the SEC with respect to the offer, issuance, distribution and sale of the Bonds, have been or will have been complied with by the Issuer as of the date or time that they are required to be complied with;
- i. **Litigation.** Except as otherwise disclosed by the Issuer to the Bondholders, through the Trustee, in writing on or prior to the date of this Agreement, there is no litigation, arbitration or other proceeding pending, or to its knowledge threatened against or affecting it or its assets and properties, before any court or governmental department, commission, board, bureau, agency or instrumentality of the Republic of the Philippines or any other jurisdiction which, if determined adversely could have a material adverse effect on the business, properties, assets or financial conditions of the Issuer, or have a Material Adverse Effect or which might enjoin the execution and delivery of or might affect in any manner the validity and enforceability of this Agreement or the Bonds;
- j. **Immunity.** Neither it nor any of its properties or assets enjoy any right of immunity from suit, jurisdiction of any competent court, attachment prior to judgment, attachment in aid of execution, execution of judgment or set-off in respect of its obligations under this Agreement or the Bonds;
- k. **Equal Rank.** Its obligations under this Agreement and the Bonds shall constitute the direct, unconditional, unsecured, and unsubordinated Peso denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, other than (i) obligations preferred by the law, (ii) any obligation incurred by the Issuer pursuant to Section 5.2.a or as may be allowed by this Agreement, and (iii) other Indebtedness or obligations disclosed by the Issuer to the Trustee as of the Issue Date. The Bonds shall effectively be subordinated in right of payment to, among others, all of AboitizPower's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14)(a) of the Civil Code of the Philippines, unless the Issuer procures a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.
- l. **Material Adverse Event.** No event has occurred which might materially and adversely affect its condition (financial or otherwise), results of operation, business or prospects or which makes it improbable that it will be able to fulfill any of its obligations under this Agreement or the Bonds;
- m. **Financial Statements.** Its unaudited consolidated financial statements as of June 30, 2021 and its audited financial statements as of December 31, 2020, December 31, 2019, and December 31, 2018 fairly represent in all material respects the financial conditions of the

Issuer as of such date and results of its operations for such period based on PFRS, and since such date, there has been no material adverse change in such condition or operations. There are no substantial liabilities of the Issuer, direct, contingent or otherwise as of the Issue Date, which are not reflected in such balance sheet except for those which have been previously disclosed in writing;

- n. **Compliance with Laws/Taxes.** The Issuer is conducting its business and operations in compliance with the Applicable Law. The Issuer has filed timely tax returns with the appropriate Governmental Authority, which are required to be filed by it, and has paid all Taxes shown to be due on such tax returns and on all assessments received by it, to the extent that such Taxes and assessments have become due, except to the extent that the payment of such Taxes and assessments is being contested in good faith and by appropriate proceedings diligently conducted, and adequate reserves have been provided for payment thereof;
- o. **Material Disclosure.** All information heretofore or hereinafter given by the Issuer to the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and the Co-Lead Underwriter (for the due diligence review of the Offer and for other purposes directly relating to the Offer), which, for the avoidance of doubt, shall include disclosures made available to the general public in accordance with the relevant rules of the SEC and the PSE, and to the Bondholders, through the Trustee, for and in connection with this Agreement and the Bonds are true, binding, complete and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made; reasonable inquiries have been made to verify the facts contained therein; and, there are no other facts the omission of which would make any fact or statement therein misleading;
- p. **Registration Statement and Prospectus.** The Registration Statement and the Prospectus, taken collectively with disclosures made available to the general public in accordance with the relevant rules of the SEC and PSE, are not violative of any statute or any rule or regulation of any governmental agency or office, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made; reasonable inquiries have been made to verify the facts contained therein; and there are no other facts the omission of which would make any fact of statement therein misleading. The Registration Statement and the Prospectus contain a reasonably complete description of the business, properties, operations, financial condition, affairs and assets of the Issuer, its capitalization, the Bonds, and the terms of the Offer;
- q. **Title to Properties.** It has valid, good, indefeasible, and marketable title to all its properties appearing in its financial statements, free and clear of Liens, restrictions, or charges, except as provided under Section 5.2.a hereof;
- r. **Concession, Trade Names and Patents.** It has the right to all concessions, trade names, patents and license agreements necessary for the conduct of its business as now conducted, without any known conflict with the rights of others, except to the extent that such rights may be subject to conflicts with third parties which would not have a Material Adverse Effect;

- s. **Solvency.** The Issuer is solvent to operate and engage in business, and specifically that: (i) it is able to meet its obligations as they mature; (ii) the fair value of its assets exceeds its liabilities; and (iii) it has sufficient capital to carry on its business; and
- t. **Financial Ratio.** On Issue Date and on the issue date of each subsequent tranche of the Bonds, the Net Debt to Consolidated Equity Ratio shall not exceed 3:1. At least two (2) Banking Days prior to such issue date, the Issuer shall furnish the Trustee, substantially in the form of **Exhibit 2** a certificate signed by the Chief Finance Officer or a duly designated officer of the Issuer stating the Net Debt, Consolidated Equity and Net Debt to Consolidated Equity Ratio of the Issuer, dated on the date of delivery thereof, together with the relevant supporting documents to enable the validation of such calculation.

4.2. Survival of Representations and Warranties

Each of the representations and warranties set forth in Section 4.1 hereof are made as of the date of this Agreement and, except for Section 4.1.p, will be true and accurate throughout the continuance of this Agreement and for as long as the Bonds or any portion thereof remain outstanding, with reference to the facts and circumstances existing from time to time.

Section 5 COVENANTS

5.1. Affirmative Covenants

The Issuer covenants that during the term of the Bonds and until payment in full and performance of all its obligations thereunder and under this Agreement, the Issuer shall act as follows and shall perform the following obligations:

- a. **Maintenance and Continuity of Business/Insurance.** The Issuer shall maintain and preserve its corporate existence, rights, privileges and franchises necessary or desirable in the normal conduct of its business (including, without limitation, any governmental approval, license or certification necessary or advisable for the legality, validity and enforceability of this Agreement and the Bonds); carry out and conduct its business in an orderly, diligent, efficient, and customary manner and in accordance with sound financial and business practices; keep all its properties in good working order and condition, and from time to time make all needful and proper repairs, renewals, replacements and improvements thereto and thereof so that business carried on in connection therewith may be properly and advantageously conducted at all times; and maintain insurance with reputable insurers on all of its properties and assets to such extent and against such risk as is customary with companies in the same or similar business and maintain such other insurance as may be required by Applicable Law;
- b. **Compliance with Law/Taxes.** The Issuer shall comply in all respects with all Applicable Law. It shall at all times comply with all orders, directives, judgments, indentures, mortgages, deeds of trust, agreements and other instruments, arrangements, obligations and duties to which it is subject or by which it is legally bound where non-compliance would materially and adversely affect the Issuer's ability to duly perform and observe its obligations and duties under this Agreement and the Bonds. The Issuer shall duly pay and discharge all Taxes assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings diligently conducted by the Issuer and adequate reserves have been provided

for the payment thereof or where penalties and consequences for a delay in the payment thereof will not result in a Material Adverse Effect;

- c. **Indebtedness and Contractual and Other Obligations.** The Issuer shall promptly pay and discharge all Indebtedness and perform all contractual obligations promptly and in accordance with their terms; duly pay and discharge all lawful claims of labor, materials, supplies, services or otherwise which might or could, if unpaid become a Lien or charge upon the properties or assets of the Issuer, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings diligently conducted by the Issuer, and take such steps as may be necessary in order to prevent its properties or any part thereof from being subjected to the possibilities of loss, forfeiture or sale;
- d. **Notice of Legal Proceeding and Adverse Action.** The Issuer shall give the Bondholders through the Trustee prompt written notice of:
- i. any litigation or proceeding before any court, tribunal, arbitrator or Governmental Authority affecting it or any of its assets, including provisional relief such as attachments and garnishments, that could materially impair the ability of the Issuer to carry on its business substantially as now conducted, or materially and adversely affect its operations or financial condition, or would have a Material Adverse Effect;
 - ii. any dispute which may exist between it and any Governmental Authority or any proposal by any Governmental Authority to acquire its business or any of its assets which could materially and adversely affect its operations and financial condition, or would have a Material Adverse Effect;
 - iii. any litigation or proceeding relating to environmental matters concerning the Issuer that may materially and adversely affect its operations and financial condition, or would have a Material Adverse Effect;
 - iv. any notice of strike filed with the Department of Labor and Employment against the Issuer which may materially and adversely disrupt the Issuer's business operations or have a Material Adverse Effect;
 - v. any Event of Default or any event which, upon a lapse of time or giving of a notice or both, would become an Event of Default;
 - vi. any damage, destruction or loss which might materially and adversely affect the assets, business operations, prospects or financial condition of the Issuer or have a Material Adverse Effect;
 - vii. any other event or matter of any nature whatsoever which has Material Adverse Effect; or
 - viii. any material mistake or inaccuracy in the information included in the Prospectus or Offer Supplement, arising from matters in existence on or prior to the Issue Date.
- e. **Additional Agreements.** The Issuer shall promptly execute and deliver to the Bondholders, through the Trustee, such additional reports, documents, and other information respecting the business, properties, condition or operations, financial or otherwise of the Issuer, as the

Bondholders may reasonably require from time to time to perfect and confirm to the Bondholders all their rights, powers and remedies hereunder;

- f. **Continuing Consents and Approvals.** The Issuer shall at its own cost and expense, continue and maintain in full force and effect any and all Authorizations, approvals, licenses or consents obtained in connection with or necessary for the carrying out of its business and its obligations under this Agreement and the Bonds; perform and observe all the conditions and restrictions contained in, or imposed on the Issuer by, any and all such Authorizations; and, obtain any new or additional Authorizations, approvals, licenses or consents, effect any and all registrations or filings and take such additional actions as are, or which may become, necessary for its business and the performance by the Issuer of its obligations under this Agreement and the Bonds or the enforceability of this Agreement and the Bonds;
- g. **Books of Account and Records.** The Issuer shall maintain true, materially complete and adequate books of accounts and records and prepare all financial statements required hereunder to reflect fairly its financial condition and results of operation in accordance with PFRS and in compliance with the regulations of any Governmental Authority having jurisdiction thereof; appoint and maintain as auditors a firm of independent public accountants of recognized standing acceptable to the Trustee;
- h. **Reports.** The Issuer will furnish the Trustee:
 - i. within ninety (90) days after the close of the first semestral period of the fiscal year of the Issuer, or such longer or extended period as may be granted by the SEC or the Applicable Law, unaudited consolidated financial statements of the Issuer, as of the end of such semester, certified by an authorized officer of the Issuer, each prepared in accordance with PFRS; and
 - ii. within one hundred twenty (120) days after the close of the fiscal year of the Issuer, or such longer or extended period as may be granted by the SEC or the Applicable Law, copies of the annual consolidated audited reports of the Issuer, certified by independent accountants of recognized standing accredited by the SEC including consolidated balance sheets as of the end of such fiscal year and consolidated earnings and surplus statements of the Issuer for such fiscal year, prepared in accordance with PFRS;
- i. **Certificate of No Default, Compliance and Notice of Default.** The Issuer shall furnish the Trustee, substantially in the form of **Exhibit 1**:
 - i. simultaneous with the audited consolidated financial statements, a certificate signed by the Chief Finance Officer or a duly designated officer of the Issuer, dated not more than ten (10) days prior to the delivery thereof, stating that no event has occurred and is continuing which constitutes or which, with the giving of notice or lapse of time or both, would constitute an Event of Default; and
 - ii. within five (5) Banking Days after the occurrence of any event which constitutes or which, with the giving of notice or lapse of time or both, would constitute an Event of Default, notice of such occurrence, together with a detailed statement by the Chief Finance Officer or a duly designated officer of the Issuer as to the nature thereof and the steps taken and/or being taken by the Issuer to cure such event;

- j. **Notice of Change of Address.** The Issuer shall give the Bondholders, through the Trustee, written notice of any change of address at least five (5) Banking Days prior to such change;
- k. **Title.** The Issuer shall maintain, warrant and defend the rights, title and interests of the Bondholders hereunder and under the Bonds;
- l. **Use of Proceeds.** The Issuer shall ensure that the proceeds of the Bonds shall be used for the purpose stated in the Prospectus. Notwithstanding this Section, the Issuer may reallocate the proceeds of the Bonds to other purposes subject to compliance with the Applicable Law;
- m. **Subsidiaries.** So far as is permitted by Applicable Law, loan covenants, the financial conditions, or other relevant agreements of the Issuer and the relevant Subsidiary, and only to the extent necessary to enable the Issuer to meet its obligations under this Agreement and the Bonds, the Issuer shall cause its Subsidiaries to pay dividends to the Issuer;
- n. **Ranking of the Bonds.** If the Issuer incurs Indebtedness embodied in public instruments providing priority or preference under Article 2244(14) of the Civil Code of the Philippines, the Issuer shall, at its option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds;
- o. **Submission of Reports/Information Documents to Trustee.** The Issuer shall submit to the SEC copies of the reports, information and documents which the Issuer may be required to file with the SEC in connection with the offering of the Bonds pursuant to the Securities Regulation Code, and submit the same to the Trustee (other than those documents which are already required to be submitted to the Trustee under this Agreement), within ten (10) Banking Days after the Issuer has filed the same with the SEC;
- p. **Further Assurances.** The Issuer shall: (i) comply with all the terms and conditions of this Agreement and the Bonds; (ii) maintain satisfactory accounting, cost control, cybersecurity and management information systems; and (iii) ensure that all transactions with Subsidiaries and material Affiliates in the ordinary course of business shall be executed on arm's length basis; and
- q. **Services of a Credit Rating Agency.** The Issuer shall maintain the services of an independent credit rating agency accredited by the SEC to monitor the rating of the Bonds.

5.2. Negative Covenants

During the term of this Agreement and until payment in full of all the outstanding Bonds and performance of all other obligations of the Issuer hereunder, the Issuer hereby covenants that it shall not permit any of the following occurrences without the prior consent of the Majority Bondholders:

- a. **Encumbrances.** The Issuer shall not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer to receive income; *Provided*, however that this shall not prohibit the following:
 - i. any Lien over any asset to secure: (x) payment of the purchase price or cost of leasehold rights of such asset; or (y) the payment of the cost and expenses for the

development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (z) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;

- ii. Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
- iii. any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
- iv. any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
- v. any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
- vi. any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
- vii. any Lien created over (x) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (y) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of indebtedness in any currency;
- viii. any Lien on the properties and assets of the Issuer: (x) imposed by Applicable Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (y) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (z) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
- ix. any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty-Five percent (35%) of the Issuer's total assets;
- x. any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary

course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Forty Million (US\$40,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;

- xi. other Liens: (x) created solely by operation of law; and (y) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of this Agreement; and
- xii. any Lien constituted over the investment of the Issuer in any of its affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said affiliates;

Provided that for purposes of "affiliate" as used in Section 5.2a(iii), (iv), (v), and (xii) of this Agreement, it shall refer to any Person in which the Issuer has investment, whether direct or indirect, in.

- b. **Nature of Business.** Except as required by Applicable Law or any Governmental Authority, the Issuer shall not: (i) make or permit any material change in the nature of its business from that being carried on as of the date hereof; or (ii) engage in any business operation or activity other than that for which it is presently authorized, expressly or impliedly, by its Articles of Incorporation or by Applicable Law;
- c. **Merger or Consolidation.** The Issuer shall not enter into any merger or consolidation except where (i) the Issuer is, or the Aboitiz Group retains Control of, the surviving corporation; (ii) such merger or consolidation is required by law, regulation, or decree; or (iii) such merger or consolidation does not result in a Material Adverse Effect;
- d. **Amendment of Articles of Incorporation and By-laws: Quasi-reorganization.** Except as required by Applicable Law, the Issuer shall not amend its Articles of Incorporation and/or By-laws or reorganize or reduce its capital where such amendment, reorganization, or reduction of capital results in a Material Adverse Effect;
- e. **Declaration and Payment of Cash Dividends/Issuance of Share.** The Issuer shall not declare or pay any dividends to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its then-outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the Bonds are current and updated;
- f. **Sale or Lease of Assets.** The Issuer shall not sell, assign, lease, transfer, dispose, or subject all and/or substantially all of its properties and assets (whether in a single transaction or in a series of transactions, related or otherwise), divest any of its existing investments, or acquire all or substantially all of the properties or assets of any other Person except when such sale, assignment, lease, transfer, disposition, divestment, or acquisition: (i) is made in the ordinary course of business; (ii) is required by Applicable Law or any Governmental Authority; or (iii) does not result in a Material Adverse Effect;
- g. **Assignment of Revenues/Income.** The Issuer shall not assign, transfer or otherwise convey any right to receive any of its income or revenues except when such assignment, transfer,

or conveyance: (i) is allowed under Section 5.2a above; (ii) is made in the ordinary course of day-to-day operations; (iii) is required by Applicable Law or any Governmental Authority; or (iv) does not result in a Material Adverse Effect;

- h. **Guarantee.** The Issuer shall not assume (or agree contingently or otherwise to do so) the Indebtedness, or guarantee, endorse, or otherwise become directly or contingently liable (including without limitation, to become liable by way of agreement, contingent or otherwise, to purchase, use facilities, provide funds for payment, supply funds or otherwise invest in the debtor or otherwise to assure the creditor against loss) for or in connection with any obligation or Indebtedness of any other Person, other than (i) obligations of its Subsidiaries or Affiliates or any Person which the Issuer has investments in, whether such investment is in the form of shares, deposits or advances; and (ii) loans and other obligations of employees and officers pursuant to their employment and forming part of their compensation package;
- i. **Suspension of Business.** The Issuer shall not voluntarily suspend its business operations in a manner that will result in a Material Adverse Effect, or dissolve its affairs;
- j. **Loans and Advances to any Person.** The Issuer shall not extend any loan, advance or subsidy to any person (other than to its Subsidiaries or Affiliates or any Person which the Issuer has investments in, whether such investment is in the form of shares, deposits or advances, or transactions in the ordinary course of business) which will have a Material Adverse Effect. Neither shall the Issuer make any deposit, credit to, or investment in, any Person which will have a Material Adverse Effect, except for bank deposits, money market placements, and other transactions in the ordinary course of business;
- k. **Incurrence of Additional Loans.** The Issuer shall not incur any loan obligation with a maturity of more than one (1) year, if on the Transaction Date, after giving effect to the incurrence of such loan obligation and any other such cumulative obligations, but not giving any effect to the receipt or application of proceeds therefrom, the Net Debt to Consolidated Equity Ratio, as at the last day of the Relevant Period immediately preceding the Transaction Date (and giving effect to the incurrence of such loan obligation and any other such cumulative obligations), will exceed 3:1. At least two (2) Banking Days prior to the Transaction Date, the Issuer shall furnish the Trustee, substantially in the form of **Exhibit 2** a certificate signed by the Chief Finance Officer or a duly designated officer of the Issuer stating the Net Debt, Consolidated Equity and Net Debt to Consolidated Equity Ratio of the Issuer, dated on the date of delivery thereof, together with the relevant supporting documents to enable the validation of such calculation;
- l. **Acceleration of Outstanding Credit Obligations.** The Issuer shall not, after the occurrence of an Event of Default, voluntarily prepay any Indebtedness unless it shall contemporaneously make a proportionate prepayment of the Bonds; and
- m. **Material Adverse Effect.** The Issuer shall not, in any case, execute, perform or do any other act which shall have a Material Adverse Effect.

5.3. Survival

The covenants of the Issuer mentioned in Sections 5.1 and 5.2 shall survive the issuance of the Bonds and shall be performed fully and faithfully by the Issuer at all times while the Bonds or any portion thereof remain outstanding.

Section 6 PAYMENT OF THE BONDS

6.1. Remittance of Payment by the Issuer

- a. No later than three (3) Banking Days prior to a Payment Date, the Paying Agent shall notify Issuer in writing of the amount required to be remitted on such relevant Payment Date in accordance with the Registry and Paying Agency Agreement. On Payment Date, the Issuer shall remit to the Paying Agent in good and cleared funds the amount required for all interest and principal payments of the Bonds, net of any withholding tax, which tax shall be remitted to the BIR by the Issuer in accordance with BIR rules and regulations. Principal, interest, and any other payment shall be considered paid and the Issuer's obligation to pay shall be discharged at the time it is due if: (i) at such time the Paying Agent holds money sufficient to pay all principal, interest, or other payments then due, and (ii) the Paying Agent pays out such monies to the Bondholders or the Issuer causes payment to be made directly to the Bondholders to discharge the interest or principal payments due on the Bonds in accordance with the Registry and Paying Agency Agreement.
- b. In the event that the Issuer will be unable to remit the full amount sufficient to cover the principal and the interest on the Bonds on the Payment Date, the Issuer shall remit the amount available for payment to the Paying Agent; provided, that such remitted amount shall be proportionately applied towards the satisfaction of the amounts due on the Bonds, and without prejudice to the right of action of the Trustee and the Bondholders because of such failure to remit in full such amount.

6.2. Interest Payment

- a. The interest on the outstanding principal sum of the Bonds shall be paid at a rate and in the manner provided in Annex "A" hereof, accrued and payable on the relevant Interest Payment Dates. The Interest Payment Dates shall be automatically adjusted to fall on the immediately succeeding Banking Day if the Interest Payment Dates fall on a non-Banking Day, but there shall be no adjustment in the amount of interest as originally computed. Interest on the first Interest Payment Date will cover the period from Issue Date up to such Interest Payment Date. Subsequent interest payments shall be reckoned from the last Interest Payment Date up to the next Interest Payment Date. The last Interest Payment Date on the Series B Bonds and Series C Bonds shall fall on their respective Maturity Dates. For the avoidance of doubt, if either the Series B Bonds or Series C Bonds shall be redeemed prior to the relevant Maturity Dates, then the last Interest Payment Date shall be the date of the redemption, as applicable.
- b. The Person in whose name the Bonds is registered at the close of business on the Record Date preceding any Interest Payment Date shall be entitled to receive payment of the interest accruing up to such Interest Payment Date. In case of default in the payment of interest, such defaulted interest payment shall pertain to and be paid to the Person in whose name the Bonds are registered as of Record Date immediately preceding the relevant Interest Payment Date. In all cases, interest payments shall be remitted to the Bondholders only upon proper presentation to, and authentication by, the Paying Agent of proper authorization and identification papers.

6.3. Principal Repayment

- a. Unless previously redeemed, purchased, and cancelled, the principal amount of the Series B and Series C Bonds shall be payable on their respective Maturity Date at its face value.
- b. The Maturity Dates shall be automatically adjusted to fall on the immediately succeeding Banking Day if the relevant Maturity Date is on or otherwise falls on a non-Banking Day; provided, that no adjustment on the principal or interest accruing on such Maturity Date shall be made.

6.4. Early Redemption

Prior to the respective Maturity Dates of the Series B and Series C Bonds, the Issuer shall have the right, but not the obligation, granted to the Issuer under the Terms and Conditions to redeem in whole (and not in part), the outstanding Series B and Series C Bonds, on any Early Redemption Date, or the immediately succeeding Banking Day, if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed (the "Early Redemption Date").

The amount payable to the Bondholders in respect of the Early Redemption exercise (the "Early Redemption Price") shall be calculated based on the principal amount of the Series B and Series C Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount and the applicable Early Redemption Price in accordance with the following schedule:

For the Series B Bonds:

Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
2 nd year from Issue Date and every Interest Payment Date thereafter before the 3 rd anniversary of the Issue Date	101.00%
3 rd year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

For the Series C Bonds:

Early Redemption Dates	Early Redemption Price (inclusive of early redemption premium)
4 th year from Issue Date and every Interest Payment Date thereafter before the 5 th anniversary of the Issue Date	102.00%
5 th year from Issue Date and every Interest Payment Date thereafter before the 6 th anniversary of the Issue Date	101.00%
6 th year from Issue Date and every Interest Payment Date thereafter before Maturity Date	100.25%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice to the Bondholders through the Trustee of its intention to redeem the Series B or the Series C Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B or the Series C Bonds on the Early Redemption Date stated in such notice. For the avoidance of doubt, notice to the Trustee shall be considered notice to the Bondholders.

6.5. Redemption for Taxation Reasons

The Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par or 100% of the face value plus accrued interest, subject to the requirements of Applicable Law, if payments under the Bonds become subject to additional or increased taxes for the Issuer, other than the taxes and rates of such taxes prevailing on Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

For avoidance of doubt, the Issuer shall not be liable for the payment of the additional or increased taxes on the income of the Bondholders, which shall be for the account of the Bondholders.

The Trustee, upon receipt of written notice of redemption delivered by the Issuer, shall declare the principal of the Bonds, including all accrued interest, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any early redemption premium, anything in this Agreement or in the Bonds contained to the contrary notwithstanding.

6.6. Mandatory Redemption

If any one or more of the following events shall occur, in the reasonable opinion of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Bonds for the events contemplated in (a), (b) or (c) below or the Majority Bondholders for the events contemplated in (d) below (and with written notice to the Trustee), and be continuing for a period of fifteen (15) Banking Days with respect to the events contemplated in (a) or (c) below:

- a. Any law, Government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under this Agreement or the Bonds which shall be modified in a manner which, while not constituting an Event of Default, will result in a Material Adverse Effect, or shall be withdrawn or withheld;
- b. Any provision of this Agreement or any of the related documents is or becomes invalid, illegal or unenforceable by reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of this Agreement or any of the related documents in whole or in part, or any law is introduced to prevent or restrain the performance by the parties hereto of their obligations under this Agreement or any other related documents;
- c. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, by

reason of: (i) any final judgment or order by a court of competent authority; or (ii) notwithstanding any pending action before a court of competent authority: (x) any final and effective act of any Government Authority, or (y) any final and effective law, rule, or regulation, in such a manner as to materially and adversely affect the financial condition or operations of the Issuer; and

- d. Any Government Authority or any competent authority condemns, seizes, or expropriates all or substantially all of the assets or properties of the Issuer, unless such act is contested in good faith by the Issuer or unless such act is suspended or restrained by an order of a court of competent jurisdiction;

then, the Trustee, by notice in writing delivered to the Issuer may declare the principal of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable without any prepayment penalty that is imposed under an Early Redemption, anything in this Agreement or in the Bonds contained to the contrary notwithstanding, subject to the notice requirements under Section 10.2, provided that, such notice shall not be deemed either caused by a default under Section 9.1, or a notice of default under Section 10.2.

6.7. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, fees due to the Trustee, Registrar or Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty fee on the defaulted amount(s) at the rate of two percent (2%) per annum (the "Penalty Interest") from the time the amount fell due until it is fully paid.

Section 7 DISCHARGE OF OBLIGATION

The obligations of the Issuer under the Bonds and this Agreement shall cease to be of further effect if the Issuer shall have paid or remitted or caused to be paid the principal of, and all accrued interest on, all the Bonds issued and outstanding, including Penalty Interest, if any, at the time and in the manner therein provided.

In the event that the obligations of the Issuer under the Bonds and this Agreement shall cease to be of further effect as provided in this Section, the Trustee shall, on demand of the Issuer and at the latter's cost and expense, execute proper instruments acknowledging the satisfaction and discharge of the obligations of the Issuer under the Bonds and this Agreement. The Issuer agrees to reimburse the Trustee for any cost or expense thereafter, reasonably and properly incurred by the Trustee in connection with the Bonds or this Agreement.

Section 8 UNCLAIMED PAYMENTS

The Paying Agent shall be responsible for any money remitted to it for the payment of principal and interest on any Bonds including Penalty Interest, if any, but not actually applied to such payment because the same have not been collected or claimed by the Bondholders. The Bondholders concerned shall make the necessary request for payment to the Paying Agent for any such sums unclaimed in accordance with the Registry and Paying Agency Agreement. Any unclaimed payments shall not bear any interest.

Six (6) months after the respective Maturity Dates of the Series B and Series C Bonds, or Early Redemption Date or any other date of early redemption other than the Early Redemption Date, the Paying Agent shall return any balance remaining in such payment account. Such amount of unclaimed interests and principal payments shall be held for the benefit of the Bondholders. Upon payment of all amounts due to the Bondholders or return of the balance to the Issuer as provided in this Section, the responsibility of the Paying Agent to effect payments to the Bondholders as provided for in this Agreement shall cease.

Section 9 EVENTS OF DEFAULT

9.1. Events of Default.

A Bondholder upon receipt of information of an occurrence of any of the events enumerated in this Section 9.1, or the Issuer pursuant to Section 5.1.d, shall promptly notify the Trustee in writing of the occurrence of such event.

Each of the following events constitutes an Event of Default ("Event of Default") under this Agreement:

- a. **Payment Default.** The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under this Agreement and the Bonds, provided that such non-payment shall not constitute an Event of Default if such failure to pay is remedied within seven (7) Banking Days from due date thereof.

The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the Bonds and under this Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due. These other amounts include Penalty Interest, insofar as the payment of such interest is concerned;

- b. **Representation Default.** Except for clerical or typographical error, any representation or warranty made by the Issuer in this Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect;
- c. **Other Provisions Default.** The Issuer fails to perform or comply with any other term, obligation, or covenant contained in this Agreement or in any other document or instruments related or otherwise in connection therewith in any material respect and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of ninety (90) days for financial covenants and sixty (60) days for all other covenants from the date after written notice thereof shall have been given by the Trustee; *Provided*, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default specified in this Section 9.1;
- d. **Cross-Default.** The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of

any law or regulation, which violation, if remediable, is not remedied by the Issuer within thirty (30) Banking Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of at least two-thirds (2/3) of the Bondholders, adversely and materially affect the performance by the Issuer of its obligations under this Agreement and the Bonds. Provided, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is in excess of five percent (5%) of the Fair Market Value of Assets of the Issuer, based on the relevant parent-only financial statements of the Issuer;

- e. **Insolvency Default.** The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs, or any other proceeding analogous in purpose and effect; Provided, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the a court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof or such longer period as the Majority Bondholders may approve;
- f. **Closure Default.** The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a Closure Default;
- g. **Judgment Default.** Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer's Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, or agreement, and any extension thereof, shall have expired without being satisfied, discharged, or stayed within thirty (30) calendar days after the date when payment of such judgment, decree, or award is due under the applicable law or agreement; and
- h. **Writ and Similar Process Default.** Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within sixty (60) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

Section 10 CONSEQUENCES OF DEFAULT

10.1. Declaration by the Trustee or the Majority Bondholders

- a. If any one or more of the Events of Default shall occur and be continuing, the Trustee, upon the written direction of the Bondholders holding at least two-thirds (2/3) of the outstanding amount of the Bonds, by notice in writing delivered to the Issuer, may declare the principal of the Bonds then outstanding, including all interest accrued and unpaid thereon and all amounts due thereunder, to be due and payable immediately, anything contained in this Agreement or in the Bonds to the contrary notwithstanding.
- b. The provision in Section 10.1a, however, is subject to the condition that, except in the case of a Writ and Similar Process Default under Section 9.1(h), the Majority Bondholders, by written notice to the Issuer and to the Trustee, may rescind and annul such declaration made by the Trustee pursuant to a consequence of default and its consequences, upon such terms, conditions and agreements, if any, as they may determine, including, in connection with a Cross Default, the fact that the non-payment of the obligation is contested in good faith by the Issuer; provided, that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereto. Any such waiver shall be conclusive and binding upon all the Bondholders and upon all future holders and owners of such Bonds, or any Bond issued in lieu thereof or in exchange therefor, irrespective of whether or not notation of such waiver is made upon the Bonds.
- c. At any time after an Event of Default shall have occurred, the Trustee may:
 - i. by notice in writing to the Issuer, the Registrar, and the Paying Agent, require the Registrar and Paying Agent to:
 - x. act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under the provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Registrar and the Paying Agent shall be limited to amounts for the time being held by the Trustee on the trusts of this Agreement in relation to the Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or
 - y. deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such notice; provided, that, such notice shall be deemed not to apply to any document or record which the Registrar or Paying Agent is not obliged to release by any Applicable Law; and
 - iii. by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

10.2. Notice of Default

The Trustee shall, within ten (10) days after the occurrence of an Event of Default give to the Bondholders written notice of any such Event of Default known to it unless the same shall have been cured before the giving of such notice; provided, that, in the case of a Payment Default under Section 9.1(a), the Trustee shall, upon written notice from the Paying Agent of the Issuer's failure

to pay any amount of principal or interest which the Issuer is obligated to pay the Bondholders under this Agreement and the Bonds, immediately notify the Bondholders upon the occurrence of such Payment Default. The existence of a written notice required to be given to the Bondholders under this Section shall be published in two (2) newspapers of general circulation in Metro Manila, Philippines for two (2) consecutive days, indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee as indicated in this Agreement upon presentation of sufficient and acceptable identification to the Trustee.

Subject to Applicable Law, in case of the occurrence of an Event of Default, the Issuer shall authorize the Registrar to provide the Trustee with the list of Bondholders containing the names and addresses of the Bondholders, the amount of the Bonds held by them, and such other information as may be agreed upon between the Registrar and the Issuer or a confirmation stating that the relevant Bondholder is included in the list of Bondholders in the Register of Bondholders.

10.3. Payments in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer will pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, and in addition thereto, the Issuer will pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred in furtherance of this Agreement and without negligence or bad faith by the Trustee hereunder.

Upon the occurrence of an Event of Default and in accordance with the requirements of this Agreement, the Bondholders shall have the right, but not the obligation, to require the Issuer to redeem the Bonds in full, by payment of the amounts stated above, plus the principal amount, by delivery of the relevant evidence of the Bonds to the Trustee.

10.4. Application of Payments

Any money collected by the Trustee under this Section and any other funds held by it through the Registrar and Paying Agent or any other agent appointed by the Trustee in connection with the Bonds, which shall be delivered to the Paying Agent, subject to any other provision of this Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows:

- a. First: To the payment of the costs, expenses, fees and other charges of collection, including reasonable compensation to the Trustee, Registrar and Paying Agent, and each such Person's agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursement made by them without negligence or bad faith.
- b. Second: To the payment of Penalty Interest.
- c. Third: To the payment of the interest, in the order of the maturity of such interest.
- d. Fourth: To the payment of the principal amount of the outstanding Bonds due and payable.

- e. Fifth: The remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Registrar and Paying Agent in relation to the Bonds shall require the conformity of the Trustee. The Registrar and Paying Agent shall render a monthly account of such funds under its control.

10.5. Remedies

All remedies conferred by this Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extrajudicial proceedings appropriate to enforce the conditions and covenants of this Agreement, subject to Section 10.6.

No delay or omission by the Trustee or by any Bondholder to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto, and every power and remedy given by this Agreement to the Trustee or to the Bondholder may be exercised from time to time and as often as may be necessary or expedient.

10.6. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of this Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless all of the following conditions have been fulfilled: (1) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds, and (2) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action or proceeding in its own name, and (3) the Trustee for sixty (60) days after receipt of such notice and request shall have neglected or refused to institute any such suit, action or proceeding unless such failure was due to any circumstance beyond its control, and (4) no directions inconsistent with such written request or waiver of default by the Bondholders pursuant to Section 10.7, shall have been made, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of this Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over, or preference to, any other such holder or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Bondholders. For the protection and enforcement of the provisions of this Section, each and every Bondholder and the Trustee shall be entitled to such relief as can be given under the Applicable Law.

10.7. Waiver of Default by Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default except the Events of Default specified in Sections 9.1(a), 9.1(d), 9.1(e), and 9.1(f) and its

consequences. In case of any such waiver, written notice of which shall be given to the Issuer by the Trustee, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

10.8. Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Section 11 MEETINGS OF BONDHOLDERS

11.1. Meetings

A meeting of Bondholders may be called at any time and from time to time pursuant to the provisions of this Section for the purpose of taking any action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of Bonds under any other provisions of this Agreement or under Applicable Law and such other matters related to the rights and interests of the Bondholders under the Bonds. The Issuer shall authorize the Registrar and Paying Agent to provide the Trustee with the list of Bondholders for purposes of calling a meeting of the Bondholders.

11.2. Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the Majority Bondholders may direct in writing the Trustee to call a meeting of the Bondholders, to take any action specified in Section 11.1, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be issued by the Trustee and sent by the Trustee to the Issuer and to each of the registered Bondholders through the Registrar and Paying Agent and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting, including the cost of the venue and other related expenses for the meeting, shall be advanced by or reimbursed by the Issuer within ten (10) days from receipt of the duly supported statement of account.

11.3. Failure of Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its Board, or the requisite number of Bondholders shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with Section 11.2, the notice of such meeting within fifteen (15) Banking Days after receipt of such request, then the Issuer or such Bondholders may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof as provided in Section 11.2, and the costs thereof shall be chargeable to the Trustee except when such failure is beyond the control of the Trustee.

11.4. Quorum

The presence of the Majority Bondholders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The Trustee shall rely on the records provided by the Registrar and shall be held free and harmless for such reliance.

11.5. Procedure for Meetings

The Trustee shall preside at all the meetings of the Bondholders unless the meeting shall have been called by the Issuer or by the Bondholders as provided in Section 11.3, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting from among the Bondholders then present or represented during the meeting.

Any meeting of the Bondholders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

In the event consent/s are requested from the Bondholders, the Bondholders' records with the Registrar as of the immediately preceding month-end prior to the date of the request shall be used by the Trustee until the results of the exercise is completed. Transfers or changes to ownership during any exercise shall be disregarded by the Trustee. Notwithstanding the foregoing, if the Registrar determines the record date of Bondholders according to its Agreements then such listing shall prevail and the Trustee shall rely on such records.

11.6. Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person shall be a registered holder of the Bonds or a Person appointed by an instrument in writing as proxy by any such holder as of the date of such meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (PhP10,000.00) interest. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representative of the Issuer and its legal counsel.

11.7. Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the Bondholders present or represented in a meeting at which there is a quorum, except as otherwise provided in this Agreement.

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

11.8. Role of the Trustee in Meetings of Bondholders

Notwithstanding any other provisions of this Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit. The minutes of each meeting and any resolution made thereat shall be taken by the Trustee.

11.9. Evidence Supporting Bondholders' Action

Wherever in this Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders. The Trustee shall rely on the Registrar to authenticate all Bondholders' signature at all times.

Section 12 AMENDMENT OR SUPPLEMENTAL AGREEMENTS

With the written consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental hereto for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of this Agreement; provided, however, that no such supplemental agreement shall:

- a. Without the consent of each Bondholder affected thereby:
 - ii. extend the fixed maturity of the relevant Series B Bonds and/or Series C Bonds, or
 - iii. reduce the principal amount of the relevant Series B Bonds and/or Series C Bonds, or
 - iv. reduce the rate or extend the time of payment of interest and principal thereon;
- b. Affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders; or
- c. Reduce the percentage required to be obtained of the Bondholders to consent to or approve any supplemental agreement or any waiver provided for in this Agreement without the consent of all the Bondholders.

The Issuer and the Trustee may amend or waive any provisions of the Transaction Documents and it shall not be necessary to send a prior notice to, or obtain the consent of, the Bondholders under this Section for the purpose of:

- i. approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof; and
- ii. any such amendment or waiver that is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, without prior notice to or the consent of the Bondholders

provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

Any consent given pursuant to this Section shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof or of any bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement pursuant to the provisions of this Section, the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

Section 13 MISCELLANEOUS PROVISIONS

13.1. Waiver of Preference

In the event that a primary obligation for payment shall arise out of this Agreement, such as to constitute this Agreement as a contract for the payment of an indebtedness or a loan, then it is understood and expressly agreed by the parties hereto that the obligation created under this Agreement shall not enjoy any priority, preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that this Agreement may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced.

13.2. Notice

Any notice or demand authorized by this Agreement to be given to the Issuer and the Trustee must be in writing and will be deemed to have been duly given only if (a) (i) delivered personally, or (ii) mailed through a reputable overnight courier service (postage prepaid) to the parties at the following addresses and addressed to the individuals names below; provided, that in either case, such notice, request or other communication be also sent via email; or (b) emailed to the parties at the following email addresses and addressed to the individuals named below:

If to the Issuer:

To the Issuer:	Aboitiz Power Corporation
Attention:	Maria Veronica C. So
Subject:	AboitizPower Bonds Due 2025 and 2028
Address:	32nd Street, Bonifacio Global City 1634 Taguig City, Metro Manila
Telephone No.	+639178180008
E-mail:	veronica.so@aboitiz.com
With copy to:	aev.tsg@aboitiz.com

If to the Trustee:

To the Trustee:	[•]
Attention:	[•]

Subject: AboitizPower Bonds Due 2025 and 2028
Address: [•]
Contact Number: [•]
E-mail: [•]

All notices to the Issuer and the Trustee shall be deemed served or given when sent via email; provided, that no bounce mail, error or send failure notification is received by the sender.

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) reputable surface mailing service; (iii) reputable overnight courier service (postage prepaid); (iv) electronic mail; (v) by one-time publication in a newspaper of general circulation in the Philippines; (vi) personal delivery to the address of record in the Register of Bondholders; or (vii) disclosure through the online disclosure system of the PDEX. The Trustee shall rely on the Register of Bondholders provided by the Registrar and Paying Agent in determining the Bondholders entitled to notice.

All notices to Bondholders shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing if transmitted by a reputable surface mailing service; (iii) upon the next Banking Day, if sent by reputable overnight courier service; (iv) on the date of transmission, if transmitted by electronic mail; provided, that no bounce mail, error or send failure notification is received by the sender; (v) on date of publication; (vi) on date of delivery, for personal delivery; or (vii) on the date of posting through the online disclosure system of PDEX, as applicable.

13.3. Binding and Conclusive Nature

Except as provided in this Agreement, all notifications, opinion, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of this Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence of willful default, bad faith or manifest error) no liability to the Issuer, the Registrar and Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Agreement, resulting from the Trustee's reliance on the foregoing.

13.4. Successors and Assigns

This Agreement shall be binding upon and shall be enforceable against the Issuer, the Trustee and the Bondholders and their respective successors and assigns; provided, however, that the Issuer shall not have the right to transfer or assign any and all of its rights or obligations herein without the prior written consent of the Bondholders representing at least two-thirds (2/3) of the aggregate outstanding principal amount of the Bonds.

13.5. Exclusive Nature of Agreement

Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give to any Person or corporation, other than the parties hereto and the Bondholders, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof; and except as aforesaid all the covenants, stipulations, promises and agreements herein

contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the Bondholders.

13.6. Validity of Provisions

If any provision, term or condition of this Agreement or the application hereof to any Person or circumstance is declared invalid, the other provisions, terms or conditions hereof or the application hereof to any Person or circumstance shall not be affected and shall continue to be in full force and effect.

13.7. No PDIC Coverage

The Bondholders understand and acknowledge that investments in the Bonds are not covered by the Philippine Deposit Insurance Corporation (“PDIC”) and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Bonds and the regular conduct of the Trustee’s trust business shall be for the account of the Bondholder.

13.8. Venue

Any legal action or proceeding arising out of, or in connection with, this Agreement and the Bonds and any and all related documents and papers, shall be brought in the proper courts of Makati City or Taguig City, Metro Manila, Philippines, at the option of the complaining party, to the exclusion of any other court.

13.9 Dispute Settlement

In case any dispute shall arise between the Issuer, the Trustee or any of the Bondholders in respect of this Agreement, or other related agreements or arrangements, the Issuer, the Trustee or any of the Bondholders shall attempt to resolve the same amicably by agreement which shall be in writing. However, if no such agreement is concluded within thirty (30) Banking Days from the time the dispute arose, or such period as may be reasonable under the circumstances, the parties may have recourse to the usual judicial action obtaining under the circumstances.

13.10 No Right to Set-Off

The Trustee shall have no right to apply funds or money of the Issuer on deposit with or in the custody of the Trustee or any of its branches, subsidiaries, or affiliates on reduction of amounts past due under this Agreement.

13.11 Governing Law

This Agreement and the Bonds issued hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the Republic of the Philippines.

13.12 Termination

The Trustee shall automatically be discharged from its duties and responsibilities under this Agreement within three (3) days from full payment of the Bonds on the relevant Maturity Date absent any written notice of payment default.

13.13 Counterparts

This Agreement may be executed and delivered in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[The remainder of this page is left intentionally blank.]

DRAFT

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date and at the place first abovementioned.

By affixing our signature on this signature page, we are deemed to have agreed to and confirmed the terms and conditions contained in all the other pages of this Agreement.

ABOITIZ POWER CORPORATION

By:

MARIA VERONICA C. SO
Group Treasurer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) SS.

I certify that on this ___ day of _____ 2021, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following:

Name	Competent Evidence of Identity	Date of Issue/ Place of Issue
Maria Veronica C. So	[REDACTED]	[REDACTED]

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, and that they have the authority to sign on behalf of their principals.

WITNESS MY HAND AND SEAL, on the date and at the place first above written.

Doc. No. : _____;
Page No. : _____;
Book No. : _____;
Series of 2021.

[TRUSTEE]

By:

[TRUSTEE REPRESENTATIVE]

[Title]

[TRUSTEE REPRESENTATIVE]

[Title]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

I certify that on this ___ day of _____ 2021, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following:

Name	Competent Evidence of Identity	Date of Issue/ Place of Issue
[•]	[•]	[•]
[•]	[•]	[•]

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, and that they have the authority to sign on behalf of their principals.

WITNESS MY HAND AND SEAL, on the date and at the place first above written.

Doc. No. : _____;
Page No. : _____;
Book No. : _____;
Series of 2021.

ANNEX A
TERMS AND CONDITIONS OF THE BONDS
[to be lifted from the Offer Supplement]

DRAFT

**ANNEX B
FORM OF THE APPLICATION TO PURCHASE**

[Form to be inserted once final]

DRAFT

ANNEX C-1
MASTER CERTIFICATE OF INDEBTEDNESS FOR THE SERIES B BONDS

[LOGO]

ABOITIZ POWER CORPORATION
MASTER CERTIFICATE OF INDEBTEDNESS
Series B Bonds

₱ [•] , [•]%

Bond Certificate No. [•]

Issue Date: [•]

Maturity Date: [•]

For and in consideration of the sum of PESOS: [•] PESOS ₱ [•], ABOITIZ POWER CORPORATION (the "Company"), promises to pay the sum of PESOS: [•] ₱ [•], together with interest, to the Bondholders appearing in the Register of Bondholders, pursuant to, and subject to the terms and conditions set forth in: (i) the Trust Agreement dated [•], 2021, and (ii) Annex A thereto.

This Master Certificate of Indebtedness is being issued by the Company, acting by the authority of its Board of Directors, to [•], in its capacity as Trustee, in acknowledgement of the Company's obligations in respect of the [•] year Philippine Peso fixed rate bonds (the "Series B Bonds") duly registered with the Philippine Securities and Exchange Commission.

The Series B Bonds shall bear fixed interest rate equivalent to [•]% per annum, subject to the terms and conditions contained in the Trust Agreement dated [•], 2021, and Annex A attached thereto.

Annex A provides for the mode and manner of the payment and prepayment of the Series A Bonds under the terms and conditions set forth and specified therein as well as for the acceleration of the maturity of the Series B Bonds under certain conditions.

The Series B Bonds shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

ABOITIZ POWER CORPORATION

By:

THE SERIES B BONDS ARE NOT INSURED WITH THE PHILIPPINE DEPOSIT INSURANCE CORPORATION

ANNEX C-2
MASTER CERTIFICATE OF INDEBTEDNESS FOR THE SERIES C BONDS

[LOGO]

ABOITIZ POWER CORPORATION
MASTER CERTIFICATE OF INDEBTEDNESS
Series C Bonds

₱ [•] , [•]%

Bond Certificate No. [•]

Issue Date: [•]

Maturity Date: [•]

For and in consideration of the sum of PESOS: [•] PESOS ₱ [•], ABOITIZ POWER CORPORATION (the "Company"), promises to pay the sum of PESOS: [•] ₱ [•], together with interest, to the Bondholders appearing in the Register of Bondholders, pursuant to, and subject to the terms and conditions set forth in: (i) the Trust Agreement dated [•], 2021, and (ii) Annex A thereto.

This Master Certificate of Indebtedness is being issued by the Company, acting by the authority of its Board of Directors, to [•], in its capacity as Trustee, in acknowledgement of the Company's obligations in respect of the [•] year Philippine Peso fixed rate bonds (the "Series C Bonds") duly registered with the Philippine Securities and Exchange Commission.

The Series C Bonds shall bear fixed interest rate equivalent to [•]% per annum, subject to the terms and conditions contained in the Trust Agreement dated [•], 2021, and Annex A attached thereto.

Annex A provides for the mode and manner of the payment and prepayment of the Series C Bonds under the terms and conditions set forth and specified therein as well as for the acceleration of the maturity of the Series C Bonds under certain conditions.

The Series C Bonds shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

ABOITIZ POWER CORPORATION

By:

THE SERIES C BONDS ARE NOT INSURED WITH THE PHILIPPINE DEPOSIT INSURANCE CORPORATION

EXHIBIT 1
FORM OF CERTIFICATE OF NO DEFAULT AND COMPLIANCE / NOTICE OF DEFAULT

To: [•]
(the "Trustee")
Fax: [•]
Attn: [•]
From: Aboitiz Power Corporation
Date: [•]

Re: Trust Agreement dated [•] (the "Agreement") between Aboitiz Power Corporation (the "Issuer"), and the Trustee

We refer to the Agreement. Words and expressions defined in the Agreement have the same meanings in this certificate. This is a Certificate of No Default and Compliance.

We confirm the following:

1. that [no/the following] Events of Default were outstanding as at [*relevant date*];
2. all the representations and warranties of the Issuer contained in the Agreement remain true and correct; and
3. all of the covenants of the Issuer set forth in the Agreement have been fully met and performed.

For and on behalf of Aboitiz Power Corporation.

By:
Name:
Title:

EXHIBIT 2
FORM OF CERTIFICATE ON NET DEBT TO CONSOLIDATED EQUITY RATIO

To: [•]
(the "Trustee")
Fax: [•]
Attn: [•]
From: Aboitiz Power Corporation
Date: [•]

Re: Trust Agreement dated [•] (the "Agreement") between
Aboitiz Power Corporation (the "Issuer"), and the Trustee

We refer to the Agreement. Words and expressions defined in the Agreement have the same meanings in this certificate. This is a Certificate on Net Debt to Consolidated Equity Ratio.

We confirm that as at *[relevant date]*:

Net Debt was [•] and Consolidated Equity was [•], so the ratio of Net Debt to Consolidated Equity was [•]:1.

For and on behalf of Aboitiz Power Corporation.

By:

Name:

Title:

DRAFT

FIXED RATE BONDS

DUE 2025/2028

REGISTRY AND PAYING AGENCY AGREEMENT

ABOITIZ POWER CORPORATION

AND

PHILIPPINE DEPOSITORY & TRUST CORP.

DRAFT

REGISTRY AND PAYING AGENCY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This **Registry and Paying Agency Agreement** (the "**Agreement**") is made between:

ABOITIZ POWER CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, 1634 Taguig City, Metro Manila ("**AboitizPower**" or the "**Issuer**");

and

PHILIPPINE DEPOSITORY & TRUST CORP., a corporation duly authorized to perform registry functions by appropriate authorities and organized and existing under and by virtue of laws of the Republic of the Philippines, with principal office address at the 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City ("**PDTC**" or the "**Registrar**" and in its capacity as the Paying Agent, the "**Paying Agent**").

WITNESSETH:

- (a) The Issuer is authorized by the Philippine Securities and Exchange Commission ("**SEC**") to issue Fixed Rate Peso-Denominated Bonds for offering, distribution and sale to the general public of the aggregate principal amount of up to PHILIPPINE PESOS: THIRTY BILLION (₱30,000,000,000.00) to be issued in one or several tranches within three years from the date of effectivity of its shelf registration (the "**Debt Securities Program**"). The Issuer previously issued the first tranche of the Bonds on March 16, 2021 and desires to issue the second tranche of the Bonds. The second tranche of the Bonds shall comprise of [•]% per annum fixed rate bonds due 2025 ("**Series B Bonds**") and [•]% per annum fixed rate bonds due 2028 ("**Series C Bonds**") for a principal amount of up to PHILIPPINE PESOS: SIX BILLION (₱6,000,000,000.00) (the "**Base Offer**"), and an oversubscription option of up to PHILIPPINE PESOS: SIX BILLION (₱6,000,000,000.00) (the "**Oversubscription Option**"; the bonds under the Oversubscription Option, the "**Oversubscription Bonds**"; the Series B and C Bonds and the Oversubscription Bonds, the "**Bonds**"; and this second tranche, the "**Offer**");
- (b) The Issuer will issue the Bonds in scripless form and desires to appoint PDTC as registrar to maintain the electronic official registry or records of title to the Bonds, record the initial issuance and subsequent transfers of the same as warranted, and perform such other duties as may be undertaken by PDTC as registrar under this Agreement, and PDTC has accepted said appointment under the terms and conditions hereinafter set forth; and
- (c) The Issuer desires to appoint PDTC as paying agent to handle the payment of interest and principal on the Bonds paid by the Issuer to the eligible Bondholders, and PDTC has accepted said appointment under the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing and subject to the terms and conditions set forth below, the parties hereto agree as follows:

**Aboitiz Power Corporation Bonds due 2025 and 2028
Registry and Paying Agency Agreement**

Section 1 Definitions and Interpretation

- 1.1 Terms defined in the Terms and Conditions (as defined below), and which are made an integral part hereof attached as **Schedule 1**, shall have the same meaning when used in this Agreement, except where otherwise defined and where the context requires otherwise. In addition to the foregoing, the following terms shall have the following meaning:

Agreement shall mean this Registry and Paying Agency Agreement, its attachments and schedules (when executed), as may be modified, amended, or supplemented as applicable from time to time.

Anti-Money Laundering Laws of the Philippines or AMLA shall mean Republic Act No. 9160, as amended by Republic Act No. 9194, Republic Act No. 10167, Republic Act No. 11521, and BSP Circular Nos. 251, 253, 279, 527, 564, 608, 612 and 706, and all other amendatory and implementing law, regulation, jurisprudence, notice or order of any Philippine governmental body relating thereto.

Applicable Law shall refer to any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority;

Applicant shall mean a Person who shall duly accomplish the Application as defined herein and who shall deliver the same to the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter in accordance with the Issue Management and Underwriting Agreement;

Application or Application to Purchase shall mean the application form actually accomplished and submitted by the Applicant for the Bonds, together with all requirements set forth substantially in the form attached hereto as **Schedule 2**, or electronically submitted through the e-SIP.

Banking Day shall mean any day other than Saturday, Sunday and public non-working holidays on which commercial banks in Taguig City and Makati City and the Philippine Clearing House Corporation are generally open for the transaction of business; provided, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each.

BIR shall mean the Philippines Bureau of Internal Revenue.

Bondholder shall mean a person whose name appears, at any relevant time, in the Register of Bondholders as the registered owner of the Bonds.

Bonds shall mean the Series B Bonds and the Series C Bonds, collectively.

BSP shall mean Bangko Sentral ng Pilipinas.

Cash Settlement Account shall mean an account designated by a Bondholder with a Cash Settlement Bank into which shall be credited the interests, principal, and other payments on the Bonds.

Cash Settlement Bank shall mean a bank licensed and authorized under the laws of the Philippines and designated by the Bondholder as the bank with which the Bondholder's Cash Settlement Account is maintained, such designation to be made in accordance with the procedures of the Paying Agent.

Co-Lead Underwriter shall mean [•].

Closed Period shall mean the periods during which the Registrar shall not register any transfer or assignment of the Bonds, specifically: (a) the period of two (2) Banking Days preceding any Interest Payment Date or the due date for any payment of the principal amount of the Bonds; or (b) the period when any Bonds have been previously called for redemption.

Depository Account shall mean a securities account opened and maintained by the Bondholder, his custodian, or broker, as the case may be, with the PDTC.

Early Redemption Date shall mean the Early Redemption Date for the Bonds, as defined in Annex A of the Trust Agreement dated [•], 2021.

Early Redemption Option shall mean the right, but not the obligation, granted to the Issuer under the Terms and Conditions to call and redeem in whole (and not in part), the outstanding Bonds, on any Early Redemption Date, or the immediately succeeding Banking Day, if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed.

Early Redemption Price shall mean the Early Redemption Price for the Bonds, as defined in Annex A of the Trust Agreement dated [•], 2021.

e-SIP means the e-Securities Issue Portal established and maintained by the PDS Group.

Event of Default shall mean an event specified as such under Section 7 hereof.

Final Sales Report shall mean the report from each Selling Agent detailing the Applications to Purchase covering the Bonds approved and accepted for purchase during the Offer Period.

Government Authority shall mean the Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person.

Interest shall mean for any Interest Period, the interest payable on the Bonds at such rate set out in the Terms and Conditions.

Interest Payment Date shall mean [•], [•], [•], and [•] of each year commencing on [•], 2021 until and including the Maturity Date, or the next Banking Day if such date is not a Banking Day, without any adjustment in the amount of interest as originally computed.

Interest Period shall mean the period commencing on the Issue Date and having a duration of three (3) months and, thereafter, each successive three (3)-month period commencing on the last day of the immediately preceding Interest Period up to, but excluding the first day of the immediately succeeding Interest Period, but in the case

of the last Interest Period, it will be the period from and including the last day of the immediately preceding Interest Period up to, but excluding, the Maturity Date.

Issue Date shall be on [•], 2021, such other Banking Day as the Issuer and the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter may agree in writing and with advice to PDTC in writing; provided, that such date shall be a date, which is within the validity of the SEC Permit to Sell Securities.

Issue Price shall mean one hundred percent (100%) of the aggregate nominal principal amount of the Bonds.

Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners shall mean BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and SB Capital Investment Corporation.

Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, and Co-Lead Underwriter shall mean BDO Capital & Investment Corporation, China Bank Capital Corporation, First Metro Investment Corporation, and SB Capital Investment Corporation as joint issue managers, joint lead underwriters and joint bookrunners for the Offer, and [•], as co-lead underwriter for the Offer, collectively.

Master Certificates of Indebtedness shall mean the certificates representing such amount corresponding to the Bonds sold in the Offer issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Maturity Date shall mean the date at which the Series B and Series C Bonds shall be redeemed by the Issuer by paying the principal amount thereof, and which date is, for the Series B Bonds, 4 years from the Issue Date or on [•], 2025 and, for the Series C Bonds, 7 years from Issue Date or on [•], 2028; provided that, in the event that the Maturity Date falls on a day that is not a Banking Day, the Maturity Date shall be the next succeeding Banking Day, without adjustment to the amount of interest to be paid.

Maturity Value shall mean the Issue Price plus unpaid and accrued applicable interests up to but excluding the Maturity Date.

Non-Trade Transactions shall mean transactions relating to the Bonds under any of the following instances:

1. Nomination or change of nominated custodian by the beneficial owner of the Bonds;
2. Succession, provided that the heirs and successors-in-interest present a court order of partition or deed of extrajudicial settlement and the proper documentation evidencing the payment of applicable taxes and a certificate authorizing the transfer of the Bonds from the BIR;
3. Donation, provided that the donor presents a valid deed of donation and documents to evidence the payment of applicable taxes and a certificate authorizing the transfer of the Bonds from the BIR;
4. Request for recording or annotation of interests or liens on the Bonds of any party arising from transactions such as, but not limited to, pledge or escrow, provided that the pledgor or the beneficiary of the escrow shall present a proper contract of pledge or escrow agreement; and
5. Such other transactions that may be deemed valid and "free of payment" transactions by PDTC; *Provided* that such transfer is not in violation of any law or regulation or

made in circumvention thereof; *Provided*, further that, the burden of proving the validity of a “free of payment” transaction rests with the transferor of the Bonds.

Offer Period shall mean the period when the Bonds are offered for sale by the Issuer to the public, through the Selling Agents, commencing on [•], 2021 and ending [•], 2021 or such other date as may be mutually agreed between the Issuer and the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter.

Outstanding shall mean, in relation to the Bonds, all the Bonds issued except: (a) those which have been redeemed in accordance with the Terms and Conditions; (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable under the Terms and Conditions after such date) have been duly paid to the Paying Agent as provided in this Agreement and remain available for payment against presentation and surrender of the Bonds; and (c) those in respect of which claims have become void.

Payment Account shall mean the account to be opened and maintained by the Paying Agent with such Payment Account Bank designated by the Issuer and solely managed by the Paying Agent, in trust and for the irrevocable benefit of the Bondholders, into which the Issuer shall deposit the amount of the interest and/or principal payments due on the Outstanding Bonds on a relevant date and exclusively used for such purpose, the beneficial ownership of which shall always remain with the Bondholders.

Payment Account Bank shall mean a duly-licensed bank designated by the Issuer (in such form prescribed by the Paying Agent, attached hereto as **Schedule 3** hereof), where the PDTC Payment Account will be opened, maintained, and managed by the Paying Agent for and on behalf of the Issuer, into which the Issuer shall deposit, in good cleared funds, the amount of the relevant interest and principal payments due each Bondholder on each relevant Payment Date.

Payment Date shall mean the Interest Payment Date and/or Principal Payment Date, as the case may be.

Payment Report shall mean the report to be submitted by the Paying Agent to the Issuer prepared under Section 2.9 of this Agreement.

PDEX shall mean the Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group of Companies.

PDEX Rules shall mean the PDEX Rules for the Fixed Income Securities Market, as amended, and as the same may be revised from time to time, as well as all other related rules, guidelines, and procedures that may be issued by PDEX.

PDEX Trading Participant shall mean a trading participant of PDEX defined as such under its rules.

PDSClear System or **PDSClear** shall mean the system operated by PDEX that enables settlement of a Trade Related Transaction via delivery versus payment.

PDS Group shall mean the group of companies comprised of the Philippine Dealing System Holdings Corporation, which is the parent company of the group, and its

operating subsidiaries, which are affiliates of PDTC, namely, PDEX, and the Philippine Securities Settlement Corp.

Philippine Peso or **₱** shall mean the legal currency of the Republic of the Philippines;

Principal Payment Date shall mean the Maturity Date or the Early Redemption Date;

Record Date shall mean as used with respect to any Payment Date, two (2) Banking Days immediately preceding such relevant Payment Date, which shall be the cut-off date in determining the existing Bondholders entitled to receive interest, principal and other payments due, or such other date duly notified by the Issuer.

Redemption Date shall mean: (i) the Interest Payment Date following compliance by the Issuer with the requirements under the Terms and Conditions relating to the Early Redemption Option or Tax Redemption Option, as a consequence of which the Issuer may redeem the Bonds; or (ii) the date on which the Bonds are redeemed by the Issuer pursuant to a Mandatory Redemption.

Register of Bondholders shall mean the electronic registry book of the Registrar containing the official information on the Bondholders and the amount of Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon.

Registry Account shall mean the account opened and maintained by the Bondholders in the Register of Bondholders.

Registry Confirmation shall mean the written advice sent by the Registrar to the Bondholders, confirming the registration in the name of such Bondholder in the Register of Bondholders of the specified amount of the Bonds issued to or purchased by a Bondholder, in the Register of Bondholders. The Registry Confirmation is the Securities Receipt Confirmation attached hereto as Schedule 9.

Registry Rules shall mean the rules of the Registrar as may be amended from time to time.

RTGS shall mean the Philippine Payment Settlement System via Real Time Gross Settlement that allows banks to effect electronic payment transfers which are interfaced directly to the automated accounting and settlement systems of the BSP.

SEC shall mean the Securities and Exchange Commission of the Philippines and its successor agency/ies.

Selling Agents shall mean institutions who are authorized under Philippine law to act as such and whose role is to help facilitate the sale and distribution of the Bonds. The Selling Agents for this offering are the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter and [•].

Series B Bonds shall mean the fixed rate bonds having a term ending four (4) years from the Issue Date, or on [•], 2025, with a fixed interest rate of [•]% per annum.

Series C Bonds shall mean the fixed rate bonds having a term ending seven (7) years from the Issue Date, or on [•], 2028, with a fixed interest rate of [•]% per annum;

Tax Exempt/Treaty Documents shall mean the following documentary requirements to be submitted by Bondholders claiming exemption from any applicable tax as proof of its tax-exempt status to the Registrar:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates:
 1. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code), including non-stock savings and loans associations; (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan - certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof;
 2. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 - certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);
 3. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) - certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and
 4. For entities claiming tax treaty relief - original or certified true copies of the following documents:

General requirements:

1. Original Tax Residency Certificate ("**TRC**") duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
2. Original and duly notarized Special Power of Attorney ("**SPA**") issued by the Bondholder to the Issuer, expressly stating the Issuer's authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

3. Authenticated copy of the Bondholder's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
4. For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the SEC to the Bondholder;
5. For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry ("**DTI**") to the Bondholder;

Additional requirements for entities:

6. Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
7. List of owners/beneficiaries of the Bondholder;
8. Proof of ownership of the Bondholder; and
9. TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for interest payments due in each subsequent calendar year and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

1. A duly notarized declaration (in the form attached hereto as **Schedule 4** hereof) warranting that its tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and Registrar and Paying Agent free and harmless against any claims, actions, suits and liabilities arising from the non-withholding or reduced withholding of the required tax; and
2. such other documentary requirements as may be required by the Issuer and the Registrar and Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities.

The Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Tax Redemption Option shall mean the option granted to the Issuer under the Terms and Conditions to redeem the whole of the Bonds, in the event payments become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in Applicable Law, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer.

Terms and Conditions shall mean the applicable terms and conditions of the Bonds, which is attached as Schedule 1 hereto, and made an integral part of this Agreement.

Trade Related Transactions shall mean transactions on the Bonds other than Non-Trade Transactions executed through PDEX (upon listing of the Bonds).

Trust Agreement shall mean the trust agreement dated [•], 2021, executed by and between the Issuer and the Trustee.

Trustee shall mean [•].

- 1.2 **Interpretation.** All terms defined in this Agreement shall have their defined meanings when used in any certificate, report, or other document or instrument made or delivered pursuant hereto, unless the context requires otherwise. All Annexes, Schedules, or Attachments shall be considered integral parts of this Agreement. Titles of provisions in this Agreement and references herein to Sections, Subsections and Annexes are to sections and subsections of and annexes to this Agreement. Words importing gender include feminine, masculine, and neuter. Titles of provisions in this Agreement are used for convenience of reference only and do not limit or affect the interpretation of the provisions hereof. Any references to a person includes its permitted successors and permitted assigns. Any reference to “writing” or cognate expressions includes a reference to telex, cable, facsimile transmission, electronic mails, web-based uploads, or other electronic or teleprocess instruction system or comparable means of communications, and all consents and approvals to be obtained hereunder shall be understood to be required to be in writing. The words “include”, “includes”, and “including” are not limiting and shall be deemed to be followed by the words “without limitation”, whether or not so followed. The words “hereof”, “herein” and “hereunder” and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document. Any reference to “days” shall mean calendar days, unless a descriptive word is used to qualify the term. A reference to a “year” or “annum” shall mean a year of 360 days. Other than to a third party, references to “party”, “parties” or “parties hereto” or similar references and references to “Section” or “Sections” are to be construed as references to a party or the parties to this Agreement and to a section or sections of this Agreement.

Section 2 The Registrar

1. **Appointment of the Registrar.** The Issuer hereby appoints PDTC as the Registrar for the Bonds, and PDTC accepts such appointment as Registrar, in accordance with the terms of this Agreement, and the Terms and Conditions.
2. **Responsibilities of the Registrar.** The Registrar shall be responsible for establishing and maintaining the Register of Bondholders, in accordance with the terms of this Agreement
3. **Functions of the Registrar.** The Registrar shall have the following functions:
 1. Establish, maintain, update, and, in accordance with the Terms and Conditions, close the Register of Bondholders, which shall stand as the best evidence of ownership of, and transactions with respect to, the Bonds;

2. Open Registry Accounts for Bondholders and record the issuance of the Bonds in the Register of Bondholders based solely on the Final Sales Reports submitted by the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter to the Registrar. Where PDTC discovers any inconsistency between the Final Sales Report and the Application to Purchase submitted by the client subsequent to Issue Date, PDTC reserves the right to rely subsidiarily on the Applications to Purchase, to the extent that the information in the Final Sales Report is noted to be inconsistent with the Application to Purchase;
3. Record or refuse to record, as appropriate, the secondary transfers of ownership over the Bonds in the Register of Bondholders, based solely on the instructions arising from Non-Trade Transactions and Trade Related Transactions including those effected in PDEX, should the Bonds be listed in PDEX, subject to such restrictions on transfer as may be imposed for the Bonds and the submission of all the documents required to support such transfers as required under the Terms and Conditions and the Registry Rules, including, without limitation, the Trade-Related Transfer Form and Non-Trade Related Transfer Form, substantially in the forms of **Schedule 5** and **Schedule 6** hereof, respectively; the written consent of the transferee Bondholder, substantially in the form of **Schedule 7** hereof; and the Investor Registration Form substantially in the form of **Schedule 8** hereof;
4. Issue a Registry Confirmation (substantially in the form attached as **Schedule 9** hereof) to the Bondholders, within seven (7) Banking Days from Issue Date, in the case of the initial issuance of the Bonds, and to the relevant transferees, within five (5) Banking Days from date of transfer, in the case of transfers of the Bonds in the secondary market;
5. Prepare and transmit to the requesting party the information on the Bondholders as reflected in the relevant Registry Account, upon the written request (and at the expense) of the Issuer, Trustee through the Issuer or PDEX (as applicable), and subject to applicable laws on disclosure of information or pursuant to or in compliance with any court orders or administrative orders or such orders issued by applicable regulatory agencies;
6. Receive and safely keep a certified true copy of the duly executed Master Certificates of Indebtedness (the original copy of which shall be kept by the Trustee, in such form attached hereto as **Schedule 1-A** and **Schedule 1-B** hereof), the pertinent documents of the Bondholders, including duly authenticated signature cards and authorization documents of the Bondholders, and such other pertinent documents related to the Bonds that may be required in connection with its registry functions or where so required by the Issuer;
7. Compute for the amount of Interest and Maturity Value payable to each Bondholder, including payments arising from the exercise by the Issuer of its Redemption Option, if any, and the applicable tax, if any, to be withheld from the affected Bondholder.
8. Take commercially reasonable efforts to ensure that the e-SIP described in Section 2.7 of the Agreement is operational and available for use during normal business hours on all Banking Days, as contemplated by this Agreement.

9. Prepare and transmit to the Bondholders statements of account at the Issuer's expense;
10. Monitor compliance with any restrictions on transfers as set out in this Agreement; and
11. Perform such obligations as may be imposed upon it as such Registrar under this Agreement.

4. ***The Registrar and the Primary Issuance of the Bonds.***

1. ***Form of the Bonds.*** The Bonds will be issued in accordance with the terms of this Agreement, the Trust Agreement and the Terms and Conditions. The Bonds shall be in scripless form and, subject to the payment of fees to the Registrar, registered and lodged with the Registrar in the name of the Bondholders. Once lodged, the Bonds shall be eligible for electronic transfer in the Register of Bondholders, without the issuance or cancellation of certificates. Legal title to the Bonds shall be shown in the Register of Bondholders, which shall be the official registry and best evidence of ownership and all other information regarding ownership of the Bonds.
2. At least two (2) Banking Days prior to the commencement of the Offer Period, and in accordance with the Registry Rules, the Issuer shall submit to the Registrar such documents as shall be required to set up the Bonds in the Register of Bondholders, in the form prescribed by the Registrar or to the satisfaction of the Registrar, the list of which documents is attached hereto as **Schedule 10** hereof. The Issuer acknowledges that the procedures and timelines provided in this Agreement may be delayed should the Issuer fail to timely submit the required documents or information to set up the Bonds in the Register of Bondholders. In such a case and provided the Registrar is not guilty of any contributory negligence, the Registrar shall be held free and harmless for such delays. Should the Issuer submit the requirements through another party, the Issuer shall inform the Registrar in writing thereof and hereby and thereby warrants, undertakes and represents that (a) such other party delivers such documents under valid and subsisting authority from the Issuer, (b) such delivered documents are the same as those that would have been delivered by the Issuer were it to directly submit the same, and (c) the Registrar is entitled to rely solely on such delivered documents as the basis for setting-up and creating the Register of Bondholders for the Bonds.
3. No later than 9:00 a.m. at least three (3) Banking Days prior to the Issue Date, the Issuer shall deliver or cause to be delivered to the Registrar, a report detailing the final issue size, the total amount of the Second Tranche Bonds for purchase and the allocations of the Second Tranche Bonds among the Selling Agents. No later than 5:00 p.m. at least three (3) Banking Days prior to the Issue Date and in accordance with the Registry Rules, the Issuer shall deliver or cause to be delivered through its Selling Agents the following documents, in such forms and mode of transmittal as prescribed by the Registrar, and as are necessary to determine proper allocations of the Selling Agents involved and to create Registry Accounts for Bondholders in the Register of Bondholders:
 1. Three (3) certified Final Sales Report: (a) one for tax-exempt accounts; (b) another one for taxable accounts, from each Selling

- Agent; and (c) another one for US Entities under the Foreign Account Tax Compliance Act (“**FATCA**”) from each Selling Agent, each report in electronic and written form, detailing the purchases of the Bonds by the Bondholders;
2. The Registrar’s copy of each completed Application to Purchase of the Bonds accepted by the Issuer, and the other documentary requirements received by them;
 3. Where applicable, the BIR-certified Tax Exempt/Treaty Documents for the relevant Bondholders;
 4. In case of a non-PDS registered Cash Settlement Bank, duly executed Cash Settlement Bank Designation, in the form attached herewith as **Schedule 11**; and
 5. Other documents as may be reasonably required by the Registrar.

However, if the e-SIP shall be used for the Offer, the documents in 2.4.3.1 to 2.4.3.5, where appropriate, can be submitted by the Selling Agents using the e-SIP facility no later than 9:00 a.m., one (1) Banking Day before the Issue Date.

The Registrar shall register in its Register of Bondholders on Issue Date the amount of the Bonds held by each accepted applicant and the information needed to create the Registry Account based solely on the certified Final Sales Reports from each of the Selling Agents.

The Registrar shall verify that the total sales as indicated in the Final Sales Report submitted by the Selling Agents are within the total amount of Bonds authorized for sale by the SEC based on the certified true copy of the Permit to Sell submitted by the Issuer to PDTC, and consistent with the report described under Section 2.4.3.

Notwithstanding the submission to the Registrar of the Final Sales Report and the reliance by the Registrar on the same to create the Registry Account, the Registrar reserves the right to verify or ensure the accuracy of any entry in the Register of Bondholders. Further hereto, the Registrar commits to upload to, and accurately reflect in the Register of Bondholders only the data and information contained in such Final Sales Report.

The Issuer’s appointed agents shall be solely responsible for ensuring the accuracy of information regarding, as well as the completeness of the documents relating to, the Bondholders which are submitted to the Registrar. The Registrar shall not be held liable for delays in the delivery of required documents as well as issuance of Registry Confirmations to Bondholders as a result of incomplete and/or late submissions by the Issuer’s appointed agents of the required documents. Any costs, expenses or damages incurred or suffered to be paid by the Registrar as a result of such delays or inaccuracies shall be borne by the Issuer-appointed agent involved.

4. The Selling Agents shall be given five (5) Banking Days after Issue Date to remedy or cure any documentation deficiency as stated in the Final Sales Report. The Registrar will not issue a Registry Confirmation to the Bondholder pending completion of documentation. In addition, such Bondholder will not be allowed to sell or transfer his securities until such deficient document/s has been remedied. However, should the e-SIP be used for the Offer, once

endorsed by the Selling Agents, the Registrar shall automatically issue a Registry Confirmation to the Bondholder.

5. Notwithstanding the preceding section, the Registrar is hereby authorized to allow correction of data in the Register of Bondholders, not later than 12:00 noon, one (1) Banking Day before the Issue Date only under the following instances:
 1. Any change to correct information provided in the Final Sales Report to make it consistent with the Application to Purchase prior to Issue Date; or
 2. Substitution of Bondholders in the Final Sales Report submitted by the Selling Agents; *Provided*, that the following conditions concur:
 - (a) Complete documentation relating to the substitute Bondholder is submitted to the Registrar;
 - (b) The substitution of any Bondholder shall not prevent timely final entries into the Register of Bondholders; and
 - (c) The substitution will not result in an increased number of Applications to Purchase as reflected in the Final Sales Report nor number of Registry Accounts.

This section shall not apply in case the e-SIP is used for the Offer.

6. Any subsequent change to the information once recorded by the Registrar in its Register of Bondholders on Issue Date shall require the written authorization of the Bondholder, unless the change is to correct information provided in the Final Sales Report to make it consistent with the Application. In case the change is to correct information provided in the Final Sales Report to make it consistent with the Application to Purchase, the Registrar shall charge the relevant Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, or the Co-Lead Underwriter a fee equivalent to One Hundred Pesos (₱100.00) for every account that requires a subsequent change.
7. On Issue Date, the Registrar shall reflect the ownership of the Bonds, as well as the relevant details concerning the Bondholders, in the Register of Bondholders as warranted under the Final Sales Reports submitted to it by the Selling Agents in accordance with the Registry Rules and prescribed forms. Any subsequent change to such information, other than a change in ownership of the Bonds, as recorded by the Registrar shall require the written authorization of the Bondholders duly endorsed by the respective Selling Agents. For purposes hereof, the Registrar shall be entitled to rely solely on the Final Sales Reports submitted by the Selling Agents to the Registrar.
 1. Where PDTC discovers, after Issue Date, any inconsistency between the Final Sales Report and the Application to Purchase submitted by the Bondholder, PDTC reserves the right to rely subsidiarily on the Applications to Purchase, to the extent that the information in the Final Sales Report is noted to be inconsistent with the Application to Purchase. All such changes in the entries after Issue Date, shall require an affidavit of correction from the relevant Selling Agent

attesting to the propriety of such change and payment by the relevant Selling Agent of a fee amounting to One Hundred Pesos (₱100.00) or as the same may be updated from time to time, for each account requiring changes to the entries. This section shall not apply in case the e-SIP is used for the Offer, and instead, the operational guidelines & procedures for the use of e-SIP shall govern.

8. The Registrar may require submission or completion of additional documents to update the records of a Bondholder after the Issue Date for purposes of compliance with the provisions of the Anti-Money Laundering Laws of the Philippines (“**AMLA**”), or other relevant laws or regulations. The parties acknowledge that the Registrar is not required to exhaust all possible actions to resolve any deficiency and/or inconsistency and shall not be held liable for any failure to so act or for the failure of the Selling Agents to notify the Registrar of such deficiency and/or inconsistency, unless such failure to act is due to the gross negligence or fraud on the part of the Registrar.
9. After Issue Date, the Registrar shall release: (i) to the Issuer, the final list of all Bondholders recorded as such in the Register of Bondholders, containing the names, addresses, tax identification number (“**TIN**”), tax status, and account details of the Bondholders to whom Bonds have been issued on the Issue Date, the amount of the Bonds held by them, the Cash Settlement Account numbers where payment to them shall be credited and such other information as may be agreed upon between the Registrar and the Issuer, which release shall in any case be made no later than one (1) Banking Day after Issue Date, and (ii) to each Bondholder, a Registry Confirmation confirming the principal amount of the Bonds held by such Bondholder, in the mode specified in the Final Sales Report, at the Issuer’s expense, which release shall in any case be made no later than seven (7) Banking Days after Issue Date provided that the Registrar will not issue a Registry Confirmation to a Bondholder whose documentation is pending completion and such Bondholder will not be allowed to sell or transfer his securities until such deficient document/s has been remedied. It is hereby understood that the Registrar shall not record in the Register of Bondholders, or issue Registry Confirmations to, Bondholders that would exceed the maximum amount of the Issue as authorized by the SEC.
10. A Bondholder has twenty (20) calendar days from the date indicated in its Registry Confirmation to request PDTC for amendment, correction or completion of the relevant information in the relevant Register of Bondholders. The Bondholder shall within such period, request the Registrar, through the Selling Agent, to amend entries in the Register of Bondholders by issuing an Affidavit of Correction duly endorsed by his Selling Agent. The Selling Agent shall be responsible for informing the Registrar of the said corrections requested by the Bondholder and shall solely coordinate with the Registrar for this purpose. The Registrar shall not in any way be obliged to coordinate directly with the Bondholder. Any costs or expenses incurred by the Registrar as a result of such correction, if the same is due to the erroneous recording of the details of the Bondholder in the Final Sales Report submitted by the Selling Agent, shall be borne by the relevant Selling Agent in accordance with the Registry Rules. Otherwise, such cost shall be borne by the Bondholder.
11. On agreement with the Issuer, the Registrar shall likewise receive the duly executed Master Certificate of Indebtedness and reference the amount

indicated therein to maintain consistency with respect to the total amount recorded in the Register of Bondholders.

5. ***The Registrar and the Secondary Market for the Bonds.*** In the secondary market, the Registrar shall:
1. Effect transfers of the Bonds, which transfers may only be made or, upon listing of the Bonds in PDEX through a PDEX Trading Participant.
 2. Record the ownership of Bondholders consequent to secondary market transfers and Non-Trade Transactions in accordance with the Registry Rules and its requirements.
 3. Issue Registry Confirmations to Bondholders in accordance with the Registry Rules and its requirements. For purposes hereof, the Issuer hereby acknowledges that the Registrar shall comply with its obligations hereunder in the mode elected by the Bondholder, which may include, among others, electronic mail to a designated account.
 4. Where the Bonds become listed on PDEX, all Trade Related Transactions must be coursed through PDEX in accordance with the PDEX Rules and conventions.
 5. Notwithstanding Section 2.12, transfers that take place after the Bonds are listed in PDEX between taxable and tax-exempt entities shall be allowed to be recorded in the Register of Bondholders without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under, and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTTC.
 6. The Issuer hereby acknowledges that PDEX Trading Participants may engage in secondary market transfers on the Bonds and be primarily and directly responsible for facilitating the necessary entries into the relevant Register of Bondholders with respect to secondary market trades in which they are involved, by submission of such requirements prescribed by the Registrar.
 7. The Registrar shall report to PDEX any breach of any prohibitions on the holdings or transfers of the Bonds within twenty-four (24) hours from occurrence thereof, in accordance with the relevant PDEX rules.
 8. The Issuer hereby acknowledges that transactions on the Bonds after the primary issuance (secondary market trading and non-trade transactions) are subject to the standard trading, clearing, settlement, depository maintenance and transfer fees or capital gains taxes, as applicable.
 9. The Issuer hereby acknowledges and accepts that secondary market trading and settlement of the Bonds shall likewise be governed by applicable PDEX Rules and conventions.
 10. For the efficient handling of Bonds under the non-restricted trading and settlement environment, PDTTC shall create such taxable and tax-exempt settlement accounts, as may be necessary to accurately reflect the movement in ownership of the Bonds.

1. **PDEX Listing.** The Issuer undertakes to list the Bonds for trading in PDEX within a reasonable period of time.
2. **e-Securities Issue Portal.** The Issuer shall have the option to register the issuance of the Bonds online through the e-SIP in lieu of the physical submission of documents and other papers prescribed in this Agreement; provided the Issuer agrees to be bound by the Terms & Conditions for the Use of the e-SIP (the "**Terms of Use**", a copy of which is attached in **Schedule 13**, Privacy Notice and other governing agreements). The Issuer shall register the Arrangers (as defined under **Schedule 13**) (if any), Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter, Selling Agents, and such other stakeholders for registration into the e-SIP for the primary issuance of the Bond and cause them to accede to the Terms of Use in a manner and form prescribed by PDTC. For the avoidance of doubt, the turnaround times, delivery dates, and specific documents prescribed in this Agreement shall not be altered and shall still be observed in the use of the e-SIP.

In case of inconsistencies between the Terms of Use attached as **Schedule 13** of this Agreement, and the provisions under Section 8.3 of this Agreement covering PDTC's Scope of Responsibility and Limitation of Liability, the latter shall govern, provided that the issue of liability does not arise from the use of the e-SIP.

3. **Tax-Exempt Accounts.** The Registrar shall allow the opening and maintenance of tax-exempt Registry Accounts upon submission of the Tax Exempt/Treaty Documents in accordance with the Terms and Conditions and such other documents as may be required by the Issuer and the Registrar. Such Registry Accounts shall be operated and maintained in accordance with the Registry Rules. Unless properly provided with satisfactory proof of the tax-exempt status of a Bondholder, the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer. In the event that the Issuer determines that such Bondholder is not entitled to the tax benefit he is claiming, any amount that should have been rightfully withheld by the Issuer on previous payments to the Bondholder shall be automatically set off against future payments due to the Bondholder, without the Issuer being liable either to the Bondholder, or any person other than the Bondholder, claiming title to the Bonds. In case such Bondholder no longer owns any amount or otherwise owns an insufficient amount of Bonds at the time of the intended automatic set off, the Registrar, upon request of the Issuer, shall furnish all necessary information, including, but not limited to, copies of the BIR ruling or certificate of exemption submitted by such Bondholder, the original Deed of Undertaking executed by the Bondholder, and copies of any other documents relating to the Bondholder's tax status, which are in its possession to enable the Issuer to pursue its claim against the Bondholder. The Registrar shall certify to the completeness of the documents provided to the Issuer pursuant to this Section. Nothing in this Agreement shall limit the right of the Issuer to pursue its claims against such Bondholders in accordance with applicable law.
4. **Non-Trade Transactions.** The Registrar shall record transfers arising from Non-Trade Transactions only upon submission of all the documents required to support such transfers as required under the Registry Rules, including the submission of the Non-Trade Related Transfer Form.

- 2.8.1 The Registrar shall have the right to refuse recording of any Non-Trade Transaction should the requesting party fail to submit the required documents or where recording the same shall result in a violation of a law, rule or regulation.
1. The Transferee shall be required to open or maintain a Registry Account, in accordance with the Registry Rules.
 2. Upon recording of the Non-Trade Transaction in the Register of Bondholders, the Registrar shall issue a Registry Confirmation in the transferee's name in accordance with the Registry Rules.
5. **The Payment Report.** No later than 12:00 noon on the day immediately succeeding each Record Date, the Registrar shall prepare and submit to the Issuer (in electronic (excel and PDF) or printed form) a report (a "**Payment Report**"), with the following information effective as of Record Date: (a) the names of the Bondholders; (b) the amounts of interest payments due on the outstanding Bonds held by each Bondholder; (c) the tax status of each Bondholder, if relevant or applicable; (d) the corresponding withholding tax to be withheld for each Bondholder, if any; and (e) the total amount, net of any applicable withholding taxes, due to each of the Bondholders on Payment Date. In case of inconsistency between the Excel version, the electronic PDF, and the printed form of the Payment Report, the electronic PDF or printed form shall prevail. In case of inconsistency between the electronic PDF and the printed form of the Payment Report, the printed form shall prevail.
6. **Other Similar Reports for Purposes of Payment by the Issuer.** For the purpose of effecting settlement of the Early Redemption Price and accrued interest or the Maturity Value (as the case may be) of the Bonds due to each Bondholder, the Registrar shall, no later than one (1) Banking Day succeeding the Record Date for the Early Redemption Date or the Maturity Date, as the case may be, provide the Issuer the list of Bondholders who are entitled to receive the Early Redemption Price on the Redemption Date or, as the case may be, the Maturity Value on the Maturity Date, the amount of payment due to each such Bondholder, the tax status of each Bondholder, if relevant or applicable, the corresponding withholding tax to be withheld for each Bondholder, if any, and the total amount, net of any applicable withholding taxes, due to each of the Bondholders on Payment Date; Provided, that for purposes of the TIN, PDTC shall provide the TIN as appearing in the sales report submitted by the selling agent and does not certify the correctness of the TIN provided. PDTC shall have no obligation to verify the TIN submitted with the BIR.
7. **Payment Instruction Report.** The Registrar shall, at or prior to 4:00 p.m., at least one (1) Banking Day before each Payment Date, prepare and submit to the Issuer, and following the Issuer's confirmation, to the relevant Cash Settlement Bank of the Bondholders, and the Paying Agent, a report or statement (the "**Payment Instruction Report**"), detailing the following:
1. the list of the Bondholders who have appointed such Cash Settlement Bank and who are entitled to payment on the relevant Payment Date (the "**Principals**");
 2. the total gross amounts falling due to each of their respective Principals on the Payment Date; and
 3. such other information relevant for the purposes.

8. **Restricted Transfers.** The Registrar shall not reflect any transfers in the relevant Registry Accounts where the same are restricted transfers on the Bonds as follows:

1. Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Banking Day, provided however that transfers from a Tax-Exempt Category to a Taxable Tax Category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented.
2. Transfers by Bondholders with deficient documents.
3. Transfers during a Closed Period.
4. Except as otherwise contemplated under the Terms and Conditions, none of the Bondholders shall have the right to require the Issuer to redeem and repay any or all of the Bonds before the Maturity Date. Transfers of the Bonds to a person other than the Issuer shall not constitute pretermination.

9. **Recognition of PDTC Registry Rules**

1. The Issuer shall, through the Registrar, inform the Bondholders of the Registry Rules. The Registrar shall furnish Bondholders copies of the same together with the Registry Confirmation. Any amendment or supplement to the said Registry Rules shall be timely communicated by the Registrar to the Bondholders.
2. By execution hereof, the Issuer acknowledges and undertakes that its Bondholders shall be bound by the Registry Rules, as the same may be amended from time to time.

10. **Instructions.**

The Registrar is authorized to act on any instructions given by the Issuer, the Selling Agents, the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter, PDEX, PDEX Trading Participants or their authorized personnel by any of the following methods: (a) in writing; (b) by telegram, telex, facsimile, S.W.I.F.T., or other electronic or teleprocess instruction system acceptable to the Registrar (whether tested or untested); or (c) electronic mail or (d) any other methods agreed to by the Registrar.

1. The Registrar may rely, without any liability on its part, upon any instructions or documents (or the signature thereon and including a facsimile subject to certain limitations) believed by it in good faith to be given by the Issuer, the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the

Co-Lead Underwriter, Selling Agents or PDEX, PDEX Trading Participants or their authorized personnel, or to be genuine, provided, however, that the Registrar is not guilty of fraud, evident bad faith, gross negligence or willful misconduct. The Registrar shall have no responsibility for any losses or liabilities whatsoever should such instructions or documents (or the signature thereon) turn out to be unauthorized, erroneous, or fraudulent provided, that the Registrar (including its officers and employees) is not guilty of fraud, evident bad faith, gross negligence, or willful misconduct in its reliance on the said instructions or documents.

2. Instructions shall continue in full force and effect until cancelled or superseded.
 3. The Registrar may, without any liability, refuse to execute any instruction if, in its opinion: (a) there are reasonable grounds for believing that the instruction or liabilities arising from the execution of such instruction may not be adequately covered by the relevant Bonds and/or funds; (b) personal liabilities may be incurred by it pursuant to such instruction; (c) satisfactory arrangement for the settlement of any outstanding issue hereunder has not been made; or (d) the instruction may be unauthorized or fraudulent. If any instructions are, in the Registrar's opinion, conflicting and/or ambiguous, the Registrar may, without any liability on its part, refuse to execute such instructions until such conflict or ambiguity has been resolved to its satisfaction. In any case, the Registrar shall coordinate with the Issuer, the Selling Agents, the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter, PDEX, PDEX Trading Participants or their authorized personnel on its action regarding any instructions.
 4. Instructions, the handling of the Bonds and/or payments thereon, and the provision of services hereunder shall be carried out subject to the applicable rules, laws, operating procedures, and market practice, if any, of any relevant securities exchange, clearing house, sub-custodian, agents, depository, settlement system, market, or jurisdiction where they are to be executed. In this regard, the Registrar shall be entitled to execute any instructions in accordance with its normal market practice and operational procedures, insofar as it may consider these practicable and reasonable. The Registrar may further refuse to execute any instruction or accept any deposit if, in its opinion, such instruction is contrary to any applicable law, rule, or other regulatory requirement (including those arising from any governmental authority, self-regulatory organization, stock exchange, clearing house, depository, settlement system, or market) or the assets for deposit are not in good order. In any case, the Registrar shall coordinate with the Issuer, the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter, PDEX, PDEX Trading Participants or their authorized personnel on its action regarding any instructions.
 5. The Registrar shall be under no duty to assess the prudence or correctness of any instructions or to give advice in relation thereto, and may act on the instructions irrespective of their prudence or correctness.
1. **Transactions Deemed Authorized.** In the absence of contrary instructions and so long as the Registrar is prepared to provide the registry services enumerated below, the Registrar is authorized by the Issuer to carry out the following transactions at the Issuer's expense and at the Registrar's discretion relating to the Bonds without

requiring further instructions from the Issuer; provided that such transactions were received and executed in accordance with applicable laws, and rules, operating procedures, and market practice of the Registrar:

1. Complete and sign any affidavits, certificates of ownership, or other certificates relating to the Bonds in connection with the Registrar's duties under this Agreement which may be required by the tax or any other regulatory authority;
2. Make cash disbursements or payments for any fees, taxes, duties, levies, expenses, and/or any payments incurred in connection with the Registrar's duties under this Agreement;
3. With written notice to the Issuer, use any reputable and competent party (including clearing systems, depositories, sub-custodians, outsourcing, or overseas data processing agents, and any member of the PDS Group) to perform and/or to assist or advise the Registrar in performing any of its services and duties under this Agreement. The Registrar may delegate to any such party any of its services or duties under this Agreement, Provided, that the Registrar shall use reasonable care to ensure that it uses only reputable competent parties, and provided, further, that the Registrar shall be responsible for the actions of any such party used by the Registrar; The requirement of a prior written notice herein shall not apply when the use of any reputable and competent party is in compliance with regulatory requirements in connection with this Agreement provided that such transactions were received and executed in accordance with applicable laws, and rules, operating procedures, and market practice of the Registrar,;
4. Do all such acts as the Registrar may consider to be necessary or desirable for the above or in order to perform its duties under this Agreement (including any conversion of currency at the prevailing rate as reasonably determined by the Registrar where such conversion is necessary).

2. Segregation, Identification, and Registration.

1. In accordance with the Registrar's Rules, the Bonds may be maintained by the Registrar in an omnibus clients' securities account, and the Registrar warrants that it will not mingle its own assets with assets of other Registry account holders.
2. The Bonds shall always be clearly identified in the Registrar's records as being held for the Bondholders.
3. The Registrar's records relating to the Bonds shall be open to inspection or audit at reasonable times (subject to prior written notice) by the auditors and representatives of the Issuer; Provided, that such inspection or audit shall not violate any Applicable Law. The Registrar shall ensure that there are no unreasonable delays in allowing or implementing the inspection or audit by the representatives and auditors of the Issuer.

Section 3

Provisions Specific to the Paying Agent

1. **Appointment as the Paying Agent.** The Issuer hereby appoints PDTC as Paying Agent for the Bonds, and PDTC accepts such appointment as Paying Agent in accordance with the terms of this Agreement.
2. **Functions of the Paying Agent.** The Paying Agent shall have the following functions:
 1. perform the functions of a paying agent for the periodic payment of interest, principal, and the Maturity Value, when due, to the Bondholders, including Early Redemption Price and accrued interest, if any; and
 2. open and maintain on behalf of the Issuer, the PDTC Payment Account with the Payment Account Bank designated by the Issuer, and act as its authorized signatory.

Section 4 Payments

1. **Designation of the Payment Account Bank by the Issuer.** The Issuer shall designate a bank as its Payment Account Bank, subject to the concurrence of the Paying Agent who shall have the right to impose such reasonable requirements on the Payment Account Bank as shall be necessary to efficiently operationalize the Payment Account.
2. **The Payment Account.** As soon as practicable, the Paying Agent shall open with the Payment Account Bank, one Payment Account for the Bonds. The Payment Account shall be operated solely and exclusively by the Paying Agent in accordance with this Agreement and payment of interest and principal on the relevant Payment Date shall be made from such Payment Account. All transactions on the Payment Account shall be signed by the duly designated authorized signatories of the Paying Agent. All costs for opening, maintaining and operating the Payment Account shall be for the account of the Issuer.
 1. The Issuer shall provide the necessary funds to cover the initial deposit and shall provide the minimum maintaining balance required by the Payment Account Bank, if so required.
 2. The Payment Account shall be opened in the following names, "**PDTC as Paying Agent of NAME OF ISSUER FAO Aboitiz Power Corporation Bondholders Due 2025**" and "**PDTC as Paying Agent of NAME OF ISSUER FAO Aboitiz Power Corporation Bondholders Due 2028**". All the disbursements for coupon and principal payments to be effected out of the said Payment Account shall be signed by the duly designated authorized signatories of the Paying Agent.
 3. The Issuer shall maintain the Payment Account while the Bonds are Outstanding, and until six (6) months past the Maturity Date or Redemption Date, as applicable. Then, the Payment Account shall be closed by the Paying Agent and any balance remaining in such account shall be turned over to the Issuer which shall nevertheless continue to hold such balance in trust and for the irrevocable benefit of the Bondholders with unclaimed principal and coupon payments. The Paying Agent's responsibility to effect payments to Bondholders as provided for in this Agreement shall cease upon transfer of the

funds to the Cash Settlement Banks nominated by the Bondholders or the return of the balance to the Issuer upon closure of the Payment Account.

3. **Payment to the Paying Agent.** The Issuer shall, at or prior to 9:30 a.m. on each Payment Date and on the basis of the Payment Report submitted by the Registrar as provided in Section 5.4.1 hereof, transfer to the Paying Agent via on us check deposit into the relevant Payment Account such amount as may be required for the purposes of such payment.
4. **Payment Administration After Receipt of Full Payment from the Issuer on Each Payment Date.** Payment administration by the Paying Agent shall be effected in accordance with the Registry Rules.
 1. The Paying Agent shall pay, or cause to be paid, on behalf of the Issuer on or before 12:00 noon on each Payment Date the total amounts due in respect of the Bonds through a direct credit (via RTGS) of the proper amounts, net of taxes and fees (if any) to the Cash Settlement Banks of the Bondholders, for onward remittance to the relevant Cash Settlement Account of the Bondholders with the Cash Settlement Bank no later than 3:00 p.m. on each Payment Date.
 2. The Paying Agent shall generate and send to each Bondholder, a credit advice (in the mode elected by such Bondholder either through electronic mail, registered mail as indicated in the Final Sales Report submitted by the Selling Agent) of payments credited to their account. The cost of mailing and other related costs in the distribution of the advice shall be for the account of the Issuer.
 3. After each Payment Date, the Paying Agent shall also send an email to the Issuer, copy furnish the Trustee, that all interest and/or principal payments due on the Bonds on such Payment Date have been paid by Issuer and remitted by the Paying Agent to the Bondholders.
5. **Receipt of Insufficient Payment from the Issuer.** In the event that the Issuer fails to timely remit any part of the amounts due to the Bondholders on a Payment Date, Redemption Date, or Maturity Date, the Issuer shall so inform the Bondholders (and in any case within two (2) Banking Days from the relevant Payment Date, Redemption Date, or Maturity Date). If only part of the amount payable in respect of the Bonds is paid (except as a result of a deduction of tax permitted by the Terms and Conditions), any amount delivered to the Paying Agent as aforesaid shall be distributed by the Paying Agent proportionately to the Bondholders towards the satisfaction of the amount due on the Bonds on such Payment Date, without prejudice to any right or remedy that a Bondholder may have against the Issuer. Unless and until the payment due or owing to the Bondholders has been made to the Paying Agent by the Issuer, the Paying Agent will not be bound to make any such payment or advance any sums using its own funds to the Bondholders.
6. **Non-Receipt of Payment from the Issuer or Late Payment by the Issuer.** The Issuer shall forthwith notify the Paying Agent and its Bondholders of the fact that payment of the amount due and payable under the Outstanding Bonds by the time specified in Section 4.3 above shall be delayed. If the Paying Agent, however, receives the full amount payable on a later date, it will forthwith (and in any case within two (2) Banking Days from the date of receipt) make such payments in respect of the Bonds in accordance with this Agreement.

7. **Bondholders' Cash Settlement Accounts.** The Issuer acknowledges that each Bondholder shall designate and maintain a cash account with a Cash Settlement Bank where the interest and principal payments due the Bondholder shall be credited. A list of PDS-registered Cash Settlement Banks shall be provided to the Issuer, Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter and Selling Agents prior to the start of the Offer Period. The Issuer acknowledges that the Paying Agent is constrained by legal requirements from being able to validate the existence of Cash Settlement Accounts of Bondholders and hereby commits that its appointed agents shall conduct the validation procedures necessary to ensure the validity of such Cash Settlement Accounts. The Issuer further acknowledges that the failure of its appointed agents to conduct these procedures may result in delays or errors in the distribution of payments to Bondholders. In these cases, the Paying Agent shall be indemnified and held free and harmless from any and all costs, expenses, and damages that it may incur or suffer to incur by reason of the inaccuracies in Bondholders' Cash Settlement Accounts and consequent failure to receive amounts due on the Bonds, or delays therein.
8. **Withholding or Deduction.** If the Issuer is, in respect of any payment for the Bonds, compelled to withhold or deduct any amount for or on account of any taxes, duties, assessments or governmental charges as contemplated by the Terms and Conditions, the Issuer shall give notice to the Registrar as soon as it becomes aware of the requirement to make the withholding or deduction and shall give to the Registrar such information as the Registrar shall require to enable it to reflect such requirement in the Payment Report indicated under Section 2.9. Notwithstanding the submission of documentary proof of the tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer. In case such Bondholder no longer owns any amount or otherwise owns an insufficient amount of Bonds at the time of the intended automatic set off, the Registrar, upon request of the Issuer, shall furnish all necessary information, including, but not limited to, copies of the BIR ruling or certificate of exemption submitted by such Bondholder, the original Deed of Undertaking executed by the Bondholder, and copies of any other documents relating to the Bondholder's tax status, which are in its possession to enable the Issuer to pursue its claim against the Bondholder. The Registrar shall certify to the completeness of the documents provided to the Issuer pursuant to this Section. Nothing in this Agreement shall limit the right of the Issuer to pursue its claims against such Bondholders in accordance with applicable law.
9. **Repayment.** If claims in respect of any principal or interest become void under the Terms and Conditions, the Paying Agent shall forthwith return to the Issuer the amount which would have been due if presentation for payment had been made before such claims became void. The Paying Agent shall not, however, be otherwise required or entitled to return any sums received by it under this Agreement.

Section 5 Records and Reports

- 5.1 **Records.** The Registrar shall maintain the Register of Bondholders and other pertinent records relating to the Bonds, all of which shall be available for inspection by the Issuer during normal business hours, subject to prior written notice to the Registrar and provided that such inspection shall be reasonable and not violate applicable laws. The Registrar may, at its option, make copies of the documents received from the Selling Agents. The Registrar shall verify the identification and signature of the Bondholders

against the identification documents or the digital copies thereof in its possession, in relation to any request for change of information regarding the Bondholder or instructions in relation to the secondary trading of the Bonds. The Issuer is aware of and confirms that the digitalization of the documents shall result only in two-dimensional copies thereof and the Registrar shall not be required to verify beyond the features or information captured by such two-dimensional digital copy.

1. **Records Retention.** While the Bonds are still outstanding, PDTC shall safe keep hard copies of relevant records such as but not limited to the documents referred in Section 2.4.3.1 to 2.4.3.5 and 2.5.2 and 2.5.3 of this Agreement. No later than six (6) months after the Maturity Date or the Early Redemption Date, PDTC shall turnover to the Issuer such physical copies of the documents that are subject of this section. The Issuer hereby acknowledges that PDTC shall maintain electronic copies of the said documents solely for the purpose of its compliance with the relevant laws and regulations on document retention.
2. **PDEX.** Should the Bonds be listed on the PDEX, transactions executed on the PDEX Trading System shall be traded and settled in accordance with the relevant rules of PDEX.
3. **Reports.** The Registrar or Paying Agent, as the case may be, shall prepare the following reports and submit to the appropriate party or parties as follows:
 1. the Payment Report referred to in Section 2.9, which shall be made by the Registrar and submitted to the Issuer at or prior to 12:00 p.m. one (1) Banking Day after every Record Date;
 2. the Payment Instruction Report referred to in Section 2.11, which shall be made by the Registrar and submitted to the Issuer, Cash Settlement Banks, and Paying Agent at or prior to 12:00 p.m. at least one (1) Banking Day before each Payment Date;
 3. a statement of the amount of Bonds outstanding in the name of a Bondholder which shall be prepared by the Registrar and released to each relevant Bondholder no later than twenty (20) Banking Days from the end of each quarter;
 4. such other transaction advice, statements or reports as stated in this Agreement and as may be reasonably required by the Issuer.
4. **Conclusiveness of Reports.** All of the reports, transaction advice or statements referred to in Section 5.4 shall, save in the case of manifest error or fraud, be final and binding on the Issuer or the Bondholder. The Issuer and/or the Bondholder shall examine such reports, transaction advice or statements and promptly (and in no case more than thirty (30) calendar days from receipt thereof) notify the Registrar and Paying Agent in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five (5) Banking Days from receipt of the notice by the Registrar and Paying Agent), failing which such transaction advice, statement or report shall be conclusive against the Issuer or the Bondholder, as the case may be.
5. **Delivery of Reports.** Notwithstanding the provisions of Section 12.6.1, the Registrar or Paying Agent shall deliver electronic copies of the Payment Report, Payment Instruction Report, and other similar reports under Section 2.10 of this Agreement, and upon request of the Issuer, hard copies, to the following addresses only:

To the Issuer: **Aboitiz Power Corporation**
NAC Tower, 32nd Street
Bonifacio Global City, 1634 Taguig City
Attention: Golda May Gabriel
Subject: AboitizPower Bonds Due 2025 and 2028
Address: 32nd Street, Bonifacio Global City,
1634 Taguig City, Metro Manila
Telephone No. +639178180008
E-mail: golda.may.gabriel@aboitiz.com
marlita.villacampa@aboitiz.com

Provided that the cover letter to the Payment Instruction Report detailing the payment settlement account number, the total gross disbursement amount, total tax amount, and the total net disbursement amount shall also be delivered to the following addresses:

Subject: AboitizPower Bonds Due 2025 and 2028
Address: 32nd Street, Bonifacio Global City,
1634 Taguig City, Metro Manila
E-mail: julie.ann.tajanlangit@aboitiz.com
cristina.calumpang@aboitiz.com

Section 6 **Representations and Warranties**

- 6.1 ***The Issuer's Representations and Warranties.*** In addition to the representations and warranties of the Issuer under the Terms and Conditions of the Bonds which it reiterates in this Agreement *mutatis mutandis*, the Issuer further represents and warrants that:
1. it (and, if applicable, any person on whose behalf it may act as agent or in a representative capacity) has and shall continue to have full capacity and authority to enter into this Agreement and to carry out the transactions contemplated in this Agreement, and has taken and shall continue to take all action (including the obtaining of all necessary corporate approvals and governmental consents) to authorize the execution, delivery and performance of this Agreement;
 2. the terms of this Agreement as well as compliance with such terms do not constitute a breach of any obligations by which it is bound whether arising by its charter documents, any contract, or operation of law;
 3. it shall execute and deliver such documents and perform such further acts as the other party may reasonably require in relation to this Agreement;
 4. it shall fully, timely, and unconditionally comply with all items imposed under the Applicable Laws, relevant rules and regulations;
 5. it has obtained the required regulatory approvals to issue the Bonds which approval has not been revoked, qualified, or restricted, and shall fully, timely, and unconditionally comply with all other terms and conditions imposed by the

appropriate regulatory authorities regarding the issuance of the Bonds while any portion of the Bonds remains outstanding;

6. it shall, on the Issue Date, execute the Master Certificates of Indebtedness and deliver certified true copies thereof to the Registrar and Paying Agent;
7. it shall, when so requested in writing, provide any and all information reasonably needed by the Registrar and/or Paying Agent to enable them to respectively comply with their respective responsibilities and duties; *Provided*, that, in the event that the Issuer cannot, for any reason, provide the required information, the Issuer shall immediately advise the party requesting the same and shall perform such acts as may be necessary to provide for alternative information gathering.

These representations and warranties are true and correct as of the date hereof and be deemed repeated on Issue Date and shall remain true and correct as long as the Bonds remain outstanding.

6. ***The Registrar's and Paying Agent's Representations and Warranties.*** PDTC, as Registrar and/or Paying Agent, represents and warrants that it is duly licensed by the SEC and qualified by the Monetary Board of the BSP to act and perform the responsibilities of a Registrar and/or Paying Agent, and that its representation and warranty herein shall remain true and correct for the period of the subsistence of this Agreement. Furthermore:
 1. It is duly licensed by the SEC to act and perform the responsibilities of a Registrar and/or Paying Agent, as may be required by applicable law, rules, and regulations;
 2. It has full capacity and authority to enter into this Agreement and to carry out the transactions contemplated in this Agreement
 3. It is a third party that has no subsidiary or affiliate or any other relationship with the Issuer that would undermine its independence;
- 6.2.3 It has adequate facilities, attributes, and organization required of a registrar and paying agent.

Section 7 Events of Default

- 7.1 ***Events of Default.*** As provided under the Trust Agreement, the Issuer shall be considered in default under the Bonds in case any of the following events shall occur:
 1. The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under the Trust Agreement and the Bonds, and such failure to pay is not remedied within seven (7) Banking Days from due date thereof. The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due. These other amounts include Penalty Interest, insofar as the payment of such interest is concerned;

2. Except for clerical or typographical error, any representation or warranty made by the Issuer in the Trust Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect;
3. The Issuer fails to perform or comply with any other term, obligation, or covenant contained in the Trust Agreement or in any other document or instruments related or otherwise in connection therewith in any material respect and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of ninety (90) days for financial covenants and sixty (60) days for all other covenants from the date after written notice thereof shall have been given by the Trustee; *Provided*, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default specified in this Section 9.1 of the Trust Agreement;
4. The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any law or regulation which violation, if remediable, is not remedied by the Issuer within thirty (30) Banking Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of the at least 2/3 of the Bondholders, adversely and materially affect the performance by the Issuer of its obligations under the Trust Agreement and the Bonds. *Provided*, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is in excess of five percent (5%) of the fair market value of assets of the Issuer, based on the relevant parent-only financial statements of the Issuer;
5. The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, or any other proceeding analogous in purpose and effect: *Provided*, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; (iv) the entry of any final order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization, winding up or liquidation of the Issuer; or (v) the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs;

provided, that, the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

6. The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a closure default;
7. Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer's Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, or agreement, and any extension thereof shall have expired without being satisfied, discharged, or stayed within thirty (30) calendar days after the date when payment of such judgment, decree, or award is due under the applicable law or agreement; and
8. Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within sixty (60) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

Section 8

Indemnities, Fees, and Expenses

- 8.1 ***Indemnification of the Issuer.*** PDTC agrees to indemnify and hold the Issuer, its stockholders, directors, officers, employees, and agents free and harmless from all losses, claims, damages, liabilities, and expenses, including attorney's fees, or actions with respect to, arising out of, or by virtue of the failure of PDTC as Registrar and/or Paying Agent, to comply with any of its undertakings, covenants, or other obligations herein; *provided* that, PDTC shall not indemnify the Issuer for such losses or actions arising out of or attributable to the gross negligence or willful misconduct of the Issuer. The foregoing shall be without prejudice to the right of the Issuer to pursue all available remedies for the breach by PDTC of its obligations under this Agreement.
1. ***Indemnification of PDTC.*** In addition to other indemnities provided elsewhere in this Agreement, the Issuer agrees to indemnify PDTC, and to hold PDTC free and harmless against all charges, costs, damages, losses, claims, liabilities, expenses, fees, and disbursements (together with any value-added tax or similar tax imposed from time to time), that PDTC may suffer or incur howsoever in connection with or arising from this Agreement, including the Issuer's position with respect to the taxability or non-taxability of the interest income on the Bonds and on any transfer or negotiation of the Bonds within five (5) years after Issue Date, as well as on the necessity and timing of obtaining a confirmatory ruling from the relevant tax authorities on the matter; *provided*, that this provision shall not be available to the Registrar if the liabilities for which it is seeking indemnity arise from its own gross negligence or willful misconduct.

PDTC shall also be protected and shall incur no liability (and the Issuer undertakes to indemnify PDTC against any such liability) for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance upon any notice, direction, consent, certificate, affidavit, statement or other document, or any telephone or other

oral communication, relating to its duties hereunder reasonably believed to be genuine and correct and to have been delivered, signed, sent, sworn or made by or on behalf of the Issuer.

2. PDTC's Scope of Responsibility and Limitation of Liability

In the performance of its obligations under this Agreement, PDTC shall exercise such judgment and care under the circumstances then prevailing that persons of prudence, discretion, intelligence, and familiarity with such matters exercise in the management of their own affairs. In addition, PDTC shall not be held liable for any of its act or omission unless: (a) such act or omission was committed with fraud, evident bad faith, gross negligence, willful omission; or (b) it failed to exercise the skill, care, prudence, and/or diligence required by law under the circumstances. PDTC shall not be liable for any consequential or indirect loss. The Issuer shall promptly inform PDTC in writing of any loss or damage and shall, when possible, take steps to mitigate such loss or damage. PDTC's liability as herein provided for shall be limited only to that proportion of loss or damage suffered by the Issuer as determined by a court of competent jurisdiction to be attributable to PDTC.

1. PDTC is entitled at its discretion (but shall not have the obligation) to reverse incorrect credit entries to any accounts (including such an instance where an entry was made in anticipation of receipt of funds/assets that were not delivered), provided that prior written notice thereof shall be given to the Issuer.
2. Upon receipt of each transaction advice, statement of account, or report supplied to it by PDTC, the Issuer shall examine the same and promptly notify PDTC of any error in writing and subject to observance of Section 5.4 hereof, failing which the entries in the relevant Register of Bondholders shall be conclusive against the Issuer.
3. Unless there is contributory negligence or fault on the part of PDTC, it assumes no responsibility for any loss/liability owing to any reason or cause beyond its control, including nationalization, currency turmoil or restrictions, fire, acts of war, acts of God, acts of any authority whether de jure or de facto, requirements of/change in any laws or regulations, strikes or industrial action, acts of terrorism, failure of courier/delivery service, or acts or disruption of any relevant securities exchange, depository, clearing house, settlement system, or market, and loss or malfunction of utilities or computers (hardware and software). PDTC's liability as herein provided for shall be limited only to that proportion of loss or damage suffered by the Issuer as determined by a court of competent jurisdiction to be attributable to PDTC.
4. PDTC shall not be liable for statements, reports, files, and/or advice sent electronically to Bondholders. Bondholders who opt to receive such statements electronically shall be required to execute an indemnity clause in the Application to Purchase or Investor Registration Form to hold the PDTC free and harmless from any liability, loss, suit, or damage that may arise due to the electronic delivery of such statements.
5. PDTC shall not be liable for any negligence, default, failure or delay of any Underwriter, any Selling Agent, PDEX Trading Participant, depository, clearing system, securities registration body, or securities Registrar (or similar party), and any losses arising therefrom (including non-receipt of any payments from the Issuer).

6. Notwithstanding any assistance rendered by PDTC in connection with tax matters the Issuer shall be solely and ultimately responsible for determining the applicable tax rates to be applied to the issuance and sale of the Bonds and to the gross interest accruing to the Bondholders, reflecting the same in the relevant returns, preparing and filing all such tax returns, payments, reports, and other tax matters on any transactions undertaken pursuant to this Agreement that must be made on time to any relevant authority, whether governmental or otherwise.
7. PDTC shall not: (i) be responsible for monitoring if tax payment has been properly remitted by the relevant PDEX Trading Participant, and (ii) be required to request proof of said payment by the PDEX Trading Participant; and shall be held indemnified, free, and harmless from any claims, charges, and assessments from the foregoing.
8. The Issuer understands that regulatory authorities may require PDTC to furnish information concerning the ultimate beneficiaries of any account held by it. Upon PDTC forwarding any such regulatory authority's requirement to the Issuer, the Issuer shall furnish such information to PDTC for onward transmission or directly to the relevant regulatory authority in accordance with the local laws. Any inaction or delay in the compliance of the Issuer with the requirement of regulatory authorities properly notified by PDTC shall free it from any harm and liability caused by such inaction.
9. Except as otherwise provided elsewhere in this Agreement, PDTC shall not have any duty to monitor the compliance by the Issuer or its customers/agents with any guideline or restriction imposed by the Issuer's charter documents or by any other document, law, or regulation including compliance with any investment restriction and any notification requirement relating to the Issuer's or its customers'/agents' beneficial ownership of securities.
10. The Issuer, Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter, and any of the Selling Agents in the case of the initial issuance of the Bonds, and the PDEX Trading Participants, in the case of secondary trades on the Bonds, shall be responsible for establishing the bona fide identity of each of the Bondholders in accordance with the AMLA, as well as its own internal policies regarding "knowing your customer" and anti-money laundering. PDTC shall be entitled to rely on the strict performance by the Issuer, the Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner, and the Co-Lead Underwriter and any of the Selling Agent, and/or the PDEX Trading Participants, as the case may be, of their obligations under the AMLA. Nothing herein, however, shall be construed as preventing any of the parties from performing their own investigation in accordance with the AMLA and their own internal guidelines and standards.
11. No liability will be incurred by PDTC if, in the event of any dispute or question as to the scope of its functions and authority, it acts in accordance with the terms and conditions of this Agreement.

12. The Registrar and Paying Agent shall not be construed as acting as investment manager or investment adviser to the Issuer or any of the Bondholders.
 13. None of the Selling Agents shall be construed, deemed, or implied as acting as or agreeing to act as a Cash Settlement Bank as this term is defined, used, understood, or construed under any of the rules or regulations or memoranda of the PDS Groups, nor shall any of the Selling Agents be construed, deemed, or implied to have agreed to be bound as a Cash Settlement Bank under such rules, regulations, or memoranda, unless it has otherwise applied for and been qualified as such by the PDS Group. For the avoidance of doubt, where the Selling Agents have been nominated by the Issuer as Cash Settlement Banks under this Agreement, such appointment and designation is understood to be for purposes of this Agreement alone.
3. **Fees and Expenses.** The Issuer shall pay to the Registrar and Paying Agent from time to time (without any deduction except for the applicable creditable withholding tax or its statutory replacement) such fees/commission for its services pursuant to this Agreement as may be agreed in writing between the Registrar and the Paying Agent and the Issuer including such reasonable expenses, disbursements, and costs as may be incurred under this Agreement. All reasonable out-of-pocket expenses which are to be incurred by PDTC in connection with the preparation, execution, delivery, and performance of this Agreement, shall be for the account of the Issuer, provided that for any expense in the amount of at least Twenty-Five Thousand Pesos (₱25,000), PDTC shall secure, prior to incurring such expense, the written consent of the Issuer, except when such expense is in compliance with regulatory requirements in connection with this Agreement. The requirement of a written consent herein shall not apply to out-of-pocket expense in relation to the statement generation, mailing and courier costs of the Registry Confirmation, Credit Advice, and Quarterly Statement of Account. If any applicable law requires a deduction, other than creditable withholding tax under Revenue Regulations No. 17-2003, to be made, the Issuer shall pay such further sum to the PDTC as Registrar and/or Paying Agent so that it would ultimately receive an amount equal to that it would have received had no such deduction been made. PDTC shall issue the official receipts for payments made by Issuer only upon the submission by the Issuer of the Creditable Withholding Tax Certificate or such other proof of payment of the applicable taxes as mentioned above. Any invoice, official receipt, or other accountable form to be issued by PDTC pursuant to this Agreement shall comply with the prevailing invoicing and receipting rules and regulations as well as contain all the information required by BIR to support the expenses incurred as well as enable the Issuer to utilize the input value-added tax thereon. The Issuer agrees to pay interest at the PDTC's prevailing rate on any sum owed but not paid by the Issuer on the due date of payment.

The Issuer hereby acknowledges the right of the Registrar and the Paying Agent to be reimbursed and paid out-of-pocket expenses that it may incur in the preparation of documents which the Trustee may request in connection with the performance of the Trustee of its duties under the Trust Agreement.

The PDTC may likewise impose such reasonable fees on the Bondholders for the services that it shall perform for their benefit. Such fees are detailed in **Schedule 12** of this Agreement, and made an integral part hereof.

Section 9 Notices to Bondholders

***Aboitiz Power Corporation Bonds due 2025 and 2028
Registry and Paying Agency Agreement***

1. **Notice.** Notices required to be given by the Registrar or Paying Agent to the Bondholders under this Agreement shall be made in accordance with the Terms and Conditions and the Registry Rules, as the same may be amended from time to time, at the expense of the Issuer.

Section 10 Changes in Agents

1. **Termination.** The Issuer may at any time appoint a new registrar or paying agent and/or terminate the appointment of the Registrar and Paying Agent by giving to the Registrar and Paying Agent at least thirty (30) Banking Days prior written notice to that effect; *Provided* that, so long as any of the Bonds are outstanding, the notice shall not expire less than forty five (45) Banking Days before an Interest Payment Date and notice shall be given to the Bondholders at least thirty (30) Banking Days before the termination of the appointment of the Registrar and Paying Agent.
2. **Resignation.** The Registrar and Paying Agent may resign at any time by giving the Issuer at least thirty (30) Banking Days prior written notice to that effect; *Provided* that, so long as any of the Bonds are outstanding, the notice shall not expire less than forty five (45) Banking Days before any Interest Payment Date. Following receipt of a notice of resignation from the Registrar and Paying Agent, the Issuer shall promptly, and in any event not less than thirty (30) Banking Days before the resignation takes effect, give notice to the Bondholders.
3. **Change of Office.** If the Registrar and Paying Agent changes the address of its specified office in a city, it shall give the Issuer and the Bondholders at least thirty (30) calendar days' notice of the change, giving the new address and the date on which the change is to take effect.
4. **Delivery of records and turnover of amounts held.** If the Registrar and Paying Agent resigns or its appointment is terminated, it shall on the date on which the resignation or termination takes effect pay to the new registrar and paying agent any amount held by it for payment in respect of the Bonds and deliver to the new registrar and paying agent the Register of Bondholders and all other records kept by it pursuant to this Agreement.
5. **Successor Corporations.** A corporation into which the Registrar and Paying Agent is merged or converted or with which it is consolidated or which results from a merger, conversion or consolidation to which it is a party shall, to the extent permitted by applicable law, be the successor agent under this Agreement without further formality. The Registrar and Paying Agent concerned shall forthwith notify such an event to the Issuer and the Bondholders.

Section 11 General Provisions

1. **Several and Joint Obligations.** The obligations of the Registrar and Paying Agent are several and not joint.
2. **No Implied Duties.** The Registrar and Paying Agent are hereby obligated to perform such duties as are specifically set forth in this Agreement or are incorporated into this Agreement by reference to the Terms and Conditions, and subject to the limitations herein, shall be responsible only for the performance of such duties and obligations as

are specifically set forth this Agreement, and no obligation or covenants shall be implied or read into this Agreement as against the Registrar and Paying Agent.

3. **No Agency or Trust.** In acting pursuant to this Agreement, the Registrar and Paying Agent shall have no obligation towards or relationship of agency or trust with any Bondholders and need only perform the duties set out specifically in this Agreement and the Terms and Conditions and any duties necessarily incidental to them.
4. **Taking of Advice.** The Registrar and Paying Agent may consult on any legal matter with any legal adviser selected by it, who may also be an employee of or adviser to the Issuer and it shall not be liable in respect of anything done, or omitted to be done, in good faith relating to that matter in accordance with that adviser's opinion.
5. **Reliance on Documents, etc.** The Registrar and Paying Agent shall not be liable in respect of anything done or suffered by it in reliance on any document reasonably believed by it to be genuine and to have been signed by the proper parties or on information or instructions to which it should properly have regarded and reasonably believed by it to be genuine and to have been originated by the proper parties.
6. **No liability for Interest.** The Registrar and Paying Agent shall not be under any liability for interest on any moneys at any time received by it pursuant to any of the provisions of this Agreement or the Terms and Conditions and applied by it in accordance with provisions hereof, except as otherwise provided hereunder or agreed in writing.
7. **Compensation.** None of the provisions contained in this Agreement shall require the Registrar and Paying Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if there is a reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Agreement.
8. **Other Relationships.** PDTC may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Registrar and Paying Agent, and may engage or be interested in any financial or other transaction with the Issuer or any of its affiliates, and may act on, or as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not the Registrar and Paying Agent and need not account for any profit in relation thereto.
9. **Copies of this Agreement.** The Registrar shall, during regular business hours, provide a copy of this Agreement for inspection at its specified office by the Bondholders upon their request.
10. **Liens, Encumbrances, Attachments or Garnishments.** The Registrar shall record and annotate in the Register of Bondholders:
 1. any voluntary liens or encumbrances constituted upon the Bonds, upon its receipt of a written notice from the relevant creditor, together with the written acknowledgement from such Bondholder of the same and documentary evidence of such voluntary liens or encumbrances such other documents as may be reasonably required by the Registrar; and
 2. any writ of attachment or garnishment issued by a court or quasi-judicial agency of competent jurisdiction against a Bondholder and served upon the Registrar, either directly or through the Issuer.

Upon such recording and notation, the Registrar shall place on hold and shall not be obliged to record any transfer of the Bonds, the subject of such lien, encumbrance, attachment or garnishment, unless or until: (a) in the case of voluntary liens or encumbrances, the obligations secured by such voluntary liens or encumbrances have been performed by the registered Bondholder or the transferee Bondholder agrees to take the Bonds subject to the lien or encumbrance constituted thereon and in either case, upon written acknowledgement of the relevant creditor to the Registrar of the same; or (b) in the case of attachments or garnishment, the appropriate court or quasi-judicial agency orders the lifting of such attachment or garnishment, which order is served upon the Register of Bondholders, either directly or through the Issuer.

The Issuer acknowledges that PDTC as the appointed Registrar and Paying Agent of the Bonds shall treat attachment or garnishment orders issued by a court or quasi-judicial agency on a case to case basis. PDTC shall rely on the instructions of the Issuer with respect to the handling of the securities account upon the recording and notation of the attachment or garnishment, including the disbursement of the coupon and maturity cash proceeds pertaining to the attached or garnished securities account.

For the purpose of this section, when a securities account has been "Frozen", no debit or credit of securities can be made into such securities account. When a securities account has been "Suspended", however, no debit will be made but credit of securities is allowed to be made to the securities account.

11.12 **Good Faith Undertaking**

11.12.1 In implementing this Agreement and in discharging their respective duties and obligations hereunder, the parties agree to apply the standards of good faith and commercial loyalty, taking into consideration that the main purpose of this Agreement is to ensure the utmost cooperation among the parties and the success of the Offer and the trading of the Bonds. Thus, the parties agree to perform all such acts and to execute and deliver such other documents or instruments as may be necessary (including amending and/or supplementing this Agreement) in order to give effect to the intent underlying the Offer and the trading of the Bonds as to fully implement or consummate the transactions contemplated thereby.

1. Should there be new rules and regulations imposed by the relevant regulatory bodies, including a Self-Regulatory Organization ("**SRO**"), as defined in the Securities Regulation Code, or market conventions adopted and imposed by an SRO, or changes in the Registry System of the Registrar in compliance with the said rules and regulations or market conventions that would require the parties to this Agreement to perform or do certain acts in addition to what are contemplated or envisioned herein, the parties agree to comply with said regulations and/or conventions subject to the provisions of Section 6.1 above.

Section 12 Miscellaneous

1. **Assignment.** Neither party may terminate this Agreement, or assign or transfer all or any of its rights, benefits, and obligations hereunder without the consent of the other party.
2. **Ability to Consult Counsel.** PDTC may consult with legal counsel of its choice in connection with its duties under this Agreement and any opinion of such counsel shall

be full and complete authorization and protection in respect of any action taken or omitted to be taken by PDTC hereunder in good faith and in accordance with such opinion; Provided, that, prior to taking or not taking such action for which the opinion of counsel was sought, PDTC shall inform the Issuer of the relevant opinion of counsel. Any delay in the taking of action by PDTC, where the Issuer shall have contributed to such delay, shall entitle PDTC to indemnification, and it shall be held free and harmless for any costs, expenses or damages incurred or suffered to be incurred by it by reason thereof.

3. **Disclosure; Confidentiality.** Except as may be necessary to perform its duties under this Agreement as required by applicable regulations, PDTC as Registrar and/or Paying Agent: (a) shall keep privileged, confidential, separate, and distinct any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to this Agreement or obtained in the course of the performance of its duties and functions; (b) shall refrain from disclosing any such information or item in any manner, whether written, oral, telegraphic, coded or encrypted, whether in physical, electronic, or any other form or media; and (c) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer. The Issuer hereby authorizes PDTC as Registrar and/or Paying Agent to disclose information and/or transfer data regarding this Agreement if required to do so by:
 1. Request of any Bondholders with respect to its own holdings of the Bonds;
 2. Request of the Bank through its authorized officers or employees, all of whom shall be caused by the Issuer to keep confidential all such information disclosed to them;
 3. Corporate practice, as disclosures made to directors, officers, employees, auditors, or legal counsel of PDTC necessary to perform its functions under this Agreement, all of whom shall be caused by PDTC to keep confidential all such information disclosed to them;
 4. any applicable law, statute, or other regulation of or by any court order or similar process enforceable in any relevant jurisdiction;
 5. any regulatory body, self-regulatory entity, clearing system/company or depository (whether of a governmental nature or otherwise) in any relevant jurisdiction
 6. any department or agency of government in any relevant jurisdiction; and
 7. any offices, branches, or subsidiaries of the PDS Group or any agents or third parties in connection with this Agreement (including the services/duties to be provided by the Registrar under this Agreement).
4. **Data Privacy.** The Registrar and Paying Agent hereby agrees to handle all information it may receive in relation to the Bonds as a Data Processor in accordance with Republic Act No. 10173 (Data Privacy Act of 2012), its implementing rules and regulations, and other relevant issuances of the Philippine National Privacy Commission.

5. **Severability.** If any provision hereunder becomes invalid, illegal, or unenforceable under any law, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired.

6. **Notices.**

1. Except as otherwise provided in this Agreement, any notice, demand, letter, or communication may be sent by the Registrar and/or Paying Agent to the Issuer by telex, electronic mail, web-based uploads, or other electronic or teleprocess instruction system, post, reputable courier, confirmed facsimile, S.W.I.F.T., electronic mail or by hand. Any notice, demand, letter or communication to the Registrar and/or the Paying Agent shall be sent to the following address and shall be effective only when received by the designated addressee/s. Any notice, demand, letter, or communication may be sent by one party to the other at the address and numbers set out below or such address and numbers as one party may inform the other in writing.

To the Issuer: **Aboitiz Power Corporation**
NAC Tower, 32nd Street
Bonifacio Global City, 1634 Taguig City
Attention: Maria Veronica C. So
Subject: AboitizPower Bonds Due 2025 and 2028
Address: 32nd Street, Bonifacio Global City,
1634 Taguig City, Metro Manila
Telephone No. +639178180008
E-mail: veronica.so@aboitiz.com
With copy to: aev.tsg@aboitiz.com

To the Registrar
& Paying Agent: **Philippine Depository & Trust Corp.**
29th Floor, BDO Equitable Tower, Paseo de Roxas
Makati City

Telephone no.: (632) 8884-4425
E-mail: josephine.delacruz@pds.com.ph
Attention: Josephine "Baby" Delacruz
Director

To the Trustee: [•]
[Address]

Telephone no.: [•]
E-mail: [•]
[•]
Attention: [•]

2. The parties shall maintain a record of electronic data, message, communication, or mail received pursuant to this Agreement. Any electronic data, message, communication, or mail addressed to the Registrar and/or Paying Agent shall not be deemed received by the Registrar and/or Paying Agent until receipt of such communication has been acknowledged or confirmed by electronic communication or mail by an authorized representative of the Registrar and/or Paying Agent.

3. All notices shall be deemed to have been personally given on the date of receipt (if delivered personally), or ten (10) calendar days after posting (if transmitted by registered mail), or the date of transmission (if transmitted by telefax or electronic mail), or the date of receipt (if sent through other means). Each party may change its addressee, address, telefax number, or email address for purposes of receiving notice by giving written notice thereof to the other parties hereto
4. The Issuer agrees that the Registrar and/or Paying Agent does not guarantee the security of any electronic communication transmitted to the Bondholder or the Issuer, and that the Registrar and/or Paying Agent is not liable for the complete and timely transmission thereof in the absence of evident bad faith, gross negligence, or willful omission. The Issuer likewise agrees to hold the Registrar and/or Paying Agent harmless and indemnified from and against any actual or threatened liability or damage arising from or in connection with electronic transmission of information under this Agreement, unless said liability or damage was caused by the Registrar and/or Paying Agent's fraud, evident bad faith, gross negligence, or willful omission.
7. **Amendment.** Any amendment of this Agreement is subject to the mutual agreement in writing by both parties. The Issuer understands that any change to the Terms and Conditions that may affect the obligations of the Registrar and Paying Agent under this engagement shall be subject to a separate agreement with the Registrar and Paying Agent.
8. **Survival of Representations and Obligations.** Unless otherwise stated, the representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect despite the termination or expiry of the term of this Agreement.
9. **Non-Waiver.** The failure of any party at any time or times to require the performance by the other of any provision of this Agreement shall not affect the right of such party to require the performance of that or any other provisions and the waiver by any party of a breach under this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any other right under this Agreement.
10. **Governing Law and Venue.** This Agreement shall be governed and construed in accordance with the laws of the Republic of the Philippines. Any legal action or proceeding arising out of, or connected with, this Agreement shall be brought exclusively in the proper courts of Makati City or Taguig City, at the option of the complaining Party, each of the parties expressly waiving any other venue.
11. **Counterpart Signing.** It is agreed that this Agreement may be signed and notarized in counterparts.

IN WITNESS WHEREOF:

The parties have caused this Agreement to be executed on the date and at the place first written above.

(signature pages follow)

**Aboitiz Power Corporation Bonds due 2025 and 2028
Registry and Paying Agency Agreement**

PHILIPPINE DEPOSITORY & TRUST CORP.
Registrar and Paying Agent

By:

MA. THERESA B. RAVALO
President & Chief Operating Officer

Signed in the presence of:

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public in and for the City of Makati this 2021 personally appeared the following, who has satisfactorily proven to me his identity through the below-described identification documents:

Name	Identification Document/ID No.	Expiring on / Issued at
MA. THERESA B. RAVALO	[REDACTED]	[REDACTED]

known to me and to me known to be the same person who executed the foregoing Registry and Paying Agency Agreement composed of pages including annexes and the page on which this acknowledgement is written, and who acknowledged to me that the same is his free will and voluntary act and deed, and that of the corporation he represents.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No.
Page No.
Book No.
Series of 2021.

**ABOITIZ POWER CORPORATION
ISSUER**

By:

MARIA VERONICA C. SO
Group Treasurer

Signed in the presence of:

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public in and for the City of Taguig this _____ 2021 personally appeared the following, who has satisfactorily proven to me his identity through the below-described identification documents:

Name	Identification Document/ID No.	Issued on / at
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Maria Veronica C. So	[REDACTED]	[REDACTED]
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known to me and to me known to be the same person who executed the foregoing Registry Agreement composed of _____ pages including annexes and the page on which this acknowledgement is written, and who acknowledged to me that the same is his free will and voluntary act and deed, and that of the corporation he represents.

WITNESS MY HAND AND NOTARIAL SEAL on the date and place first above written.

Doc. No.
Page No.
Book No.
Series of 2021.

SCHEDULES

Schedule 1	Terms and Conditions of the Second Tranche Bonds
Schedule 1-A	Form of the Master Certificate of Indebtedness for the Series B Bonds
Schedule 1-B	Form of the Master Certificate of Indebtedness for the Series C Bonds
Schedule 2	Form of the Application to Purchase
Schedule 3	Payment Account Bank Form
Schedule 4	Form of Affidavit of Undertaking
Schedule 5	Trade Related Transfer Form
Schedule 6	Non-Trade Related Transfer Form
Schedule 7	Form of Written Consent of Transferee Bondholder
Schedule 8	Investor Registration Form
Schedule 9	Form of Registry Confirmation
Schedule 10	List of Documents Required by Registrar
Schedule 11	Form of Cash Settlement Bank Designation
Schedule 12	Registry Fees
Schedule 13	Terms and Conditions for the Use of the e-Securities Portal

**SCHEDULE 1
TERMS AND CONDITIONS OF THE BONDS**

[to be lifted from the Offer Supplement]

DRAFT

SCHEDULE 1-A
FORM OF MASTER CERTIFICATE OF INDEBTEDNESS FOR THE SERIES B BONDS

[LOGO]

ABOITIZ POWER CORPORATION
MASTER CERTIFICATE OF INDEBTEDNESS
Series B Bonds

₱ [•] , [•]%

Bond Certificate No. [•]

Issue Date: [•]

Maturity Date: [•]

For and in consideration of the sum of PESOS: [•] PESOS ₱ [•], ABOITIZ POWER CORPORATION (the "Company"), promises to pay the sum of PESOS: [•] ₱ [•], together with interest, to the Bondholders appearing in the Register of Bondholders, pursuant to, and subject to the terms and conditions set forth in: (i) the Trust Agreement dated [•], 2021, and (ii) Annex A thereto.

This Master Certificate of Indebtedness is being issued by the Company, acting by the authority of its Board of Directors, to [•], in its capacity as Trustee, in acknowledgement of the Company's obligations in respect of the [•] year Philippine Peso fixed rate bonds (the "Series B Bonds") duly registered with the Philippine Securities and Exchange Commission.

The Series B Bonds shall bear fixed interest rate equivalent to [•]% per annum, subject to the terms and conditions contained in the Trust Agreement dated [•], 2021, and Annex A attached thereto.

Annex A provides for the mode and manner of the payment and prepayment of the Series B Bonds under the terms and conditions set forth and specified therein as well as for the acceleration of the maturity of the Series B Bonds under certain conditions.

The Series B Bonds shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

ABOITIZ POWER CORPORATION
By:

THE SERIES B BONDS ARE NOT INSURED WITH THE PHILIPPINE
DEPOSIT INSURANCE CORPORATION

SCHEDULE 1-B
FORM OF MASTER CERTIFICATE OF INDEBTEDNESS FOR THE SERIES C BONDS

[LOGO]

ABOITIZ POWER CORPORATION
MASTER CERTIFICATE OF INDEBTEDNESS
Series C Bonds

₱ [•] , [•]%

Bond Certificate No. [•]

Issue Date: [•]

Maturity Date: [•]

For and in consideration of the sum of PESOS: [•] PESOS ₱ [•], ABOITIZ POWER CORPORATION (the "Company"), promises to pay the sum of PESOS: [•] ₱ [•], together with interest, to the Bondholders appearing in the Register of Bondholders, pursuant to, and subject to the terms and conditions set forth in: (i) the Trust Agreement dated [•], 2021, and (ii) Annex A thereto.

This Master Certificate of Indebtedness is being issued by the Company, acting by the authority of its Board of Directors, to [•], in its capacity as Trustee, in acknowledgement of the Company's obligations in respect of the [•] year Philippine Peso fixed rate bonds (the "Series C Bonds") duly registered with the Philippine Securities and Exchange Commission.

The Series C Bonds shall bear fixed interest rate equivalent to [•]% per annum, subject to the terms and conditions contained in the Trust Agreement dated [•], 2021, and Annex A attached thereto.

Annex A provides for the mode and manner of the payment and prepayment of the Series C Bonds under the terms and conditions set forth and specified therein as well as for the acceleration of the maturity of the Series C Bonds under certain conditions.

The Series C Bonds shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

ABOITIZ POWER CORPORATION
By:

THE SERIES C BONDS ARE NOT INSURED WITH THE PHILIPPINE
DEPOSIT INSURANCE CORPORATION

SCHEDULE 2

FORM OF THE APPLICATION TO PURCHASE

[Form to be inserted once final]

DRAFT

**SCHEDULE 3
PAYMENT ACCOUNT BANK FORM**

[Corporate Letterhead]

Date

Philippine Depository & Trust Corp.
Address

Attention: xx
 Designation

Subject: Designation of _____ as Payment Account Bank under
 (Cite agreement details)

Gentlemen:

We write to inform you of our designation of (Name of Bank) (the Designated Bank) as the Payment Account Bank under (Registry Agreement name).

We understand that our act of designating the Designated Bank constitutes our representation, warranty and undertaking that we have consulted with the Designated Bank for the services contemplated under this designation, and have understood the following to be true:

- (1) The Designated Bank is authorized to perform the functions under this designation.
- (2) The Designated Bank possesses sufficient skill and experience in the functions under this designation.
- (3) The Designated Bank recognizes that time is of the essence in its performance of its functions under this designation and commits that it will act with dispatch and due care in the performance of its actions under this designation. All instructions of PDTC in respect of payment administration shall be given urgency and prioritized to ensure that its performance as Paying Agent for the captioned issue is not compromised.
- (4) The Designated Bank shall observe the cut-off times prescribed by PDTC in the conduct of the activities required of it, as provided by PDTC.
- (5) The Designated Bank recognizes the power and authority of the Philippine Depository and Trust Corp. (PDTC) to require such confirmations and reports as it shall deem necessary for the performance of the Paying Agency under the cited agreement. In this regard, it shall so provide such confirmations and reports within such period as imposed by PDTC, which could be as short as one (1) day.
- (6) The Designated Bank acknowledges its liabilities under this designation should it fail to comply with the obligations in this letter and shall fully indemnify PDTC for any losses, damages, expenses or other amounts attributable to its failure to dutifully comply with the obligations imposed herein. In such cases, PDTC may require the designation of a replacement Payment Account Bank by written request therefor to us.

- (7) The Designated Bank shall cooperate in good faith with PDTC to ensure a timely administration of payments for the captioned issue.
- (8) The Designated Bank shall attend an orientation session on the payment administration process held by PDTC to ensure a full understanding on the same prior to the first coupon payment date.
- (9) The signature of the authorized signatory of the Designated Bank in the Conforme portion signifies its conformity to the conditions imposed on its designation herein.

If you are amenable to the above, please likewise signify your acceptance of the designation in the space provided.

We look forward to a smooth payment administration for our issue.

Very truly yours,

Name of Authorized Signatory
Designation

.....

CONFORME OF THE DESIGNATED PAYMENT ACCOUNT BANK

We accept the designation and confirm our understanding of what is required and expected of us as the Designated Bank under this instrument. We attach the relevant Secretary's Certificate/Board Resolution evidencing our authority to execute this instrument and by our signature herein, warrant the genuineness, due execution, and subsisting nature of the attachment, as well as warrant the genuineness and authenticity of the signature of the signatory hereon.

Name of Authorized Signatory
Designation

Date

.....

ACCEPTANCE OF THIS DESIGNATION BY PDTC

We accept the designation of the Bank named herein, subject to the conditions imposed in this letter.

Name of Authorized Signatory
Designation

Date

**SCHEDULE 4
FORM OF AFFIDAVIT OF UNDERTAKING**

AFFIDAVIT OF UNDERTAKING

[Name of Bondholder], [citizenship and civil status], with residence address at [address], [state trade or business engaged in, if any] represented herein by the undersigned [name of officer], [title/designation], (the "Bondholder"), after having been sworn in accordance with law hereby depose and state that:

1. The Bondholder is the holder of the [●]% per annum AboitizPower Bonds due on [●] (the "Bonds") issued by Aboitiz Power Corporation ("AboitizPower") with an aggregate principal amount of [●] Pesos.
2. The Bondholder is entitled to receive periodic interest and principal payments pursuant to the terms of the Bond offering.
3. The Bondholder represents and warrants to AboitizPower and to the Philippine Depository & Trust Corp. ("PDTC"), in the latter's capacity as Registrar and Paying Agent for the Bonds, that it is, a [state tax status of Bondholder] entitled to tax benefits provided under [tax exemption basis: statutory provision, applicability of a tax treaty, BIR ruling or opinion] resulting in [taxation benefit and its effect]. Proof of the foregoing tax benefits are provided in the following documents which are attached to this Affidavit of Undertaking:
 - (a) [Please specify which document is applicable: For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code), including non-stock savings and loans associations; (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof; For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator; For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) government-owned or -controlled corporations; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; For entities claiming tax treaty relief -

General requirements:

- (1) Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- (2) Original and duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer's authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder

Additional requirements for legal persons and arrangements, and individuals:

- (3) Authenticated copy of the Bondholder's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- (4) For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- (5) For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;]

Additional requirements for entities:

- (6) Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
 - (7) List of owners/beneficiaries of the Bondholder;
 - (8) Proof of ownership of the Bondholder; and
 - (9) TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.]; and
- (b) evidence of the applicability of a tax [Please specify the specific document.].

4. The Bondholder represents and warrants that as of the date hereof, the [Tax Exemption Certificate / Decision / BIR Ruling] in its entirety, has not been revoked, overruled, reversed or set aside by any authority (judicial or administrative), and has the full force and effect of the law. Such decision applying or interpreting the Bondholder's exempt status under the National Internal Revenue Code of 1997, as amended, from withholding tax on interest income earned is enforceable and conclusive upon the BIR.
5. The Bondholder undertakes that it shall: (a) promptly provide such other documentary requirements as may be required by AboitizPower or PDTC under the applicable regulations of the relevant taxing or other authorities for the purpose of claiming tax treaty or withholding rate benefits; and (b) promptly advise AboitizPower and PDTC of any change in its circumstance, relevant treaty, law, or regulation that may or would result in the interest income of the Bondholder being ineligible to the benefits described in paragraph 3 above or otherwise being made subject to tax.

6. The Bondholder undertakes to notify AboitizPower and PDTC immediately of any order, ruling, amendment, or supervening event that would result in the suspension or revocation of the above tax benefits claimed by the Bondholder.
7. The Bondholder hereby authorizes AboitizPower and PDTC to rely solely on the foregoing representations in all of the Bondholder's holdings, transactions, and dealings in respect of the Bonds. In view of the tax benefits described in paragraph 3 above, if and when so warranted under applicable law, rules, and regulations, AboitizPower is directed not to withhold taxes on the interest earned by the Bondholder in its investment in the Bonds or to otherwise reduce the rate of withholding tax to the extent provided under the tax benefits claimed by the Bondholder; provided that, in the event that the Bondholder no longer holds legal and beneficial title to the Bonds, AboitizPower shall have the right and authority to unilaterally withhold from the amount of interest, principal, or other sums payable to the Bondholder the amount equal to the basic tax otherwise due on the receipt of income from the Bonds from issue date, including interests and penalties which may be assessed by the taxing authorities, without need for any notice or demand whatsoever.
8. The Bondholder hereby holds AboitizPower and PDTC free and harmless from, and undertakes to indemnify AboitizPower and PDTC against any and all obligations (including any tax obligation), actions, charges, claims, costs and other expenses that AboitizPower and PDTC may incur or be subjected to on account of their reliance on the foregoing representations, warranties, and directive. The Bondholder assumes all risks and liabilities arising out of its representation that it is a tax-exempt entity (or an entity entitled to a reduced rate of withholding tax under a tax treaty) and its directive to AboitizPower not to effect any withholding (or to effect a reduced rate of withholding) on the receipt of income arising from its ownership of the Bonds.
9. In the event any assessment notice is issued against AboitizPower, despite presentation of the Bondholder's Tax Exempt / Treaty Documents, the Bondholder shall pay the amount of the assessment (including interests and penalties, if any) subject of the assessment notice within the prescribed period or prosecute the appropriate protest and/or enter into a compromise agreement with the BIR, without recourse to AboitizPower and/or PDTC. The Bondholder shall submit to AboitizPower proof of payment of the tax assessments duly stamped received by the BIR and such other proof of settlement or termination of the tax assessment or audit without necessity of any demand. The Bondholder shall indemnify and hold AboitizPower and PDTC free and harmless against all tax obligations, fees, charges and costs associated with such assessment notice.
10. In the event that the Bondholder violates any of the provisions of this Affidavit of Undertaking, or if any of the Bondholder's representations prove to be untrue, or if the tax exemption and/or benefit of the Bondholder shall have been suspended, revoked or otherwise rendered ineffective, AboitizPower is hereby authorized to withhold the tax deemed by it to be applicable on the

Bondholder's income arising from its ownership of the Bonds, provided that any amount that should have been withheld by AboitizPower on previous payments to the Bondholder shall be automatically set off against future payments due to the Bondholder, without liability either to the Bondholder, or any person other than the Bondholder, claiming title to the Bonds.

11. The Bondholder agrees that notwithstanding the submission by the Bondholder or the receipt by AboitizPower and PDTC of the documents required in paragraph 3 as well as this Affidavit of Undertaking, AboitizPower may, in its sole and reasonable discretion, determine that such Bondholder is taxable and may require PDTC to proceed to apply the tax due on the interest income from the Bonds or otherwise offset any taxes, penalties, interest, and other charges due from previous payments made to the Bondholder against any future payments to be made by AboitizPower or PDTC to the Bondholder. The Bondholder hereby acknowledges that any questions on such determination shall be referred to AboitizPower. The Bondholder agrees to indemnify and hold AboitizPower and PDTC free and harmless against all charges, costs, damages, losses, claims, liabilities, expenses, fees, and disbursements that AboitizPower and/or PDTC may suffer or incur howsoever in connection with the application of this provision.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this _____ of _____ at _____ .

By: [Bondholder]
[Name]
[Position]

SUBSCRIBED AND SWORN to before me on this _____ day of _____ at _____ . Affiant, who is personally known to me, personally appeared to me and exhibited his [Competent evidence of identity] issued at _____ on _____ .

Doc. No. _____ ;
Page No. _____ ;
Book No. _____ ;
SERIES OF 2021.

DOCUMENTARY REQUIREMENTS TO BE ATTACHED

Payment of P100.00 per side of the trade-related transfer (payable by the Transferor or Transferee), and P100.00 as account opening fee (for new holders), payable to PDTC in check, upon submission of the request/s.

FOR INDIVIDUAL INVESTORS:

- Identification documents of the Registered Holder;
 - Two (2) duly accomplished signature cards containing the specimen signature of the Registered Holder, validated /signed by the Broker's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to PDTC; and
 - Authorization Letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment.
- Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.

FOR CORPORATE AND OTHER JURIDICAL ENTITY INVESTORS:

An original notarized Certificate of the Corporate Secretary of the Registered Holder setting forth resolutions of the Registered Holder's Board of Directors authorizing the purchase of the Bonds and designating the signatories, with their specimen signatures, for the said purposes;

Copies of its Articles of Incorporation and By-laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or equivalent government institution, stamped and signed as certified as true copies by the SEC or by the Registered Holder's Corporate Secretary, or by an equivalent officer/s who is/are authorized signatory/ies;

Ownership structure of the Registered Holder;

A list of the natural persons who are the beneficial owners of the parent company of the Registered Holder;

Two (2) duly accomplished signature cards containing the specimen signatures of the Registered Holder's authorized signatories, validated by its Corporate Secretary or by an equivalent officer/s who is/are authorized signatory/ies, and further validated/signed by the Broker's authorized signatory/ies whose authority/ies and specimen signatures have been submitted to PDTC;

Identification document(s) of Registered Holder's authorized signatories;

Identification document(s) of at least two (2) of the Registered Holder's Directors, including the managing director, if any; identification documents of beneficial owners who own at least 10% of the capital stock of the Registered Holder; identification document of the Corporate Secretary or of the signing equivalent officer/s; and

Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.

5. Authorization Letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment.

Identification Documents Shall Consist Of: Any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission (PRC) ID, National Bureau of Investigation (NBI) Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System (GSIS) e-Card, Social Security System (SSS) Card, Senior Citizen Card, Overseas Workers Welfare Administration (OWWA) ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and GOCC ID, e.g. Armed Forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID), Certification from the National Council for the Welfare of Disabled Persons (NCWDP), Department of Social Welfare and Development (DSWD) Certification, Integrated Bar of the Philippines ID, Company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC OR IC, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of REMITTANCES/FUND TRANSFERS who are not yet of voting age)

IF CLAIMING TAX EXEMPTION, ATTACH:

Certified true copy of the tax exemption certificate, ruling or opinion from the Bureau of Internal Revenue confirming the exemption or preferential rate;

A duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar of any suspension/revocation of the Investor's tax exemption certificates or preferential privilege and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax

Such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits shall include evidence of the applicability of a tax treaty and consularized proof of the Applicant's legal domicile in the relevant treaty state, and confirmation from the SEC that the entity is not doing business in the Philippines.

IF FOREIGN INVESTOR CLAIMING APPLICABILITY OF A TAX TREATY, ATTACH:

Valid proof of applicability of tax treaty;

Consularized proof of tax domicile issued by the relevant tax authority;

SEC confirmation that entity is not doing business in the Philippines;

Such other documents that PDTC may deem reasonably and necessary to require.

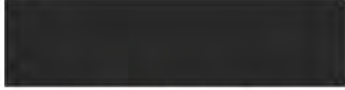
NOTE: The Registrar shall not be responsible for monitoring if tax payment has been properly remitted by the Broker, shall not be required to request proof of said payment by the Broker, and shall be held indemnified, free, and harmless from any claims, charges, and assessments from the foregoing.

FOR PDTC USE ONLY

RECEIVED BY / DATE:	MAKER / DATE	CHECKER / DATE
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SCHEDULE 6 NON-TRADE RELATED TRANSFER FORM

NON-TRADE RELATED TRANSFER FORM



37th Floor, Tower I, The Enterprise Center
6766 Ayala Avenue, Makati City
Main +632 884 5000
Fax: +632 884 5098; 884 5099

TRANSFER INSTRUCTION

REGISTRY SERVICES

FOR NON-TRADE RELATED TRANSFER				DATE			
TYPE OF TRANSACTION <input type="checkbox"/> Nomination or Change of Nominated Custodian <input type="checkbox"/> Inheritance				<input type="checkbox"/> Donation <input type="checkbox"/> Pledge or Escrow <input type="checkbox"/> Others (pls. specify) _____			
We hereby authorize and instruct PDTC to execute the following transfer:							
REGISTERED HOLDER				REGISTRY ACCOUNT NO.			
SECURITY NAME				SECURITY ID / ISIN NO.			
ISSUE DATE (mm/dd/yy)		MATURITY DATE (mm/dd/yy)					
FACE AMOUNT TO TRANSFER			AMOUNT IN WORDS				
TRANSFER SECURITY TO:				REGISTRY ACCOUNT NO.			
I/We hereby confirm the currency and correctness of the information herein provided and likewise confirm that the foregoing transfer instruction is legal, valid and binding and may be fully and unconditionally relied upon by PDTC. I/We likewise confirm that I/we have paid the applicable taxes in relation to the transaction; and should the same be incorrect, I/we agree to be liable for additional taxes, duties, assessments or governmental charges with respect thereto. I/We hold PDTC free and harmless from any liability, loss or damage that may arise from its execution of the foregoing instruction. I/We recognize and agree that the transfer is subject to the PDTC Registry Rules that are in force and effect.							
AUTHORIZED SIGNATORY				AUTHORIZED SIGNATORY			
Note: Deadline for the submission of this Registration Instruction and all other required documents for same day processing is 12:00 noon, settlement date. Deadline for submission of account opening requests, expanded delivery vs. payment (eDvP) enrollment of Registry Account, and relevant documents, is 12:00 noon, one business day. The Broker shall provide the relevant forms which the investor will fill-up.							
DOCUMENTARY REQUIREMENTS TO BE ATTACHED							
<input type="checkbox"/> Payment of P100.00 per side of the non-trade transfer (payable by the Transferor or Transferee), and P100.00 as account opening fee (for new holders), payable to PDTC in check, upon submission of the request/s.							
FOR INDIVIDUAL INVESTORS: <input type="checkbox"/> Identification documents of the Registered Holder; <input type="checkbox"/> Two (2) duly accomplished signature cards containing the specimen signature of the Registered Holder, validated / signed by the Broker's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to PDTC; and <input type="checkbox"/> Authorization Letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment. <input type="checkbox"/> Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.							
FOR CORPORATE AND OTHER JURIDICAL ENTITY INVESTORS: <input type="checkbox"/> An original notarized Certificate of the Corporate Secretary of the Registered Holder setting forth resolutions of the Registered Holder's Board of Directors authorizing the purchase of the Bonds and designating the signatories, with their specimen signatures, for the said purposes; <input type="checkbox"/> Copies of its Articles of Incorporation and By-laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or equivalent government institution, stamped and signed as certified as true copies by the SEC or by the Registered Holder's Corporate Secretary, or by an equivalent officer/s who is/are authorized signatory/ies; <input type="checkbox"/> Ownership structure of the Registered Holder; <input type="checkbox"/> A list of the natural persons who are the beneficial owners of the parent company of the Registered Holder; <input type="checkbox"/> Two (2) duly accomplished signature cards containing the specimen signatures of the Registered Holder's authorized signatories, validated by its Corporate Secretary or by an equivalent officer/s who is/are authorized signatory/ies, and further validated/signed by the Broker's authorized signatory/ies whose authority/ies and specimen signatures have been submitted to PDTC; <input type="checkbox"/> Identification document(s) of Registered Holder's authorized signatories; <input type="checkbox"/> Identification document(s) of at least two (2) of the Registered Holder's Directors, including the managing director, if any; identification documents of beneficial owners who own at least 10% of the capital stock of the Registered Holder; identification document of the Corporate Secretary or of the signing equivalent officer/s; and <input type="checkbox"/> Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your							

customer's and anti-money laundering.

5. Authorization Letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment.

Identification Documents Shall Consist Of: Any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission (PRC) ID, National Bureau of Investigation (NBI) Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System (GSIS) e-Card, Social Security System (SSS) Card, Senior Citizen Card, Overseas Workers Welfare Administration (OWWA) ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and GOCC ID, e.g. Armed Forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID), Certification from the National Council for the Welfare of Disabled Persons (NCWDP), Department of Social Welfare and Development (DSWD) Certification, Integrated Bar of the Philippines ID, Company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC OR IC, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of REMITTANCES/FUND TRANSFERS who are not yet of voting age).

IF CLAIMING TAX EXEMPTION, ATTACH:

- Certified true copy of the tax exemption certificate, ruling or opinion from the Bureau of Internal Revenue confirming the exemption or preferential rate; A
- duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar of any suspension/revocation of the Investor's tax exemption certificates or preferential privilege and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax.
- Such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits shall include evidence of the applicability of a tax treaty and consularized proof of the Applicant's legal domicile in the relevant treaty state, and confirmation from the SEC that the entity is not doing business in the Philippines.

IF FOREIGN INVESTOR CLAIMING APPLICABILITY OF A TAX TREATY, ATTACH:

- Valid proof of applicability of tax treaty;
- Consularized proof of tax domicile issued by the relevant tax authority;
- SEC confirmation that entity is not doing business in the Philippines;
- Such other documents that PDTC may deem reasonably and necessary to require.

ADDITIONAL REQUIREMENTS FOR NON-TRADE RELATED TRANSACTIONS:

- In case of Nomination or Change of Custodian, items 1 & 3 if Custodian has no existing Registry Account with PDTC.
- In case of transfer by reason of Inheritance, (i) Judicial Order of Partition or Deed of Extrajudicial Settlement and (ii) Proof of payment of applicable taxes. In
- case of transfer arising from Donation, (i) Deed of Donation and (ii) Proof of payment of applicable taxes.
- In case of Pledge or Escrow, (i) Request for recording or annotation of interests or liens in the Register of Holders of any party arising from transactions such as, but not limited to, pledge or escrow and (ii) Certified True Copy of the Contract of Pledge or Escrow Agreement.
- Such other documents that PDTC may deem necessary to require.

As the accredited market maker/dealer/broker, we hereby confirm the transfer from the abovementioned Registered Holder/ Investor of subject security in the amount as stated, and that the applicable taxes in relation to the transaction have been paid. We declare the truth, completeness, currency and correctness of the information given in connection with this transfer instruction, and that the same is legal, valid, and binding pursuant to the authority duly granted and may be fully and unconditionally relied upon by PDTC. We hold PDTC free and harmless from any liability, loss or damage that may arise from the execution of this instruction. We recognize and agree that the transfer is subject to the PDTC Registry Rules that are in force and effect.

AUTHORIZED SIGNATORY
[Market Maker/ Dealer/ Broker]

AUTHORIZED SIGNATORY
[Market Maker/ Dealer/ Broker]

FOR PDTC USE ONLY

RECEIVED BY/DATE:

MAKER / DATE

CHECKER / DATE

SCHEDULE 7 FORM OF WRITTEN CONSENT OF TRANSFEREE BONDHOLDER

CONSENT OF TRANSFEREE

In executing the Investor Registration Form/Trade-Related Transfer Form/Non-Trade Related Transfer Form, we hereby certify that: (i) all information given in connection with the purchase by and transfer to us of the Notes including, without limitation, details of our tax status, is true and correct and may be relied upon by the Market Maker, the Registrar and Paying Agent and the Bank in processing payments due to us under the Notes; (ii) we have read and understood the terms and conditions of the Notes and the Offering Circular dated as of the Issue Date or the relevant Subsequent Issue Date, as may be applicable, as well as the Governing Regulations (as defined in the Terms and Conditions) as to, among others, the obligations of the parties and the possible benefits and risks of investing in the Notes and unconditionally accept said terms and conditions. We agree and undertake to immediately notify the Market Maker, the Registrar and Paying Agent and the Bank of any change in our tax status, including any suspension or revocation of any tax exemption certificates.

We confirm the appointment of _____ ("Cash Settlement Bank") as our authorized representative and attorney-in-fact for and in our behalf, place and stead, with full power and authority to do and perform the acts and deeds specified below. We confirm that the Market Maker, the Registrar and Paying Agent and the Bank shall not be liable for any act done or suffered by it in reliance of the authority indicated below, it being understood that any risk or cost arising from the above appointment shall be for our sole account.

We authorize the Market Maker to verify the information as stated in the Investor Registration Form/Trade-Related Transfer Form/Non-Trade Related Transfer Form from any and all sources or banks (if any) indicated therein and in any and all manner, including but not limited to, requesting information from the bank/s indicated therein regarding our accounts with the said bank/s. By giving this authority to the Market Maker, the banks referred to herein may rely on this statement as a waiver of our right and privilege to the secrecy of bank deposits, including the privacy of information or confidentiality that may exist by law or by contract with respect to the information being requested. We further agree that completion of the Investor Registration Form/Trade-Related Transfer Form/Non-Trade Related Transfer Form constitutes an instruction and authority from us to the Bank and/or Market Maker to execute any application form or other documents and generally to do all such other things and acts as the Bank and/or Market Maker may consider necessary or desirable to effect registration of the Notes in our name.

We further agree to indemnify and hold the Market Maker, the Registrar and Paying Agent and the Bank free and harmless against any and all claims, actions, suits, damages, and liabilities resulting from the non-withholding of the required tax due to the representations as indicated in the Purchase Advice, any misrepresentation contained herein or any reliance of the confirmations contained herein.

We authorize the Registrar and Paying Agent to accept and act upon signed instructions and copies of documents sent by the transferee Noteholder or its duly authorized representative relating to the Notes issued by the Bank and held by the transferee Noteholder and any and all other services and facilities of the Registrar and Paying Agent availed of by the transferee Noteholder ("Instructions"). Except for the obligation of the Registrar to verify the signatures on the signed Instructions against the specimen signature cards submitted by the transferee Noteholder, the Registrar and Paying Agent shall not be under any duty to verify: (a) the identity of the person or persons issuing the Instructions or sending the documents, or (b) whether the Instructions/documents were actually issued/sent by the transferee Noteholder with its authority, knowledge, or consent. We hereby expressly, absolutely and unconditionally: (a) release and discharge the Registrar and Paying Agent and the Bank, and (b) undertake to, at all times, indemnify/keep the Registrar and Paying Agent and the Bank free and harmless, from any and all claims, liabilities, obligations, actions, proceedings, loss, damage, costs, and expenses arising from or in connection with, directly or indirectly, the Registrar and Paying Agent and the Bank so acting upon the Instructions or relying upon documents, except in case of gross negligence on the part of the Registrar and Paying Agent which directly results in loss, damage, costs or expenses to the transferee Noteholder without any contributory act or negligence on the part of said transferee Noteholder and which are duly proven in court.

APPOINTMENT OF CASH SETTLEMENT BANK

The designated Cash Settlement Bank above is hereby instructed and authorized to (i) collect, receive and issue receipts for any payments (whether the same be for Interest, Principal, and other amounts due) under the Notes on my/our behalf, (ii) deposit or cause the deposit of such received payments, net of taxes and fees (if any), to the Cash Settlement Account designated herein or such other account as I/we may designate or make the same available to me/us in accordance with my/our agreement with my/our Cash Settlement Bank; (iii) examine, inquire, look into or verify information on the Notes in my/our name, pursuant to and in connection with the foregoing authorities. For this purpose, the authorities given herein may be relied upon by the Bank and its agents (including the Registrar and Paying Agent) and operates as an express waiver of my/our right and privilege under the secrecy of bank deposits laws, including the applicable privacy of information or confidentiality that may exist by law or by contract, with respect to information relating to the Notes; and (iv) execute documents, deeds, or writings and do such acts and things necessary proper, convenient or incidental to give full force and effect to the powers mentioned herein.

The Bank, Cash Settlement Bank and the Registrar and Paying Agent are entitled and authorized to rely on these instructions as valid, binding, and effective upon me/us. We confirm that none of the Bank, the Cash Settlement Bank, and the Registrar and Paying Agent, their directors, officers, employees, and agents shall be liable for any act done or suffered by them in reliance of the above instructions or any provision of the Investor Registration Form/Trade-Related Transfer Form/Non-Trade Related Transfer Form, it being understood that any and all risks and costs arising from the above shall be for my/our sole and exclusive account. Each of the Cash Settlement Bank, the Bank, Registrar or Paying Agent may refuse to act, and shall have no liability for such refusal to act, on any instructions given by me/us if it believes, in good faith, that such instructions are contrary to any law, rule or regulatory requirement.

HEREBY GIVING AND GRANTING unto the said Cash Settlement Bank full powers and authority to do and perform all and every act requisite or necessary to carry into effect the foregoing authority, as fully to all intents and purposes as the transferee might or could lawfully do if personally present, with full power of substitution and revocation, and hereby ratifying and confirming all that the said Cash Settlement Bank or his substitute shall lawfully do or cause to be done by virtue thereof.

TRANSFEREE'S SIGNATURE:

SPOUSE'S SIGNATURE (IF APPLICABLE):

TRANSFEREE'S FULL NAME (IN PRINT):

SPOUSE'S FULL NAME (IN PRINT) (IF APPLICABLE):

Conforme:

CASH SETTLEMENT BANK AUTHORIZED REPRESENTATIVE

SCHEDULE 8 INVESTOR REGISTRATION FORM

PDTC

Philippine Depository & Trust Corp.

INVESTOR REGISTRATION FORM
Registry Services

For PDTC use only Registry Account:	<table border="1" style="width: 100%; height: 15px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>																

Security ID:	<table border="1" style="width: 100%; height: 15px; border-collapse: collapse;"> <tr> <td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td><td style="width: 12.5%;"></td> </tr> </table>																

A. INVESTOR DETAILS

TYPE OF INVESTOR		<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> CORPORATION UNDER THE LAWS OF _____
NAME (Last, First, M.I. / Business Name)*			
PRESENT / MAILING ADDRESS*			
CITY	POSTAL CODE	COUNTRY	
PERMANENT ADDRESS (if different from above)*			
TELEPHONE NO./S.		FAX NO./S.	
EMAIL ADDRESS		TAX IDENTIFICATION NO.*	
NATIONALITY* <input type="checkbox"/> FILIPINO <input type="checkbox"/> OTHERS		COUNTRY OF DOMICILE <input type="checkbox"/> PHILIPPINES <input type="checkbox"/> OTHERS	
ARE YOU A U.S. RESIDENT OR US PERSON?		<input type="checkbox"/> YES <input type="checkbox"/> NO	
ARE YOU A U.S. CITIZEN?		<input type="checkbox"/> YES <input type="checkbox"/> NO	
DO YOU HOLD A U.S. PERMANENT RESIDENT CARD (GREEN CARD)?		<input type="checkbox"/> YES <input type="checkbox"/> NO	
DATE OF BIRTH / DATE OF INCORPORATION*		PLACE OF BIRTH/INCORPORATION*	
OCCUPATION/NATURE OF BUSINESS*		TAX STATUS (Applicable tax rate to interest / dividend income):	
SOURCE OF INCOME/FUNDS (e.g. Business Income, Savings, Inheritance, Donation)*		<input type="checkbox"/> FTX (Taxable - 20%) <input type="checkbox"/> NWT* (Tax-Exempt - 0%) <input type="checkbox"/> TXA (Tax-Assumed) <input type="checkbox"/> FTXN (Taxable - 25%) <input type="checkbox"/> FMX1 (Taxable - 30%) <input type="checkbox"/> Others: _____ %	
* Subject to submission of documentary proof of tax-exemption or preferential rate entitlement and approval of the Issuer of the security.			
If a Corporation, please fill up additional required information: (Please use additional sheets if necessary):			
TYPE OF ORGANIZATION (For Corporate or other Juridical Entities, please check one)			
<input type="checkbox"/> Partnership or other Juridical Entity		<input type="checkbox"/> Corporation Under the Laws of _____	
<input type="checkbox"/> Investment House		<input type="checkbox"/> Incorporated Mutual Fund	
<input type="checkbox"/> Bank		<input type="checkbox"/> Trust Company/Trust Fund/Trust Department	
<input type="checkbox"/> Insurance Company		<input type="checkbox"/> Others	
Name Of Parent Company, If Any:			
Names Of Directors:**		Name Of Stockholders Owning At Least 2% Of the Authorized Capital Stock:**	
Name Of Beneficial Owners Of Security Holder (If Any):**		Address Of Beneficial Owner:	
** Required to be filled up under Republic Act No. 9160, Republic Act No. 9194 and BSP Circular Nos. 251, 253 and 279, and all other amendatory and implementing law, regulation, jurisprudence, notice or order of any Philippine governmental body relating thereto.			

B. COMMUNICATIONS

MAILING ADDRESS (FOR PRINTED STATEMENTS, NOTICES OR ADVICES)		
<input type="checkbox"/> SAME AS PRESENT ADDRESS <input type="checkbox"/> SAME AS PERMANENT ADDRESS <input type="checkbox"/> OTHERS, PLEASE INDICATE BELOW		
COMPLETE MAILING ADDRESS		
CITY	POSTAL CODE	COUNTRY
PRIMARY CONTACT NAME		OFFICIAL TITLE
DEPARTMENT		
TELEPHONE NO./S. OF CONTACT NAME	FAX NO./S. OF CONTACT NAME	EMAIL ADDRESS OF CONTACT NAME
STATEMENT, NOTICES & CORRESPONDENCE DELIVERY MODE:		
<input type="checkbox"/> Send to email address indicated above		
<input type="checkbox"/> Delivery via courier (Metro Manila area only) or registered mail to mailing address indicated above		
COMMUNICATIONS (Email Indemnity): The Security Holder acknowledges that the Registrar and Paying Agent do not guarantee the security of any notice, statement, or other communication transmitted through electronic means, and, thus, agrees that the Registrar and Paying Agent are not liable for the complete and timely transmission thereof. The Security Holder agrees to indemnify the Registrar and the Paying Agent from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs (including without limitation, interest and reasonable legal fees) and expenses of whatever nature (whether actual or contingent) suffered, incurred or threatened against the Registrar and the Paying Agent arising from or in connection with electronic transmission of information. By		

INVESTOR REGISTRATION FORM

NOVEMBER 2016

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indicating the email address/es in the Registration Form, the Security Holder, including its successors or/assigns, consent to receive notices and communications via email; and such consent shall operate as a waiver of the Security Holder's right and privilege to the secrecy of bank deposits in respect of such statements/notices. The Security Holder assumes all risks in relation to the transmission of any electronic communication transmitted to the Security Holder and agrees that it shall have no recourse to the Registrar and/or the Paying Agent for any liability or damage arising from or in connection with electronic transmission of information in respect of the securities, unless said liability or damage was caused by the Registrar's and/or the Paying Agent's fraud, evident bad faith, negligence or willful omission. The Registrar and the Paying Agent are not responsible for monitoring and re-sending rejected electronically transmitted statements, notices and communications. Requests for resending and/or for additional statements, notices and/or advices shall be for the account of the Security Holder. Transmittal of statements shall be in the frequency as stipulated by the Issuer.

C. PAYMENT OPTION

For the periodic interest and principal payments due on the Security where PDTC has been appointed as Paying Agent

I/WE HEREBY UNCONDITIONALLY INSTRUCT AND AUTHORIZE THE PAYING AGENT TO INSTRUCT THE CASH SETTLEMENT BANK INDICATED BELOW TO:

CREDIT PESO CURRENT/SAVINGS ACCOUNT NUMBER _____ WITH _____ BANK _____ BRANCH
("CASH SETTLEMENT BANK")

*The Cash Settlement Bank must be a PDS Group-Registered cash settlement bank.

THIS SHALL REMAIN VALID AND EFFECTIVE UNLESS EXPRESSLY REVOKED IN WRITING BY ME/US IN THE MANNER PRESCRIBED UNDER THE RELEVANT RULES AND/OR AGREEMENTS.

All payments to be made by the Issuer to the Security Holder shall be made by the Paying Agent on behalf of the Issuer, through a credit of the proper amounts, net of taxes and fees (if any) to the account of the Cash Settlement Bank designated by the Security Holder in this Registration Form, who in turn shall further credit the Security Holder's cash account maintained with them. The Security Holders shall be responsible for ensuring that their respective Cash Settlement Accounts are open, active and existing. Fees and charges, if any, of the designated Cash Settlement Bank shall be for the account of the Security Holder.

The Security Holder understands and agrees that any transaction on the securities which utilizes the services of PDTC as the Registrar and Paying Agent, Underwriter/Broker, Cash Settlement Bank, or PDEx, and/or any service provider, as the case may be, may be subject to such fees and charges for which the Security Holder or its counterparty may be accountable. A copy of the schedule of such fees is available from the appropriate service provider.

D. REPRESENTATIONS, WARRANTIES & AUTHORIZATION

I/We declare under penalty of law that the information contained herein (including tax status) are true, complete, current, and correct and that the signatures herein are genuine, properly authorized, and obtained without use of fraud, coercion or any other vice of consent. I/We acknowledge and accept that PDTC shall rely solely on the information provided herein including, without limit, its declaration of its tax status, including, if applicable, its tax-exempt status in processing payments due it.

I/We certify that we have been provided with the Risk Disclosure Statement and have read and understood the terms and conditions of the Tier 1/2 issuance and are aware of the risks associated with the said Tier 1/2 Notes.

I/We hereby authorize PDTC to verify the information I/we stated in this Registration Form from any and all sources and in any and all manner, including but not limited to, requesting for information from the introducing entity regarding my accounts with said entity. By giving this authority to PDTC, I/we hereby waive our right to privacy of information or confidentiality that may exist by law or by contract with respect to the information contained herein.

I/WE FURTHER CONFIRM THAT WE HAVE RECEIVED AND UNDERSTOOD THE RULES AND PROCEDURES OF THE REGISTRAR, AND THE RELEVANT INFORMATION ON THE SECURITY INDICATED BELOW, AND WE AGREE TO BE BOUND BY THEM.

Authorized Signatory of Account Holder
Signature over Printed Name

Authorized Signatory of Account Holder
Signature over Printed Name

E. ENDORSEMENT/CERTIFICATION OF INTRODUCING ENTITY

The undersigned Broker/Dealer/Selling Agent/Broker of the Security Holder hereby warrants that:

- The necessary know-your-client process was conducted on the Security Holder pursuant to the Anti-Money Laundering Act and the amendments thereto ("AMLA") as well as its implementing rules and regulations ("IRR");
- The identity of the Security Holder was duly established pursuant to the AMLA and its IRR;
- The Security Holder is an Eligible Holder (or its equivalent) of the Security and is not a Restricted Party (or its equivalent) in accordance with the relevant disclosures of the Issuer;
- To the best of the undersigned's knowledge, all information provided to PDTC regarding the Security Holder are true, complete, current and correct;
- Any and all authorizations and waivers from the Security Holder necessary for the undersigned Accredited Broker to disclose all information required by PDTC to determine the eligibility of the Security Holder has been duly obtained.
- Security Holder for Capital Instrument Tier 1/2 was provided with the Risk Disclosure Statement and has complied with all the certifications, suitability test and other requirements under BSP Circulars 786 and 826 and all other related regulations.
- For Security Holder of Bank Tier 1/2 Notes: Please mark the box below.

The Security Holder is eligible to purchase the Bank Tier 1/2 Notes.

Authorized Signatory of Endorsing Entity
Signature over Printed Name

Authorized Signatory of Endorsing Entity
Signature over Printed Name

Email Address of Endorsing Entity: _____

Contact Person and Tel. Nos.: _____

INVESTOR REGISTRATION FORM

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DOCUMENTARY REQUIREMENTS TO BE ATTACHED

The Security Holder understands that the Registrar will not issue a Registry Confirmation nor will the Security Holder be allowed to sell or transfer his Security until such Security Holder shall have submitted to the Registrar all the documents required for the issuance of these Securities.

- Payment of P100.00 as account opening fee payable to PDTC in check.

FOR INDIVIDUAL INVESTORS:

- Identification documents of the Security Holder;
- Two (2) duly accomplished signature cards containing the specimen signature of the Security Holder, validated / signed by the Broker's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to PDTC; and
- Authorization Letter, if applicable, for the distribution of payments such as interest and/or principal payment.
- Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.

FOR CORPORATE AND OTHER JURIDICAL ENTITY INVESTORS:

- An original notarized Certificate of the Corporate Secretary of the Security Holder setting forth resolutions of the Security Holder's Board of Directors authorizing the purchase of the Security and designating the signatories, with their specimen signatures, for the said purposes;
- Copies of its Articles of Incorporation and By-laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or equivalent government institution, stamped and signed as certified as true copies by the SEC or by the Security Holder's Corporate Secretary, or by an equivalent officer/s who is/are authorized signatory/ies;
- Ownership structure of the Security Holder;
- A list of the natural persons who are the beneficial owners of the parent company of the Security Holder;
- Two (2) duly accomplished signature cards containing the specimen signatures of the Security Holder's authorized signatories, validated by its Corporate Secretary or by an equivalent officer/s who is/are authorized signatory/ies, and further validated/signed by the Broker's authorized signatory/ies whose authority/ies and specimen signatures have been submitted to PDTC;
- Identification document(s) of Security Holder's authorized signatories;
- Identification document(s) of at least two (2) of the Security Holder's Directors, including the managing director, if any; identification documents of beneficial owners who own at least 10% of the capital stock of the Security Holder; and of the Corporate Secretary or of the signing equivalent officer/s; and
- Such other documents as may be reasonably required by the Broker(s) / Registrar in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.
- Authorization Letter, if applicable, for the distribution of payments such as interest and/or principal payment.

Identification Documents Shall Consist Of: Any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Passport.

Driver's License, Professional Regulation Commission (PRC) ID, National Bureau of Investigation (NBI) Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Service Insurance System (GSIS) e-Card, Social Security System (SSS) Card, Senior Citizen Card, Overseas Workers Welfare Administration (OWWA) ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and GOCC ID, e.g. Armed Forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID), Certification from the National Council for the Welfare of Disabled Persons (NCWDP), Department of Social Welfare and Development (DSWD) Certification, Integrated Bar of the Philippines ID, Company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC OR IC, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age).

IF CLAIMING TAX EXEMPTION OR PREFERENTIAL RATE, ATTACH:

- Certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate;
- A duly notarized undertaking declaring and warranting its tax-exempt status or preferential rate entitlement, and undertaking to immediately notify the Issuer and the Registrar of any suspension or revocation of its tax exemption certificates or preferential privilege and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits and liabilities resulting from the non-withholding of the required tax; and
- Such other documentary requirements as may be reasonably required by the Issuer or the Registrar under the applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty withholding rate benefits shall include evidence of the applicability of a tax treaty and consularized proof of the Security Holder's legal domicile in the relevant treaty state, and confirmation from the SEC that the entity is not doing business in the Philippines.

IF FOREIGN INVESTOR CLAIMING APPLICABILITY OF A TAX TREATY, ATTACH:

- Valid proof of applicability of tax treaty;
- Consularized proof of tax domicile issued by the relevant tax authority;
- SEC confirmation that entity is not doing business in the Philippines;
- Such other documents that PDTC may deem reasonable and necessary to require.

Note: Deadline for the submission of this Registration Instruction and all other required documents for same day processing is 12:00 noon, settlement date. Deadline for submission of account opening requests, expanded delivery vs. payment (eDvP) enrollment of Registry Account, and relevant documents, is 12:00 noon, one business day prior to the transfer. The Broker shall provide the relevant forms which the Investor will fill-up.

INVESTOR REGISTRATION FORM

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**SCHEDULE 9
FORM OF REGISTRY CONFIRMATION**

[Form to be inserted once final]

DRAFT

**SCHEDULE 10
LIST OF DOCUMENTS REQUIRED BY THE REGISTRAR**

[List to be inserted once final]

DRAFT

**SCHEDULE 11
FORM OF CASH SETTLEMENT BANK DESIGNATION**

[Form to be inserted once final]

DRAFT

**SCHEDULE 12
REGISTRY FEES**

[To be inserted once final]

DRAFT

SCHEDULE 13

TERMS & CONDITIONS FOR THE USE OF THE e-SECURITIES ISSUE PORTAL

These Terms & Conditions for the Use of the e-Securities Issue Portal (the "Terms of Use") shall govern the duties and obligations of the Users of the e-Securities Issue Portal ("e-SIP" or "Portal").

The term 'User' shall refer to persons who access, browse, or in any way use the Portal and shall include, but is not limited to, Issuers, Arrangers, Underwriters, Selling Agents, Brokers, Applicant-Clients, Selling and Buying Clients, and their respective designated Authorized Users. In using the Portal, the User agrees to be bound by these Terms of Use.

These Terms of Use supplement, and shall be read with, the relevant applicable Governing Agreements (if any) that a User has entered into with any PDS entity, and any other applicable terms and warnings governing the use of this Portal.

USERS ARE ADVISED TO CAREFULLY REVIEW THESE TERMS OF USE AND TO REFRAIN FROM SIGNING UP, LOGGING IN, ACCESSING, OR PERFORMING TRANSACTIONS IN THE PORTAL IN CASE THE USER DISAGREES WITH ANY OF THE PROVISIONS BELOW. IF THE USER CONTINUES TO USE THE PORTAL, IT SHALL BE DEEMED TO HAVE ACCEPTED THESE TERMS OF USE.

1. DEFINITION OF TERMS

In these Terms of Use, capitalized terms shall have the following meanings:

'Applicant-Client' means those persons or entities who submit Applications to Purchase Securities to their Selling Agents through the Portal upon the invitation or referral of that Selling Agent.

'Arranger/s' means those entities appointed as Arranger by the Issuer for a particular Securities issuance and, in this capacity, are duly authorized by the Issuer to execute certain Transactions on the Portal on its behalf.

'Authorized User' means an employee or representative of a User who is granted access to the Portal and given authority to perform Transactions thereon so as to bind the User to the obligations under the Transaction.

'Broker' means an entity which is a Brokering Participant of PDEX (i.e., a PDEX Trading Participant that buys and sells Securities for the account of others).

'Buying Client' means a person or entity who plans to purchase or has purchased securities in the secondary market through the services of a Broker and, upon referral of that appointed Broker, is provided access to use the Portal to execute and electronically submit its investor registration form for the creation of its registry account to facilitate the transfer of its purchased Securities from the Depository to the Registry upon settlement of its secondary market purchase.

'Electronic Document', as defined under Republic Act No. 8792 or the "Electronic Commerce Act of 2000", means information or the representation of information, data, figures, symbols, or other modes of written expression, described or however represented, by which a right is established or an obligation extinguished, or by which a fact may be proved and affirmed, which is received, recorded, transmitted, stored, processed, retrieved, or produced electronically. As used herein, 'Electronic Documents' include digitally scanned copies or electronic images of physical documents uploaded by Users to the Portal, as well as documents generated on the Portal from information and instructions submitted by Users to relevant parties through the Portal, such as Applications to Purchase (ATP), Transfer Instruction Forms, and Investor Registration Forms (IRF).

'Governing Agreements' means the PDEX Listing Agreement, PDEX Membership Agreement, Registry and Paying Agency Agreement, and other applicable agreements that govern the User's relationship with PDS or any of its constituent entities.

'Governing Documents' means the applicable Governing Agreements, Securities Regulations, Operating Guidelines, applicable rules and guidelines issued or to be issued and implemented by PDS, including the PDEX Rules for the Fixed Income Securities Market, the PDTC Registry Rules, and Rules of the PDTC Depository, as may be amended from time to time, and other documents that define the User's roles and responsibilities vis-a-vis PDS and/or other Users.

'Issue Manager' means those entities appointed as Issue Manager by the Issuer for a particular Securities issuance and, in this capacity, are duly authorized by the Issuer to execute certain Transactions on the Portal on its behalf.

'Issuer' means an entity that is obligated in a Security, and who has executed an agreement with PDEX for the listing of its Securities on the PDEX platform and with PDTC for its appointment as the registrar and paying agent for the Securities issuance.

'Operating Guidelines' means the document issued by PDS that details the use and operation of the Portal, as may be amended from time to time.

'PDS' means the operating subsidiaries of the Philippine Dealing System Holdings Corp., namely: the Philippine Dealing & Exchange Corp. ("PDEX"), the Philippine Depository & Trust Corp. ("PDTC") and the Philippine Securities Settlement Corp. ("PSSC"). Specific modules on the Portal may be provided by PDEX, PDTC, and/or PSSC, as may be applicable.

'Portal' means the online facility made available by PDS to the User under these Terms of Use for: (1) fixed income primary market activity to facilitate, through electronic submissions, (a) listing/enrollment processes for fixed income securities in the PDEX Fixed Income Market, (b) Applicant-Investors' reservation

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processes with Selling Agents appointed for fixed income securities to be issued or listed in PDEX Fixed Income Market, and (c) transmission of Applicant-Investors' documents and selling agents sales report to PDTC registry; as well as (2) secondary market activity to facilitate and streamline, through electronic submissions, creation and submission, prior to settlement, of investor registration and transfer instruction of clients who buy and sell bonds in the secondary market.

'Securities' means fixed income securities which is the subject of a Listing or Enrollment Agreement between the Issuer and PDEX, and of a Registry and Paying Agency Agreement between the Issuer and PDTC.

'Securities Regulations' means the Securities Regulation Code (Republic Act No. 8799), its Implementing Rules and Regulations, and other related laws and issuances, as these may be amended from time to time.

'Selling Agent/s' means those entities appointed as Selling Agents by the Issuer for a particular Securities issuance and, in this capacity, duly authorized by the Issuer to execute certain actions on the Portal on its behalf.

'Selling Client' means a person or entity who plans to sell or has sold securities in the secondary market through the services of a Broker and upon referral of that appointed Broker is provided access to use the Portal to execute and electronically submit its securities transfer instruction to move its securities from the Registry to the Depository to facilitate the settlement of its secondary market sale transaction;

'Transaction' means any action performed on the Portal by a User as specifically enumerated in Section 3.

'Underwriter/s' means those entities appointed by the Issuer to underwrite the particular Securities issuance and, in this capacity, duly authorized by the Issuer to execute certain Transactions on the Portal on its behalf.

2. GRANT OF RIGHTS

1. Upon registration to the Portal, or for Applicant-Clients, the acceptance of an invitation or referral from a Selling Agent or Broker resulting in the grant of access to the Portal, and, as applicable, the due execution and delivery of the required Governing Agreements to PDS, a User may be granted the right to use the Portal solely and exclusively in connection with the specific modules attributed or associated to its user access rights as described under Clause 3 below, in accordance with these Terms of Use and applicable Governing Documents in force.
2. The User's access to, and use of, the Portal shall be subject to Securities Regulations, these Terms of Use, Governing Documents and the Portal Privacy Notice.
3. The User shall use the Portal and the modules available therein as described in Clause 3 solely and exclusively for its own internal business purposes and only for lawful purposes. The User shall not directly or indirectly sell,

transfer, lease, redistribute, transmit, retransmit, modify, manipulate, copy, broadcast, download, or otherwise provide or disseminate the Portal or any part thereof, or any data or information included therein, or derived therefrom, in any form or by any means (including without limitation making photocopies or copies through electronic means) to any other person or entity (including without limitation the User's clients or customers and unauthorized employees), without the consent of PDS.

3. THE E-SECURITIES ISSUE PORTAL

3.1 PDS shall provide to the Users the Portal, with specific modules attributed or associated to its user access rights, where they can perform the Transactions indicated below:

- (a) Issuers
 - i. identify and designate Underwriters, Arrangers, Selling Agents, and other firms and entities to assist the Issuer in the primary issuance of a security and the electronic application for listing or enrollment of such issued securities for trading and settlement on the PDEX Fixed Income Market;
 - ii. identify PDTC as the Issuer's appointed Registrar and Paying Agent;
 - iii. through its designated Selling Agents, provide for electronic registration of its bondholders;
 - iv. monitor the progress and status of the listing or enrollment of its securities issue; and
 - v. track the progress and status of the allocated issue amounts to its Selling Agents and client bondholders.
- (b) Underwriters and Arrangers
 1. upload all documents pertinent to the application for listing or enrollment to the PDEX Fixed Income Market, including but not limited to Listing or Enrollment Agreement, prospectus or offering circular, board resolution authorizing listing, registry and signatories, Certifications of Good Standing from the applicable Governmental Authorities, Self-Regulatory Organization or other Exchange (if applicable), Certification on the Performance of Due Diligence Review, among others; and
 2. monitor the progress of the submissions, the status of the application for listing or enrollment, up to notification of the approval of such listing application by PDEX.
- (c) Selling Agents
 1. invite potential investors to submit an online reservation or ATP for an upcoming security to be offered;
 2. receive and evaluate online reservations or ATPs from potential investors;
 3. upload in bulk ATPs received outside the system (for an inclusive primary market distribution)
 4. consolidate the sales report for an issuance;
 5. endorse and submit the final sales report to PDTC; and
 6. monitor the status of the sales report in real-time.
- (d) For Brokers duly appointed by their Buying Client or Selling Client

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1. send and receive Investor Registration Forms to/from, Buying Clients
 2. send and receive Transfer Instruction Forms to/from Selling Clients; and
 3. endorse and submit Transfer Instruction Forms and IRF to PDTC for processing.
- (e) Applicant-Clients duly invited by Selling Agents: fill up the ATP and submits the same to the Selling Agent.
- (f) For Selling Clients duly invited or referred by their appointed Brokers: accomplish Transfer Instruction Forms and send the same to their appointed Broker.
- (g) For Buying Clients duly invited or referred by their appointed Brokers: accomplish IRF and request for the creation of a registry account to be used in the secondary market and submit the same to their Broker for further endorsement to PDTC.

3.2 PDS may at any time modify or alter the terms and conditions of these Terms of Use to comply with regulations, to provide additional modules in the Portal, to allow other Users or Transactions, or to improve the existing Portal (the "New Terms of Use") by giving the Users at least thirty (30) calendar days' prior written notice of such modifications or changes; however, if the User does not agree with the New Terms of Use, it may terminate these Terms of Use by giving written notice to PDS (the "Notice of Termination") relative to the use of the Portal. Access to the Portal and these Terms of Use shall terminate on the date it is received by PDS. Non-receipt from the User of the Notice of Termination within this 30-day period shall be deemed an acceptance of the New Terms of Use.

3.3 PDS may, at any time and without notice, make modifications, alterations, or replacements in the Portal; provided, such modifications, alterations, or replacements do not significantly affect the modules that are committed. The User, to the extent possible and reasonable, will however be notified prior to effecting such modifications, alterations, or replacements should the implementation of the same, in the reasonable judgment of PDS, cause disruption of access to, or use of, the Portal.

3.4 PDS, with notice to the User, may likewise modify or discontinue any part of the Portal by order of competent court or when directed to comply with law, rules, order, or any other issuance by its regulators.

4. OWNERSHIP

- 4.1 The User acknowledges that all right, title, and interest, including intellectual property rights, in and to the Portal, are solely and exclusively owned by PDS.
- 4.2 Other than the grant of rights specified in Clause 2, the User shall not claim ownership of any rights in or to the Portal.

5. USER'S OBLIGATIONS, REPRESENTATIONS, WARRANTIES, COVENANTS AND UNDERTAKING

5.1 The User warrants that it has the legal capacity to avail of the Portal and to execute the Transactions described in Clause 3 above on the Portal under relevant regulations, including Transactions involving the use or creation of Electronic Documents. The User further represents and warrants that it is fully aware of, and accepts, the risks related to the use of Electronic Documents and the execution of online transactions.

5.2 The User represents that all Transactions on the Portal, including the creation and generation of Electronic Documents on the Portal by its Authorized Users, are executed with full authority and shall be binding upon the User without need of physical signature of the User's authorized representatives or the signature of the individual Applicant-Client or Selling or Buying Client who is a natural person. The User understands that its Authorized Users are its agents and agrees that it shall be responsible for all the acts and omissions of its Authorized Users.

5.3 Username, password, password reset questions and answers, one-time PINs, and other access credentials linked to the User's email address ('User Information') are provided to the User and Authorized Users for their sole and exclusive access to the Portal that they have been authorized to use by PDS and the relevant User. Each User is responsible for ensuring that it and its Authorized Users (a) keep their respective User Information secure and confidential; (b) not gain access to the Portal by any means other than their own User Information; (c) not use a false identity or credentials of another person to gain access to its account or to the Portal; and (d) ensure that any User Information are used only by the individual who was granted the User Information. Each User is solely responsible with regard to its or its Authorized Users' usage and security of User Information and any activities that occur under its or its Authorized Users' accounts.

5.4 The User agrees that by using User Information linked to the User or its Authorized Users to: (a) sign up, log in, and/or access the Portal; (b) confirm his/her identity or the identity of Authorized Users; (c) voluntarily provide information for the generation of Electronic Documents; (d) attest to the accuracy and completeness of information provided; (e) confirm instructions relayed; or (f) otherwise indicate knowledge and acceptance of Transactions executed on the Portal through positive acts such as selecting "Yes", "I agree", "I accept", "Continue", "Submit", "Proceed", "Next" or other words of similar import, the User shall be deemed to have duly executed those Transactions, which shall be considered valid and binding upon the User, and the Electronic Documents and/or Transactions shall have the same legal effect, validity, and enforceability as a manually executed signature or electronic signature to the fullest extent permitted by law.

5.5 With respect to scanned or photographed Electronic Documents uploaded onto the Portal, the User represents and warrants that these Electronic Documents are

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complete, true, and correct electronic copies of the original physical documents in its possession.

- 5.6 The User shall inform PDS in writing of all the resignations, or termination or cessation, of authority to access the Portal of any of its Authorized Users immediately or as soon as practicable, but in no case more than two (2) banking days in Makati City prior to the effectivity date indicated in such notice, remove or revoke the authority to access the Portal of such Authorized User(s). PDS shall not be responsible for Transactions executed using the outgoing Authorized User's User Information before its timely receipt of, or on the date indicated in, the User's notice of resignation, termination, and/or cessation of the Authorized User.
- 5.7 The User acknowledges its continuing obligation to comply with any decision or determination of PDS.
- 5.8 The User agrees to disclose immediately any information that may affect its capacity to promptly fulfill its obligations as a User of the Portal.
- 5.9 Should the User fail to comply with the provisions of this Agreement, the User consents to PDS taking any action as it deems fit, including cessation of the right to continued use of the Portal, without prejudice to PDS's right to damages or other relief.
- 5.10 It is understood and acknowledged that the User shall be responsible for having the necessary systems and equipment for obtaining access to the Portal, and that such access may involve third-party fees (such as for internet service providers) in addition to the fees due to PDS under these Terms of Use and applicable Governing Agreements. The User shall be solely responsible for such fees.
- 5.11 The User undertakes to:
 - (a) take all reasonable measures to ensure that no unauthorized copying or use is made of the Portal;
 - (b) not to translate, adapt, decompile, modify, reverse engineer, or disassemble the Portal;
 - (c) take all necessary steps to ensure that only authorized, competent, and responsible persons have access or capacity to access the Portal;
 - (d) be responsible for all content and information made available and entered into the Portal by it or its Authorized Users;
 - (e) effect and maintain sufficient security measures to safeguard the Portal and internet and intranet access (including log-in and passwords assigned to Authorized Users) from access or use by third parties or unauthorized employees or agents of the User, and to prevent any copies or disclosures thereof in violation of these Terms of Use;
 - (f) notify PDS immediately of any unauthorized use of the Portal, or data or information transmitted via the Portal;
 - (g) use the Portal in compliance with all applicable laws and regulations and not to use, or knowingly allow any other

person to use, the Portal for, or in connection with, any defamatory or illegal purpose or activity; and

- (h) without PDS's prior written consent, not to modify the Portal or create or cause an interface with any other equipment, telecommunication lines and facilities, computer software programs, or websites.

6. PERFORMANCE

- 6.1 Users and PDS shall perform their obligations in accordance with these Terms of Use in good faith and with reasonable care as a good father of a family, and may use any communications or processing system, as well as any upgrades thereto, as it reasonably selects.
- 6.2 In no event shall PDS have any liability for any indirect, incidental, or consequential loss or damages (including loss of profit), even if advised of the possibility of such loss or damages.
- 6.3 PDS shall not be held responsible for any loss, liability, damage, or expense caused by the fault or negligence of Users and shall be held free and harmless from any claims, suits, costs, and damages attributable thereto.
- 6.4 The use of the Portal by a User shall be conclusively deemed to constitute a waiver of any confidentiality or secrecy laws applicable, insofar as disclosure to the relevant government agencies, including the Securities & Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP), or their successors, is required for the purpose of completing all or part of the Transactions. Each User shall therefore hold PDS and such other relevant and necessary Users free and harmless from any claims, suits, costs, and damages attributable thereto.
- 6.5 PDS will not be responsible for any failure to perform any of its obligations under these Terms of Use if such performance will result in it being in breach of any applicable law, regulation, or other requirement of any governmental or other authority in accordance with which it is required to act (a 'Breach of Law Event'), as it shall determine, or if its performance is prevented, hindered, or delayed by a Force Majeure Event. In such cases, its obligations shall be suspended for so long as the Breach of Law Event or Force Majeure Event continues. PDS shall, as soon as practicable, notify Users if it is unable to perform its obligations hereunder, or it cannot service Users due to a Breach of Law Event.

For purposes of these Terms of Use and Conditions, 'Force Majeure Event' means any event due to any cause beyond the reasonable control of the relevant party, including, without limitation, unavailability of any communications system, sabotage, pandemic, fire, flood, explosion, loss or malfunctions of utilities, computer hardware or software or communications service, civil disturbance, strikes or industrial action of any kind, riots, insurrection, war, governmental acts, or acts of God.

Upon the occurrence of a Force Majeure Event affecting its performance, PDS shall, as soon as practicable, notify Users of the suspension of the availability of the Portal or the implementation of contingency procedures.

- 6.6 Users shall be responsible for developing and testing their own business continuity plans and ensuring that back-up machines, telephone lines, and other necessary equipment are available on-site to allow continuous access to the Portal.
- 6.7 While PDS has installed industry standard software and systems that would address unauthorized access concerns such as network security, anti-virus software, internet communications security, and applications security, among others, in the operation of the Portal, Users acknowledge that there are risks inherent in communicating through the internet such as the possibility of virus contamination, security breach, and disruptions in service, and agrees that PDS shall not be responsible for any loss, damage, or expense suffered or incurred by the Users as a result of the use of the Portal.
- 6.8 PDS shall bear no responsibility for the conduct, whether online or offline, of any User of the Portal.
- 6.9 PDS assumes no responsibility for any error, omission, interruption, deletion, defect, delay in operation or transmission, communications line failure, theft or destruction, or unauthorized access to, or alteration of, user communications. PDS is not responsible for any problems or technical malfunction of any telephone network or lines, computer online systems, servers or providers, computer equipment, software, failure of Users on account of technical problems or traffic congestion on the Internet or at the web site, or combination thereof, including injury or damage to Users or other users or to any other person's computer related to or resulting from participating or downloading materials in connection with the Web and/or in connection with the Portal. Under no circumstances shall PDS be responsible for any loss or damage, including personal injury or death, resulting from anyone's use of the Portal, or any interactions between users of the Portal, whether online or offline.
- 6.10 Users acknowledge that the Portal may be temporarily unavailable from time to time for maintenance or other reasons.
- 6.11 No advice or information, whether oral or written, obtained by the User from PDS or through or from the Portal shall create any warranty not expressly stated herein.

7. FEES AND BILLING

- 7.1 The fees for the use of the Portal, and the Billing and Payment Process therefor shall be in accordance with the schedule provided by PDS to the User and/or as agreed upon in the applicable Governing Agreements.

8. DATA PRIVACY AND CONFIDENTIALITY

8.1 The Privacy Notice for the Portal shall apply to Personal Information provided through the Portal. In case of conflict between these Terms of Use and the Privacy Notice, the latter shall take precedence.

8.2 As used in this Clause 8, 'Confidential Information' means any information disclosed by the PDS in relation to the Portal, including information disclosed under these Terms of Use, and all financial information, technical information, and other commercially valuable information, regardless of medium, but excluding:

1. public information, or information in the public domain;
2. information that subsequently becomes part of the public domain other than as a result of an unauthorized disclosure by the user receiving party or its representatives;
 - (c) information which is or becomes available to the user from a third party legally entitled to possess and provide the information to the user;
 - (d) information that is required to be disclosed by law, by order of a court or government regulatory agency of competent jurisdiction; or
 - (e) information that is statistical or summary in nature without directly or indirectly identifying the party.

8.3 The User must:

- (a) keep strictly confidential all Confidential Information provided in the Portal, or otherwise disclosed by PDS;
- (b) not use any such Confidential Information for any purpose other than use of the Portal in accordance with these Terms of Use;
- (c) not disclose any Confidential Information (or any part of it) to any person (except the respective Party's employees or contractors who have a need to know for the purposes of this Agreement) without the written consent of PDS; and
- (d) take all steps to ensure that the receiving Party's employees and contractors are instructed to keep, and actually keep, strictly confidential all Confidential Information.

8.4 The User agrees to indemnify, and keep indemnified PDS, its respective officers, directors, and employees, from and against any actual or direct loss or damage incurred or proven arising out of willful breach or gross negligence by the User under Clause 8.3.

8.5 The User agrees to indemnify, and keep indemnified, PDS, its officers, directors, and employees from and against any claim, action, damage, loss, liability, cost, payment, charge, or expense, including (but not limited to)

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consequential loss, economic loss, and legal expenses suffered or incurred by them arising out of:

1. breach of these Terms of Use by the User;
 2. failure by the User to ensure that no unauthorized copying or use is made of the Portal and its contents, (whether or not the User took reasonable measures to protect against unauthorized copying); and
- (c) any third party's use of the Portal where that third party accessed the Portal through the User.
- 8.6 The User's confidentiality obligations pertaining exclusively to the Confidential Information related to the Portal shall survive the termination or expiration of these Terms of Use.
 - 8.7 As regards all other Confidential Information not covered by Clause 8.6, the User's obligations under Clauses 8.3 and 8.4 shall survive only until the end of two years from termination of the relevant Governing Agreement or the date that the User ceases to use the Portal, whichever date is later.
 - 8.8 Upon the termination of the relevant Governing Agreement or the date that the User ceases to use the Portal, whichever date is later, all Confidential Information shall, at the PDS's sole discretion, be returned to PDS or deleted or destroyed by the User with acceptable proof to PDS.
 - 8.9 The User recognizes that a breach of its obligations under this Clause 8 may give rise to irreparable injury to PDS, such that the remedies other than injunctive relief may not be sufficient. Accordingly, PDS has the right to seek, from an appropriate court, equitable, or injunctive relief to prevent the threatened or actual unauthorized use of any Confidential Information.

9. PDS REPRESENTATIONS AND WARRANTIES

- 9.1 PDS warrants to the User that: (i) it has the right to grant the rights provided in Clause 2 and provide the Portal and specific facilities described in Clause 3; (ii) it will use its reasonable efforts to perform or cause to be performed its obligations under these Terms of Use; and (iii) it has the right, title and interest, including intellectual property rights, in relation to the Portal.
- 9.2 PDS makes no warranty, representation, or guaranty, express or implied, as to the results to be attained by the User from the Portal or on the merchantability or fitness for a particular purpose or use of the Portal or that the operation of the Portal will be uninterrupted or error free, or that any defect (i.e., an error or abnormality on how the Portal is supposed to perform its intended functions) is or may be correctable.
- 9.3 The warranties set forth in this Clause 9 are in lieu of any and all other warranties, representations, and guaranties, express or implied, and all such other warranties,

representations, and guaranties are hereby disclaimed with respect to the Portal. Any and all warranties of merchantability, fitness for a particular purpose, or non-infringement are hereby disclaimed by PDS. No employee, salesperson, vendor, or other agent or purported agent of PDS is authorized to make any warranty, representation, and/or guaranty contrary to the foregoing.

10. EXCLUSION AND LIMITATION OF LIABILITY

- 10.1 EXCEPT AS SPECIFICALLY PROVIDED IN THESE TERMS OF USE, THE PORTAL IS PROVIDED ON AN "AS IS," "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND AND THERE ARE NO OTHER EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY PDS AND/OR ITS AFFILIATES OR RELATED COMPANIES RELATING TO THE PORTAL OR THIRD PARTY FACILITIES USED TO SUPPORT THE SAME, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, OR NON-INFRINGEMENT; FURTHERMORE, PDS CANNOT AND DOES NOT GUARANTEE OR MAKE ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY, OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE IN OR THROUGH THE PORTAL. PDS SHALL NOT BE DIRECTLY OR INDIRECTLY RESPONSIBLE OR LIABLE FOR ANY DAMAGE OR LOSS CAUSED OR ALLEGED TO BE CAUSED BY OR IN CONNECTION WITH A PERSON'S USE OF OR RELIANCE UPON ANY DATA, CONTENT, OR INFORMATION AVAILABLE ON OR THROUGH THE PORTAL.
- 10.2 EXCEPT FOR ANY ACTUAL AND DIRECT LOSS OR DAMAGE INCURRED AND PROVEN BY THE USER AS A RESULT OF THE WILLFUL BREACH OR GROSS NEGLIGENCE UNDER THIS AGREEMENT BY PDS, NEITHER PDS NOR ITS OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, CONSULTANTS SHALL BE LIABLE IN ANY WAY TO THE USER OR TO ANY OTHER PERSON OR ENTITY FOR ANY LOSSES, DAMAGES, COSTS, OR EXPENSES, INCLUDING LOSS OF PROFITS AND LOSS OF USE, INCURRED BY THE USER OR ANY OTHER PERSON OR THIRD PARTY ARISING FROM: (A) THE USE OR PERFORMANCE OF THE PORTAL; (B) THE SUSPENSION, TERMINATION, OR INABILITY TO USE OR ACCESS THE PORTAL, OR ANY INACCURACIES OR OMISSIONS IN ANY INFORMATION PROVIDED BY PDS, HOWEVER SUCH SUSPENSIONS, TERMINATIONS, MALFUNCTIONS, INACCURACIES, OR OMISSIONS MAY ARISE; OR (C) ANY OTHER CAUSE IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, OR USE OF OR INABILITY TO USE ALL OR ANY PART OF THE PORTAL.
- 10.3 EXCEPT AS OTHERWISE PROVIDED, UNDER NO CIRCUMSTANCES SHALL PDS BE LIABLE TO THE USER OR ANY CLIENT OF THE USER FOR ANY ACTUAL, MORAL, NOMINAL, EXEMPLARY, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, WHETHER SUCH DAMAGES WERE FORESEEN OR UNFORESEEN.

10.4 THE USER'S SOLE AND EXCLUSIVE REMEDIES AGAINST PDS WITH RESPECT TO THE PORTAL SHALL BE LIMITED TO USING REASONABLE EFFORTS TO REMEDY ANY INTERRUPTIONS, ERRORS, OR OTHER PROBLEMS WITH THE PORTAL OR ANY OF THE FACILITIES AVAILED OF, AS APPLICABLE, AS SOON AS REASONABLY PRACTICABLE, FOLLOWING THE RECEIPT OF WRITTEN NOTICE OF SUCH PROBLEM IN ACCORDANCE WITH THESE TERMS OF USE AND ANY PROCEDURES THAT MAY BE AGREED UPON.

10.5 EXCEPT AS SPECIFICALLY PROVIDED ELSEWHERE IN THIS AGREEMENT, THE USER SHALL INDEMNIFY, DEFEND, AND HOLD PDS, ITS AFFILIATED COMPANIES, AND THEIR OFFICERS, DIRECTORS, AND EMPLOYEES HARMLESS FROM AND AGAINST ANY CLAIM, ACTION, DAMAGE, LOSS, LIABILITY, COST, PAYMENT, CHARGE, OR EXPENSE AND PENALTIES, INCLUDING (BUT NOT LIMITED TO) CONSEQUENTIAL LOSS, ECONOMIC LOSS, AND LEGAL EXPENSES SUFFERED OR INCURRED BY THEM, ARISING FROM, OR IN CONNECTION WITH, A CLAIM, SUIT, DEMAND, OR OTHER PROCEEDING BASED UPON: (I) THE USER'S ACCESS, USE OF, OR INABILITY TO USE, THE PORTAL; (II) ANY UNAUTHORIZED USE OF THE PORTAL; (III) A BREACH OF THE USER'S REPRESENTATIONS, WARRANTIES AND COVENANTS; OR (IV) ANY OTHER ACT OR OMISSION OF THE USER OR ANY OF ITS EMPLOYEES OR AGENTS CONSTITUTING NEGLIGENCE OR WILLFUL MISCONDUCT. PDS SHALL PROMPTLY NOTIFY THE PARTICIPANT OF ANY THREATENED OR ACTUAL CLAIM COVERED BY THIS INDEMNIFICATION AND WILL REASONABLY COOPERATE AND ASSIST THE USER IN CONNECTION THEREWITH.

11. TERM AND TERMINATION

11.1 These Terms of Use will commence and be binding on the parties from the time the Authorized Users first sign up to the Portal and shall remain valid while the User avails of the Portal or any of its modules, unless the applicable Governing Agreement expires or is terminated, or the use of the Portal is terminated in accordance with this clause, whichever date is later.

11.2 PDS may terminate or suspend the User's access to, and use of, the Portal immediately without any liability if: (i) the User accesses or uses the Portal in an unauthorized manner; (ii) following written notice, the User fails to pay any amounts when due; (iii) the User ceases doing business as a going concern; (iv) the User files any petition for rehabilitation or insolvency, becomes insolvent, has an involuntary petition for insolvency filed against it, or has a receiver appointed for it or its property; (v) PDS notifies the User that such suspension or termination is necessary, in the sole discretion of PDS, to comply with any applicable law or regulation, the requirements of the market, or any other agreement, legal proceeding, investigation, or settlement to which PDS or any of its affiliates is a party or which may affect PDS or any of its affiliates; or (vi) the User takes any action that, in PDS's discretion, has an adverse affect on, or damages the reputation of, PDS or the Portal.

11.3 The User may terminate or suspend its access to or use of the Portal immediately and without liability if: (i) PDS ceases doing business as a going concern; (ii) PDS files any petition for rehabilitation or insolvency, becomes insolvent, has an involuntary petition for insolvency filed against it, or has a receiver appointed for it or its property; or (iii) PDS takes any action that, in the User's discretion, has an adverse affect on, or damages the reputation of, the User.

11.4 On termination, the User must immediately:

1. stop using the Portal and availing of any of the modules provided therein to execute Transactions; and
2. return or destroy, following Clause 8.8, all Confidential Information in its actual or constructive possession.

12. MISCELLANEOUS

12.1 Failure by a Party at any time to insist on performance of any provision of these terms of Use shall not be considered a waiver of its rights.

12.2 Except to the extent expressly set out in these Terms of Use, these Terms of Use shall not create any rights, entitlements, claims, or benefits enforceable by any persons not a Party to it. Except to the extent expressly set out in these Terms of Use, no person shall derive any benefit or have any right, entitlement, or claim in relation to these Terms of Use.

12.3 These Terms of Use are governed by the laws of the Republic of the Philippines, and both PDS and the User agree to submit to the jurisdiction of the courts of Makati City alone, to the exclusion or any other court, tribunal, or body.

12.4 A Party giving any notice or notifying under these Terms of Use shall do so in writing, which shall be directed to the recipient's address specified in the applicable Governing Agreements, as varied by any written notice. An Applicant-Client, Selling Client or Buying Client shall send and receive notices through the appointed Selling Agent or Broker.

12.5 These Terms of Use shall be read with any applicable Governing Agreement executed between PDS and a User, and when read together, these shall constitute the entire agreement between the Parties as to its subject matter.

12.6 The Parties agree that a construction of these Terms of Use and of the applicable Governing Agreement that results in all provisions being enforceable is to be preferred to a construction that does not so result.

12.7 If, despite the application of Clause 12.6, a provision of these Terms of Use is illegal or unenforceable:

1. if the provision would not be illegal or unenforceable if a word or words were omitted, that word or those words shall be considered severed; and
2. in other cases, the whole provision is severed, and the remainder of these Terms of Use continues in force.

12.8 Unless the contrary intention appears:

- (a) the background and headings are for ease of reference only and do not affect the meaning of these Terms of Use;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) any reference to a clause, paragraph, schedule, annexure, or appendix is a reference to a clause or paragraph of or schedule, annexure, or appendix to these Terms of Use which includes any schedules, annexes, and appendices, unless expressly provided otherwise;
- (e) any reference to a document or agreement, including these Terms of Use, includes a reference to that document or agreement as novated, altered, or replaced from time to time;
- (f) any reference to a specific time for the performance of an obligation is a reference to that time in the state, territory, or other place where that obligation is to be performed;
- (g) any reference to a party includes its executors, administrators, successors, and permitted assigns;
- (h) words and expressions importing natural persons include partnerships, bodies corporate, associations, governments, and governmental and local authorities and agencies;
- (i) any agreement, representation, warranty, or indemnity in favor of two or more parties (including where two or more persons are included in the same defined term) shall be for the benefit of them jointly and severally;
- (j) any reference to writing includes typewriting, printing, lithography, photography, and any other method of representing or reproducing words, figures, or symbols in a permanent and visible form, including electronic forms; and
- (k) any reference to the word 'includes' or 'including' shall be construed without limitation to the proceeding words, unless it is expressly stated otherwise.

PRIVACY NOTICE

THIS PRIVACY NOTICE EXPLAINS HOW PDS USES THE PERSONAL DATA COLLECTED THROUGH THE E-SECURITIES ISSUE PORTAL ("e-SIP"). PLEASE READ THIS PRIVACY NOTICE CAREFULLY. BY CLICKING "SIGN UP" OR "LOGIN", YOU ACKNOWLEDGE THAT (1) YOU HAVE READ AND UNDERSTOOD THIS PRIVACY NOTICE AND (2) CONSENT TO THE COLLECTION, USE, DISCLOSURE, STORAGE, TRANSFER AND/OR PROCESSING OF YOUR PERSONAL DATA BY PDS, FOR THE PURPOSE/S STATED IN AND UNDER THE TERMS DESCRIBED BELOW AND IN THE COURSE SUCH PERSONAL DATA IS MADE AVAILABLE.

The Philippine Dealing & Exchange Corp., Philippine Depository & Trust Corp., and Philippine Securities Settlement Corp. (collectively, "PDS") respect and value your right to privacy. We have taken the necessary steps for the protection and security of your personal information in the e-SIP. PDS observes continuous compliance with the Data Privacy Act of 2012 ("DPA"), its Implementing Rules and Regulations ("IRR"), issuances of the National Privacy Commission ("NPC"), and generally accepted global data protection standards.

PDS maintains the right to amend and/or modify this Privacy Notice to comply with any future developments in data privacy regulations where applicable and to reflect any changes in its policies and/or personal data processing activities.

Collection of Your Personal Information

PDS collects the following personal information only upon your express consent signified by your registration to the e-SIP:

- *For Market Participants (Issuers, Underwriter, Arrangers, Selling Agents or Brokers)*

PDS collects your personal information (such as but not limited to your name, mailing address, telephone number, and email address), as your institution's designated user, to create your institution's profile in the e-SIP and to enable access and electronic submission of documents applicable to your institution's particular role in the listing of securities in the primary market and for secondary market transactions.

- *For Applicant-Clients (invited by Selling Agents); Buying Clients and Selling Clients (invited by Brokers)*

Your Selling Agent and Broker collect personal information on the e-SIP that are needed to document your securities transactions and implement your instructions (such as reservations to purchase securities for initial offerings, and instructions to enable secondary market settlement). The information includes, among others, your full legal name (last, first and middle names), permanent address, present mailing address, telephone numbers and fax numbers, email address, date of birth, place of birth, nationality, tax identification number, nature of work, sources of income, tax status, and other government-issued identification information.

Processing of Personal Information

Your personal information shall only be used for the use of the e-SIP to which you consent, subject to and in accordance with this Privacy Notice, the relevant Terms and Conditions governing your and/or your institution's relationship with us, the DPA and its IRR, the Securities Regulation Code, the Terms of Use of the e-SIP, other governing documents, and such other applicable regulations and other agreements which you may have entered with PDS.

All your personal information we collect, including anonymized demographic data, may be combined and processed to improve our products, services, and communications with you.

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In all instances, PDS ensures that only authorized employees and third party service providers who have undertaken to satisfy our stringent corporate, legal, information security, and data privacy requirements, are allowed to access and process your personal information.

We will not sell or share your personal information with any third party. We may disclose your personal information for specified purposes which in all cases are in compliance with or pursuant to PDS's legal, regulatory, or contractual obligations, as well as to:

1. Government regulatory agencies who may require PDS to provide the same in the performance of their official functions and
2. Third party service providers whom we engaged to perform business operations on our behalf and who need to process your personal information to provide these services (such as document processing or courier services).

Data Management

Storage - Your personal information provided through the e-SIP shall only be stored in a PDS-managed secure environment. We have established procedures to maintain the security of your personal data and prevent unauthorized access, use, and disclosure. Technology solutions are in place (such as encryption) to enable us to enforce security controls required to protect your personal information.

Retention – PDS shall only retain your personal data obtained through the e-SIP for as long as we are either required or permitted to by law or as relevant for the purposes for which it was collected, and necessary: a) for the fulfillment of the declared, specified, and legitimate purposes; b) for the establishment, exercise, or defense of legal claims; or c) for legitimate business purposes including compliance with legal or regulatory requirements.

Disposal - PDS will cease to retain your personal data and securely dispose of it or remove the means by which the personal data in the e-SIP can be associated with you as soon as it is reasonable to assume that such retention no longer serves the purposes for which the personal data was collected and is no longer necessary for any legal or business purpose.

Personal Data Breach Management

PDS has established its personal data breach handling procedure where any security incidents that may potentially result in a personal data breach shall be immediately addressed and measures taken to mitigate negative consequences to data subjects. In the event that it is established that a personal data breach has occurred, PDS shall notify the NPC, relevant market stakeholders, and affected Customers as prescribed in the regulations.

Your Rights as Data Subject

Under the Data Privacy Act of 2012, you have the following rights:

a) **Right to be informed** – you may request for information as to how your personal data is being processed or have been processed by PDS in the e-SIP including the existence of automated decision-making and profiling systems;

b) **Right to object** – you may suspend the processing of your personal information, withhold consent to further processing, and remove your personal information from the e-SIP;

c) **Right to access** – you may request for reasonable access to your personal information in the e-SIP, which may include the contents of your processed personal information, the manner of processing, sources where they were obtained, recipients, and reason of disclosure;

d) **Right to rectification** – you may dispute inaccuracy or error in your personal information in the e-SIP and request for the correction of the information;

e) **Right to data erasure or blocking** – based on proof of the grounds provided in the DPA IRR, you have the right to suspend, withdraw, or order blocking, removal, or destruction of your personal data from the e-SIP;

f) **Right to damages** – as data subject, you have the right to be indemnified for any damages sustained due to inaccurate, incomplete, outdated, false, unlawfully obtained, or unauthorized use of personal data taking into account any violation of your rights as data subject;

g) **Right to secure data portability** – to the extent applicable, you have the right to obtain from PDS your personal information in an electronic or structured format that is commonly used and that allows for further use; and

h) **Right to file a complaint** – you may file your complaints or raise any concerns with the National Privacy Commission through www.privacy.gov.ph.

Data Protection Officer

You may contact the PDS Data Protection Officer through any of the following email addresses: pdtd-dpo@pds.com.ph, pdex-dpo@pds.com.ph or pssc-dpo@pds.com.ph

Aboitiz Power Corporation Bonds due 2025 and 2028 Registry and Paying Agency Agreement

DRAFT



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

DIRECTOR'S CERTIFICATE

We, the undersigned members of the Board of Directors of **ABOITIZ POWER CORPORATION** (the "Company") with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines, do hereby certify as follows:

1. At the special meeting of the Board of Directors held on September 17, 2021, at which meeting a quorum was present and acting throughout, the following resolutions were unanimously passed and approved:

"WHEREAS, in a regular meeting held on December 14, 2020, the Board of Directors of **ABOITIZ POWER CORPORATION** (the "Company") authorized the Company to offer and issue fixed-rate peso denominated retail bonds up to an aggregate principal amount of PESOS: THIRTY BILLION (₱30,000,000,000.00), to be registered under the shelf registration program of the Securities and Exchange Commission ("SEC"), to be issued in one or more tranches;

WHEREAS, on March 16, 2021, the Company completed the public offer of the first tranche of the bonds, equivalent to the aggregate amount of up to PESOS: EIGHT BILLION (₱8,000,000,000.00);

WHEREAS, Management anticipates that there may be a need to raise capital to fund the Company's refinancing of previously issued bonds, partially fund the equity contributions for the construction of the 74 MW Solar power plant in Pangasinan province, other general purposes, and for other future renewable projects;

"RESOLVED, that the Board of Directors of the Company authorizes, as it hereby authorizes, the Company to offer and issue up to the amount of PESOS: TWELVE BILLION (Php 12,000,000,000.00), inclusive of oversubscription (the "Bonds"), constituting the second tranche out of the remaining amount of fixed-rate peso-denominated retail bonds registered with the shelf registration program of the SEC in March 2021;

RESOLVED FURTHER, that the Bonds be issued in one or more series at an offer price to be determined based on a book-building process and recommendations by the Company's domestic underwriter/s;

RESOLVED FURTHER, that any one (1) of the following authorized signatories of the Company:

Name	Designation
Mr. Emmanuel V. Rubio	President and Chief Executive Officer
Ms. Liza Luv T. Montelibano	Senior Vice President/ Chief Financial Officer/ Corporate Information Officer
Ms. Manuel R. Lozano	Authorized Representative
Ms. Maria Veronica C. So	Group Treasurer
Ms. Ma. Racquel J. Bustamante	Authorized Representative

be authorized, as each is hereby authorized, to evaluate, plan, and decide all matters relating to the proposed offering of the Bonds, including the timing of the issuance of the Bonds, the structure, terms, conditions, aggregate principal amount of the tranches to be issued, and any oversubscription amount of the Bonds;

RESOLVED FURTHER, that the Board of Directors hereby approve the disclosures and updates to the Registration Statement, and in the Preliminary and Final Prospectuses or Offer Supplement to be filed with the SEC and assume full responsibility for the information contained therein;

RESOLVED FURTHER, that the Company be authorized to submit an application for the issuance of the Bonds with the SEC, including all the required certifications, exhibits and attachments;

RESOLVED FURTHER, that in connection with the foregoing resolutions, any one (1) of the following authorized representatives of the Company:

Name	Designation
Mr. Emmanuel V. Rubio	President and Chief Executive Officer
Ms. Liza Luv T. Montelibano	Senior Vice President/ Chief Financial Officer/ Corporate Information Officer
Ms. Maria Veronica C. So	Group Treasurer
Mr. Manual Alberto R. Colayco	Corporate Secretary
Ms. Mailene M. de la Torre	Assistant Corporate Secretary
Mr. Sammy Dave A. Santos	Assistant Corporate Secretary
Mr. Manuel R. Lozano	Authorized Representative

be authorized, as each is hereby authorized, to sign, and execute the necessary documents, papers, certifications, such as, but not limited to, the Preliminary Prospectus or Offer Supplement, Final Prospectus or Offer Supplement, and Registration Statement, or any amendments thereto, including all exhibits and attachments thereto; deliver the same to the SEC; and to do all acts and deeds as may be deemed necessary to give effect to the foregoing resolutions;

RESOLVED FURTHER, that in connection with the filing of the Registration Statement with the SEC, the following officers of the Company:

Name	Designation
Mr. Manuel Alberto R. Colayco	Corporate Secretary
Ms. Mailene M. de la Torre	Assistant Corporate Secretary
Mr. Sammy Dave A. Santos	Assistant Corporate Secretary

be authorized, as each is hereby authorized, to sign, execute, and deliver the necessary certifications; certify that photocopies of documents submitted to the SEC are true and faithful reproductions of the originals; and to do all acts and deeds as may be necessary to secure approval from SEC for the issuance of the Bonds;

RESOLVED FINALLY, that the Board of Directors of the Company approves and ratifies, as it hereby approves and ratifies, any and all acts done by the Company's management team or any of the authorized representatives of the Company in connection with the foregoing authorities."

3. The foregoing board resolution is in accordance with the records of the Company.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 24th of September 2021 at Taguig City, Philippines.

[Redacted Signature]

Chairman of the Board

[Redacted Name]

[Redacted Signature]

EMMANUEL V. RUBIO
Director/President and CEO

[Redacted Name]

MIKEL A. ABOITIZ
Director

[Redacted Name]

[Redacted Signature]

Independent Director

[Redacted Name]

DANEL C. ABOITIZ
Director

[Redacted Name]

[Redacted Signature]

EDWIN R. BAUTISTA
Director

[Redacted Name]

[Redacted Signature]

Lead Independent Director

[Redacted Name]

[Redacted Signature]

ERIC RAMON O. RECTO
Independent Director

[Redacted Name]

Countersigned:

[Redacted Signature]

[Redacted Signature]

ary^{FCA}

SUBSCRIBED AND SWORN to before me 24th of September 2021 at Taguig City, Philippines. Affiants, who are personally known to me, presented their respective government issued IDs with the details shown below:

Name	Gov't Issued ID No.	Date/Place Issued
Sabin M. Aboitiz	[REDACTED]	[REDACTED]
Emmanuel V. Rubio	[REDACTED]	[REDACTED]
Edwin R. Bautista	[REDACTED]	[REDACTED]
Raphael P.M. Lotilla	[REDACTED]	[REDACTED] t
Carlo C. Ejercito	[REDACTED]	[REDACTED]
Eric Ramon O. Recto	[REDACTED]	[REDACTED]
Mailene M. de la Torre	[REDACTED]	[REDACTED]

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 Page No. 44;
 Book No. XIV;
 Series of 2021.





Atty. Strella Marie G. Sacdalan

Notary Public for Taguig City
 Notarial Commission No. 99
 Until December 31, 2021

NAC Tower, 32nd St. Bonifacio Global City, Taguig City
 PTR NO. A-5025311; January 6, 2021, Taguig City
 IBP OR No. 144348; January 6, 2021
 Roll No. 63289
 MCLE Compliance No. VI – 0011090

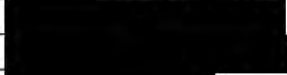
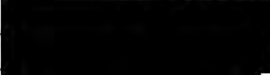
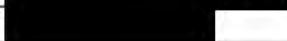

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 24th of September 2021 at Taguig City, Philippines.


LUIS MIGUEL O. ABOITIZ
Vice Chairman of the Board


Countersigned:



 ary^{FCA}

SUBSCRIBED AND SWORN to before me 24th of September 2021 at Taguig, Philippines. Affiant, who are personally known to me, presented their respective government issued IDs with the details shown below:

Name	Gov't Issued ID No.	Date/Place Issued
Luis Miguel O. Aboitiz		 t
Mailene M. de la Torre		

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Page No. 44;
Book No. XIV;
Series of 2021.




Atty. Strella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090



Republic of the Philippines)
City of Taguig)

CERTIFICATE

(Re: Awareness of the Documents Submitted
in Connection with the Registration Statement)

I, **EMMANUEL V. RUBIO**, Filipino, of legal age, and with office address at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila 1634, Philippines, hereby depose and state under oath that:

1. I am the President and Chief Executive Officer of **ABOITIZ POWER CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila 1634, Philippines;
2. The Company is aware of the documents submitted to the Securities and Exchange Commission ("SEC") by it through its external legal counsel, Romulo Mabanta Buenaventura Sayoc & de Los Angeles, in connection with the public offer of up to Six Billion Pesos (₱6,000,000,000.00) worth of fixed rate bonds with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Company (the "Second Tranche Bonds") under its Thirty Billion Peso (₱30,000,000,000.00) Debt Securities Program, rendered effective by the SEC on 1 March 2021; and
3. I am executing this certification in compliance with the requirements of the SEC in relation to the public offering of the Second Tranche Bonds.

[signature page follows]



IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of September 2021
in Taguig City.

[Redacted Signature]

EMMANUEL V. RUBIO
President and Chief Executive Officer

SUBSCRIBED AND SWORN before me this 24 September 2021, affiant exhibiting to me his

[Redacted Name]

Doc No. 221;
Page No. 46;
Book No. XIV;
Series of 2021.



[Redacted Signature]

Atty. Stella Marie G. Saccalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021

NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

CERTIFICATION

We, Gabriel U. Lim, Barbara May M. Billano, of BDO Capital & Investment Corporation (“**BDO Capital**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 33rd Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City 1226, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:

1. BDO Capital has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale by Aboitiz Power Corporation (the “**Corporation**”) of Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds rendered effective by the Securities and Exchange Commission (the “**SEC**”) on 1 March 2021 (the “**Second Tranche Bonds**”);
2. As a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, BDO Capital is aware of the Registration Statement approved by the SEC, and the annexes, amendments, and supplements that were filed by the Corporation with the SEC in connection with the Second Tranche Bonds, and consent to the filing thereof with the SEC.
3. The engagement of BDO Capital for the Offer shall be governed by a customary underwriting agreement to be mutually agreed and entered into by the parties.
4. In the performance by BDO Capital of its mandate as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, BDO Capital has undertaken the requisite due diligence on the Corporation as issuer.
5. This Certification is being issued in compliance with the requirements of the SEC and the Philippine Dealing & Exchange Corp.

[Signature page follows]

IN WITNESS WHEREOF, I/We have hereunto set my hand this _____ in _____

SEP 24 2021



Gabriel U. Lim
Senior Vice President



Barbara May M. Billano
First Vice President

SUBSCRIBED AND SWORN before me this SEP 24 2021 in MAKATI CITY, affiant/s exhibiting to me the following:

Name	Valid ID	Issued By	Issue / Expiry Date
Gabriel U. Lim	[Redacted]	[Redacted]	[Redacted]
Barbara May M. Billano	[Redacted]	[Redacted]	[Redacted]

Doc No. 399;
Page No. 81;
Book No. 709;
Series of 2021.



ATTY. JOSHUA P. LAPUZ

Notary Public for and in Makati City

Appointment No. M-56 until 12/31/2021

PTR No. 0531012, Jan. 4, 2021 until Dec. 31, 2021 Makati City

Roll No. 45790, IBP Lifetime N. 04897

MCLC No. VI-0016565 / Jan. 14, 2019

G/F Fedman Suites 199 Salcedo Street

Leasop Village Makati City

CERTIFICATION

I, Ryan Martin L. Tapia, President, of China Bank Capital Corporation (“**China Bank Capital**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 28F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:


1. China Bank Capital has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale by Aboitiz Power Corporation (the “**Corporation**”) of Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds rendered effective by the Securities and Exchange Commission (the “**SEC**”) on 1 March 2021 (the “**Second Tranche Bonds**”);
2. As a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, China Bank Capital is aware of the Registration Statement approved by the SEC, and the annexes, amendments, and supplements that were filed by the Corporation with the SEC in connection with the Second Tranche Bonds, and consent to the filing thereof with the SEC.
3. The engagement of China Bank Capital for the Offer shall be governed by a customary underwriting agreement to be mutually agreed and entered into by the parties.
4. In the performance by China Bank Capital of its mandate as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, China Bank Capital has undertaken the requisite due diligence on the Corporation as issuer.
5. This Certification is being issued in compliance with the requirements of the SEC and the Philippine Dealing & Exchange Corp.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 27 2021 2021
in Makati City.


RYAN MARTIN L. TAPIA
President

Before me, a notary public in and for the city of Makati, personally appeared the following identified by me through competent evidence of identity with details:

Name	I.D.	Date and Place of Issue
Ryan Martin L. Tapia		

to be the same person/s who presented the foregoing instrument and signed the instrument in my presence and took an oath before me as to such instrument.

SEP 27 2021

Witness my hand and seal this ____ day of _____ 2021.

Doc. No. ; 486
Page No. ; 99
Book No. ; I
Series of 2021.


PAOLO DANIEL ROLANDO R. ANONUEVO
- Appointment No. M-198
Notary Public for Makati City
Until December 31, 2022
Liberty Center - Icazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 75352
PTR No. 8535735/Makati City/01-05-2021
IBP No. 137915/Rizal /01-05-2021
MCLE Exempted-Admitted to the bar in 2020

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

CERTIFICATION

We, John Wesley M. Peralta, First Vice President and Luis Martin E. Villalon, Vice President, of First Metro Investment Corporation ("**First Metro**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 45th Floor, GT Tower International, 6813 Ayala Ave. cor. H.V. dela Costa St., Makati City, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:

1. First Metro has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale by Aboitiz Power Corporation (the "**Corporation**") of Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds rendered effective by the Securities and Exchange Commission (the "**SEC**") on 1 March 2021 (the "**Second Tranche Bonds**");
2. As a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, First Metro is aware of the Registration Statement approved by the SEC, and the annexes, amendments, and supplements that were filed by the Corporation with the SEC in connection with the Second Tranche Bonds, and consent to the filing thereof with the SEC.
3. The engagement of First Metro for the Offer shall be governed by a customary underwriting agreement to be mutually agreed and entered into by the parties.
4. In the performance by First Metro of its mandate as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, First Metro has undertaken the requisite due diligence on the Corporation as issuer.
5. This Certification is being issued in compliance with the requirements of the SEC and the Philippine Dealing & Exchange Corp.

[Signature page follows]

IN WITNESS WHEREOF, I/We have hereunto set my hand this _____ in

[Redacted Signature]

John Wesley M. Peralta
First Vice President

[Redacted Signature]

Luis Martin E. Villalon
Vice President

PERSON IN THE ASTERISK *

SUBSCRIBED AND SWORN before me this SEP 27 2021 MAKATI CITY, affiant/s exhibiting to me the following:

Name	Valid ID	Issued By	Issue / Expiry Date
John Wesley M. Peralta	[Redacted]	[Redacted]	[Redacted]
Luis Martin E. Villalon	[Redacted]	[Redacted]	[Redacted]

* PERSONALLY APPEARED

Doc No. 121;
Page No. 84;
Book No. 146;
Series of 2021.

[Redacted Signature]

CITA MARICELA M. MASANSAN
 Appointment No. M-35
 Notary Public for Makati City
 Until December 31, 2021
 Suite 1015, 10th F. Cityland/10, Tower 2
 H.V. Dela Costa St. Ayala Ave. Makati City
 Roll No. 69461
 PTR No. 8117485; 01-03-20; Makati City
 BP No. 100756; 01-03-20; Batangas City
 MCLB Compliance No. VI-0010412
 Issued on April 14, 2021

CERTIFICATION

We, Virgilio O. Chua, and Marie Natalie J. Collado, President, and Senior Director of SB Capital Investment Corporation ("**SB Capital**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 18th Floor, Security Bank Centre, 6776 Ayala Avenue, Makati City, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:

1. SB Capital has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale by Aboitiz Power Corporation (the "**Corporation**") of Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds rendered effective by the Securities and Exchange Commission (the "**SEC**") on 1 March 2021 (the "Second Tranche Bonds");
2. As a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, SB Capital is aware of the Registration Statement approved by the SEC, and the annexes, amendments, and supplements that were filed by the Corporation with the SEC in connection with the Second Tranche Bonds, and consent to the filing thereof with the SEC.
3. The engagement of SB Capital for the Offer shall be governed by a customary underwriting agreement to be mutually agreed and entered into by the parties.
4. In the performance by SB Capital of its mandate as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, SB Capital has undertaken the requisite due diligence on the Corporation as issuer.
5. This Certification is being issued in compliance with the requirements of the SEC and the Philippine Dealing & Exchange Corp.

[Signature page follows]

IN WITNESS WHEREOF, I/We have hereunto set my hand this _____ in





VIRGILIO O. CHUA
President



MARIE NATALIE J. COLLADO
Senior Director

SUBSCRIBED AND SWORN before me this 24 SEP 2021 in MAKATI CITY, affiant/s exhibiting to me the following:

Name	Valid ID	Issued By	Issue / Expiry Date
Virgilio O. Chua			
Marie Natalie J. Collado			

Doc No. 137;
Page No. 49
Book No. VI;
Series of 2021.



ATTY. HENSON M. MONTALVO, CPA
NOTARY PUBLIC FOR AND IN THE MAKATI CITY
ROLL NO. 65865
UNTIL DECEMBER 31, 2021; APPOINTMENT No. M-225
IBP No. 143078; 01/07/2021; PPLM CHAPTER
PTR No. 8533856; 01/04/2021, MAKATI CITY
20F SECURITY BANK CENTRE, AYALA AVE., MAKATI CITY



27 September 2021

ABOITIZ POWER CORPORATION

NAC Tower, 32nd Street
Bonifacio Global City
1634 Taguig City

Attention: **Ms. Liza Luz T. Montelibano**
Senior Vice President and Chief Financial Officer

Ms. Maria Veronica C. So
Senior Vice President and Group Treasurer

Subject: **Aboitiz Power Corporation's Offer of up to ₱6,000,000,000 Philippine Peso-denominated fixed-rate bonds with an Oversubscription Option of up to ₱6,000,000,000 under its ₱30,000,000,000 Shelf Registration of Bonds**

Mesdames:

This letter confirms the engagement of BDO Capital & Investment Corporation ("**BDO Capital**"), China Bank Capital Corporation ("**China Bank Capital**"), First Metro Investment Corporation ("**First Metro**"), and SB Capital Investment Corporation ("**SB Capital**") as the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners (the "**Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners**") for the offering and issuance by **Aboitiz Power Corporation** (the "**Company**") of Philippine Peso-denominated fixed rate bonds in the aggregate principal amount of up to ₱6,000,000,000.00 (the "**Base Offer**"). We understand that the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners will be given the right, with the consent of the Company, to increase the Base Offer by up to an additional ₱6,000,000,000.00 worth of bonds (the "**Oversubscription Option**"; the bonds covered by the Oversubscription Option, the "**Oversubscription Option Bonds**"; the Oversubscription Option together with the Base Offer, the "**Offer**"; and the bonds subject of the Offer, the "**Offer Bonds**"). The Offer Bonds will constitute the second tranche under the Company's ₱30,000,000,000.00 shelf-registration of bonds under an Order of Registration issued by the Securities and Exchange Commission of the Philippines (the "**SEC**") on 1 March 2021.

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indicative Terms and Conditions of the Offer attached hereto as **Annex "A"**.

For this Offer, BDO Capital, China Bank Capital, First Metro, and SB Capital as Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, agree to render the following key services:

- (a) act as Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners of the Offer;
- (b) provide guidance on the structure, timing, organization and terms of the Offer (including time of launch, size of issue, pricing and maturity);
- (c) assist with the preparation of the documentation required for the Offer in conjunction with legal counsels, which documents shall be executed in form and substance reasonably satisfactory to the Company and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners;

Aboitiz Power Corporation
Fixed Rate Bonds
27 September 2021

- (d) work and coordinate with the legal counsel of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners and the legal counsel of the Company on the finalization and execution of the Offer documents;
- (e) coordinate the marketing, virtual roadshow, as necessary, and book-building process for the Offer;
- (f) work with the Company and its legal counsel to obtain from the SEC, a registration order and permit to sell the Offer Bonds;
- (g) work with the Company and its legal counsel to obtain a listing and/or admission to trading of the Offer Bonds on the Philippine Dealing & Exchange Corporation;
- (h) as set out in the immediately succeeding paragraph and subject to the conditions stated therein, provide firm underwriting for the Base Offer and to the extent that the Oversubscription Option is exercised (at the sole discretion of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners and subject to the Company's consent), which exercise may be in part, provide firm underwriting for the exercised portion of the Oversubscription Option.
- (i) as may be determined by the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, form a syndicate of sub-underwriters and/or selling agents for the Offer and coordinate with the syndicate members; and
- (j) provide such other services as may be agreed with the Company in writing or reasonably required to achieve the successful completion of the Offer.

As set out in item (h) above, the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners expect to underwrite the Base Offer and, in case the Oversubscription Option is exercised, the Oversubscription Option Bonds, on a firm basis following a successful bookbuild with investors, execution of the relevant agreements with financial institutions, as applicable (which may or may not also carry the title "*Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner*"), and subject to: (i) satisfactory due diligence, (ii) compliance with all required regulatory and listing notices and filings, (iii) receipt of all regulatory and internal approvals (including internal committee approvals of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners and any relevant sub-underwriter, engaged with the consent of the Company), (iv) pricing and issue terms to be mutually agreed closer to the launch of the public offering of the Second Tranche Bonds; (v) agreement on customary documentation and customary clear market undertakings between the Company and the Joint Issue Manager, Joint Lead Underwriters, and Joint Bookrunners, (vi) execution of underwriting agreements and other necessary agreements on mutually acceptable terms and conditions, and (vii) compliance with (or as applicable, waiver of) conditions precedent as may be specified in the said agreements.

The obligations of the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners are joint and not solidary and no Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner shall be responsible or liable for any act or omission of another Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner. The rights expressed to be in favor of more than one Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall be exercisable by them severally and are not required to be exercised by them collectively. This letter is not an underwriting agreement and does not obligate the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners or the Company to enter into an underwriting agreement or otherwise proceed with the Offer. The indicative terms of the Offer and of the services are neither complete nor final and are subject to further negotiation and final documentation in the form to be agreed between the Joint Issue Managers, Joint Lead Underwriters, and

Joint Bookrunners and the Company. This letter does not create any legally binding obligations on the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners and the Company and/or their respective affiliates.

Should the foregoing accurately reflect our understanding of the arrangements in respect of the mandate to underwrite the Offer, kindly affix your signature in the space provided in the duplicate copy of this letter enclosed herewith and return such signed copy to us.

This letter may be executed in any number of counterparts each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signature pages follow]

Sincerely,

For and on behalf of

BDO Capital & Investment Corporation



Gabriel U. Lim
Senior Vice President

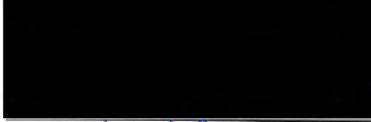


Barbara May M. Billano
First Vice President

Sincerely,

For and on behalf of

China Bank Capital Corporation



Ryan Martin L. Tapia
President

Sincerely,

For and on behalf of

First Metro Investment Corporation



John Wesley M. Peralta
First Vice President

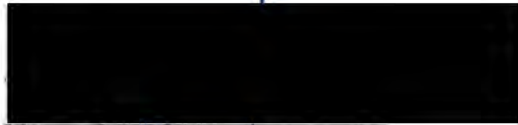


Luis Martin E. Villalon
Vice President

Sincerely,

For and on behalf of

SB Capital Investment Corporation



Virgilio O. Chua
President



Marie Natalie J. Lollado
Senior Director

Acknowledged, accepted and agreed to by:

For and on behalf of

Aboitiz Power Corporation



Maria Veronica C. So
Senior Vice President and Group Treasurer

Date:

Annex "A"

Indicative Terms and Conditions of the Offer

Issuer	Aboitiz Power Corporation
Issue	<p>Philippine Peso denominated fixed rate bonds with Base Offer of up to ₱6,000,000,000, and an Oversubscription Option of up to ₱6,000,000,000, under the Company's ₱30,000,000,000 shelf registration of bonds.</p> <p>In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Bonds under Oversubscription Option that will not be taken up or exercised during the Offer Period will remain under shelf registration and may be issued in tranches within the Shelf Period.</p> <p>The Oversubscription Option is exercisable by the Joint Lead Underwriters, with the consent of the Issuer.</p> <p>The Issuer has the discretion to allocate the Issue Amount between the Series B Bonds and Series C Bonds, or depending on prevailing market conditions, to fully allocate the entire Issue Amount to just one series, or not to allocate the Base Offer to any of these series, based on bids received from the book building process of the Joint Lead Managers, Joint Lead Underwriters, and Joint Bookrunners.</p>
Registration and Listing	The Offer Bonds will be registered with the SEC and listed on the Philippine Dealing & Exchange Corporation (PDEX), subject to compliance with SEC regulations and PDEX listing rules.
Use of Proceeds	Proceeds of the Offer Bonds shall be used for refinancing of bonds due 2022, to partially fund the equity contributions for the construction of the 74 MW solar power plant in Pangasinan province, and general corporate purposes and/or for other future renewable projects
Issue Price	100% face value
Tenor	Series B - 4 years Series C - 7 years

September 24, 2021

THE SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

CERTIFICATION

I, Maria Veronica C. So, of legal age, Filipino and with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, are the duly appointed and incumbent Attorneys-in-Fact of **ABOITIZ POWER CORPORATION** (the "Corporation" or the "Issuer"), a corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, in connection with the proposed public offer and sale by the Corporation of Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds (the "Second Tranche Bonds"), hereby certify that:


1. The following documents executed by the Issuer and submitted to the Securities and Exchange Commission ("SEC") in connection with the Second Tranche Bonds, were signed with the electronic signatures of the following individuals, who are duly authorized to execute such documents on behalf of the Issuer:

NAME	POSITION	DOCUMENT/S SIGNED
Maria Veronica C. So	First Vice President and Group Treasurer	Mandate Letter

2. The Issuer undertakes to immediately submit the aforementioned manually signed documents and duly notarized original

This Certification is in compliance with

Very truly yours,


Maria Veronica C. So
First Vice President and Group Treasurer

CERTIFICATION

We, Gabriel U. Lim, Barbara May M. Billano, of BDO Capital & Investment Corporation (“**BDO Capital**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 33rd Floor, BDO Towers Valero, 8741 Paseo de Roxas, Salcedo Village, Makati City 1226, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:

1. BDO Capital has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale of Aboitiz Power Corporation’s (the “**Corporation**”) Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds (the “**Second Tranche Bonds**”);
2. On 27 September 2021, the Corporation filed a Registration Statement with the Securities and Exchange Commission (the “**SEC**”) in connection with the offer. Subsequently, and in relation to the same submission to the SEC, the Corporation will be submitting the following documents (the “**SEC Documents**”) which were signed with our electronicsignatures:
 - a. Mandate Letter dated 27 September 2021; and
 - b. Certification on Due Diligence and Documents Filed with the SEC dated 27 September 2021;
2. We have read the SEC Documents on which our signatures appear.
3. The manually-signed hard copies of the SEC Documents will be immediately submitted to the SEC as soon as possible.

This Certification is being issued on 24 September 2021 in compliance with the requirements of the SEC.

[Signature page follows]

IN WITNESS WHEREOF, I/We have hereunto set my hand this SEP 24 2021 in

MAKATI CITY



Gabriel U. Lim
Senior Vice President




Barbara May M. Billano
First Vice President

SUBSCRIBED AND SWORN before me this SEP 24 2021 in _____, affiant/s exhibiting to me the following:

Name	Valid ID	Issued By	Issue / Expiry Date
Gabriel U. Lim	[REDACTED]		
Barbara May M. Billano	[REDACTED]		

Doc No. 398;
Page No. 81;
Book No. 709
Series of 2021.


ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-63 until 12/31/2021
PTR No 8531012, Jan. 4, 2021 Until Dec. 31, 2021 Makati City,
Roll No. 45790, IBP, Lifetime N. 04897
MOLF No M-0016565 / Jan. 14, 2019
G/F Pedernales Suites 199 Salcedo Street,
Luzon Village Makati City

IN WITNESS WHEREOF, I/We have hereunto set my hand this _____ in



John Wesley M. Peralta
First Vice President



Luis Martin E. Villalon
Vice President

PERSON IN THE ASTERISK *
SUBSCRIBED AND SWORN before me this SEP 27 2021 **MAKATI CITY** affiant/s
exhibiting to me the following:

Name	Valid ID	Issued By	Issue / Expiry Date
John Wesley M. Peralta			
Luis Martin E. Villalon			

*** PERSONALLY APPEARED**

Doc No. 42;
Page No. 86;
Book No. 140;
Series of 2021.



ATT. MAGNOLIA M. MASANGAL
Appointment No. M-35
Notary Public for Makati City
Until December 31, 2021
Suite 1015, 10th F Cityland 10 Tower 1
H.V. Dela Costa St. Ayala Ave. Makati City
Roll No. 69481
PTR No. 8117485; 01-03-20; Makati City
ID No. 100756; 01-03-20; Batangas City
MCLC Compliance No. M-001948

REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

CERTIFICATION

We, Virgilio O. Chua, and Marie Natalie J. Collado, President, and Senior Director of SB Capital Investment Corporation (“**SB Capital**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 18th Floor, Security Bank Centre, 6776 Ayala Avenue, Makati City, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state that:

1. SB Capital has been engaged as a Joint Issue Manager, Joint Lead Underwriter, and Joint Bookrunner, in connection with the proposed public offer and sale of Aboitiz Power Corporation’s (the “**Corporation**”) Philippine Peso-denominated fixed-rate bonds in the aggregate principal amount of up to Six Billion Pesos (₱6,000,000,000.00) with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation under its Thirty Billion Peso (₱30,000,000,000.00) shelf registration of Bonds (the “**Second Tranche Bonds**”);
2. On September 27, 2021 the Corporation filed a Registration Statement with the Securities and Exchange Commission (the “**SEC**”) in connection with the offer. Subsequently, and in relation to the same submission to the SEC, the Corporation will be submitting the following documents (the “**SEC Documents**”) which were signed with our electronic signatures:
 - a. Mandate Letter dated September 27, 2021; and
 - b. Certification on Due Diligence and Documents Filed with the SEC dated September 27, 2021 2021;
2. We have read the SEC Documents on which our signatures appear.
3. The manually-signed hard copies of the SEC Documents will be immediately submitted to the SEC as soon as possible.

This Certification is being issued on _____ 2021 in compliance with the requirements of the SEC.

Very truly yours,



VIRGILIO O. CHUA
President


MARIE NATALIE J. COLLADO
Senior Director

September 24, 2021

THE SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

CERTIFICATION

I, Maria Veronica C. So, First Vice President and Group Treasurer, of **ABOITIZ POWER CORPORATION** (the "Issuer"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, in connection with the Issuer's proposed offer of up to ₱6.0 Billion fixed rate bonds, with an oversubscription option of up to ₱6.0 Billion (the "Bonds" or the "Offer"), the second tranche under its ₱30.0 Billion Debt Securities Program, hereby certify that:

1. The following documents submitted to the Securities and Exchange Commission ("SEC") in connection with the Offer on which my signature appears were signed with my electronic signature:
 - a. Mandate Letter
2. I have each read all the documents on which my electronic signature appears and have consented to affix my respective electronic signature on the aforementioned documents as the contents thereof are true and accurate; and
3. The manually signed and duly notarized documents will be immediately submitted to the SEC as soon as possible.
4. This Certification is being issued in compliance with the requirements of the SEC.

Very truly yours



Group Treasurer



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

CERTIFICATION ON NO MATERIAL CHANGE

I, **MAILENE M. DE LA TORRE**, Filipino, of legal age, with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **ABOITIZ POWER CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City;
2. On March 1, 2021, the Securities and Exchange Commission (the "Commission") rendered effective the registration statement of the Corporation's ₱30.0 Billion Debt Securities Program ("Registration Statement"), under the shelf registration program, as evidenced by SEC MSRD Order No. 3, Series of 2021, issued on March 1, 2021.
3. The Corporation's Prospectus dated February 26, 2021 (the "Prospectus"), is posted in the website of the Corporation, copies of which may be downloaded therefrom.
4. Pursuant to the Registration Statement, the Company intends to offer up to ₱6 Billion Bonds, with an oversubscription option of up to ₱6 Billion Bonds, the second tranche of the bonds (the "Bonds" or the "Offer"). Accordingly, the Corporation has prepared a preliminary offer supplement dated [September 27, 2021] ("Offer Supplement") covering the terms and conditions of the Offer, attached herewith as Annex "A."
5. Other than as disclosed in the Prospectus and the Offer Supplement, as may be amended, all material information required to be disclosed under Section 17 of the Securities Regulation Code ("SRC") and the rules of the Philippines Stock Exchange (the "Exchange") has been fully, accurately, and timely reported to the Commission and the Exchange.
6. Other than as disclosed in the Prospectus and the Offer Supplement, as may be amended, there has been no change in the financial condition of the Corporation except those that are incurred in the ordinary course of business of the Corporation; and in cases of those financial information that is required to be disclosed under Section 17 of the SRC and the rules of the Exchange, the same has been reported in a full, accurate, and timely manner to the Commission and the Exchange.
7. This Certificate is being issued to attest to the truth of the foregoing facts and in compliance with the requirement of the Commission in connection with the Corporation's application for the permit to sell the Bonds.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this September 21, 2021 in Taguig City, Metro Manila.

[Redacted Signature]

MAILENE M. DE LA TORRE
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this September 21, 2021, at the City of Taguig, Philippines. Affiant, who is personally known to me, exhibited to me her [Redacted] bearing the affiant's photograph and signature.

Doc No. 187;
Page No. 39;
Book No. XIV;
Series of 2021.



[Redacted Signature]

Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090



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

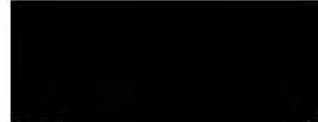
CERTIFICATION

I, **MAILENE M. DE LA TORRE**, Filipino, of legal age, with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **ABOITIZ POWER CORPORATION** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City;
2. As Assistant Corporate Secretary, I have in my custody, or I have access to the records of the Company;
3. I hereby certify that the attached photocopies of the supporting documents in relation to the Company's application for the offer of the proposed issuance of the second tranche with of up to ₱6 Billion aggregate principal amount of fixed-rate bonds and an oversubscription amount of up to ₱ 6 Billion, under the Company's ₱30 Billion Debt Securities Program are true and faithful reproductions of the originals;
4. This certification is issued for whatever legal purpose this may serve.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this September 21, 2021 Taguig City, Philippines.



M [REDACTED] RRE
Ass [REDACTED] retary

SUBSCRIBED AND SWORN TO before me this September 21, 2021 at the City of Taguig, Philippines.
Affiant, who is personally known to me, exhibited to me her [REDACTED]
[REDACTED] and her [REDACTED]
[REDACTED] bearing the affiant's photograph and signature.

Doc No. 186;
Page No. 39;
Book No. XIV;
Series of 2021.



Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St, Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090

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

CERTIFICATION

We, Manuel Patricio C. Malabanan and Emily C. Bello, Filipino, of legal age, with business address at 15th Floor South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, Metro Manila, being duly sworn in accordance with law, hereby certify that:

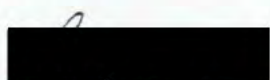
1. We are the Senior Vice President and Senior Assistant Vice President of BDO Unibank, Inc. – Trust and Investments Group, a corporation duly organized, existing and licensed to engaged in the business of banking, under and by virtue of the laws of the Republic of the Philippines, with office address at the 15th Floor South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, Metro Manila, Philippines (the “Trustee”)

2. The Trustee is licensed by the *Bangko Sentral ng Pilipinas* and is authorized under all relevant laws and regulations to engage in trust functions, which license and authority remain valid and effective as of the date hereof.


3. The Trustee is eligible to perform the functions as may be set out in the Trust Agreement to be executed by it with Aboitiz Power Corporation (the “Issuer”) in relation to the offer by the Issuer to issue of up to the amount of ₱6,000,000,000.00 of fixed rate bonds, with an oversubscription option of up to ₱6,000,000,000.00, under a shelf registration program of the Securities and Exchange Commission (the “Bonds”).

4. This certification is issued solely for the purpose of completing the requirements in respect of the Registration Statement filed by the Issuer covering the Bonds with the Securities and Exchange Commission, specifically required under Annex “C”, Part VII (B) (22) in relation to Rule 12.1 of the Securities Regulation Code.

IN WITNESS WHEREOF, we have hereunto set our hand this _____ day of September 2021 at Makati City, Metro Manila.





EMILY C. BELLO
Senior Assistant Vice President



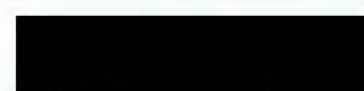
MANUEL PATRICIO C. MALABANAN
Senior Vice President

24 SEP 2021

SUBSCRIBED AND SWORN TO before me this _____ day of September 2021 at Makati City, Metro Manila, affiant exhibited to me their competent evidence of identity as follows:

Name	Competent Evidence of Identity/ Expiration Date/ Place Issued	Community Tax Certificate No./ Date Issued/ Place Issued
Manuel Patricio C. Malabanan		
Emily C. Bello		

Doc. No. 378;
Page No. 76;
Book No. XX;
Series of 2020.



ATTY. SYLVIA M. MARFIL-CADAPAN
Appointment No. M-352/Makati City
Notary Public until December 31, 2021
11th Floor, South Tower, BDO Corporate Center
7899 Makati Avenue, Makati City
IBP No. 144079, 01/03/21; Laguna
PTR No. 8546016; 01/11/21; Makati City/ Roll No. 43222
MCLE Compliance No. VI-002256; until 04/14/2022



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

CERTIFICATION

I, **MAILENE M. DE LA TORRE**, Filipino, of legal age, with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the Assistant Corporate Secretary of **ABOITIZ POWER CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City;
2. Based on the records of the Corporation presently in my custody, except for the legal proceedings disclosed in the section on "Legal Proceedings" of the Prospectus dated February 26, 2021, the Preliminary Offer Supplement of the Corporation dated September 27, 2021, and the Corporation's SEC Form 20-IS, there are no other legal proceedings that are material to the Corporation.
3. I am executing this Certification in compliance with the requirements of the Securities and Exchange Commission in relation to the Corporation's application for the offer of up to Six Billion Pesos (₱6,000,000,000.00) worth of fixed rate bonds with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Corporation (the "Second Tranche Bonds") under its Thirty Billion Peso (₱30,000,000,000.00) Debt Securities Program, rendered effective by the SEC on 1 March 2021.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this September 21, 2021 at Taguig City, Metro Manila.

MA [REDACTED] RRE
Assist [REDACTED] etary

SUBSCRIBED AND SWORN TO before me this September 21, 2021 at Taguig City, Metro Manila, affiant exhibited to me her [REDACTED] and her [REDACTED] bearing the affiant's photograph and signature [REDACTED]

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Page No. 38;
Book No. XIV;
Series of 2021.



Atty. Stella Marie G. Sacdalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090



ABOITIZ POWER CORPORATION

Curriculum Vitae

EDWIN BAUTISTA


Director

I hereby acknowledge that the information contained in this Curriculum Vitae is true and correct in all material respects.

September 24, 2021

Date

Signature

SUBSCRIBED AND SWORN TO before me this 24th of September 2021 at Taguig City, Philippines, affiant exhibiting to me his  bearing the affiant's photograph and signature.

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Page No. 45;

Book No. XIV;

Series of 2021.



alan

Notary Public for Taguig City

Notarial Commission No. 99

Until December 31, 2021

NAC Tower, 32nd St. Bonifacio Global City, Taguig City

PTR NO. A-5025311; January 6, 2021, Taguig City

IBP OR No. 144348; January 6, 2021

Roll No. 63289

MCLE Compliance No. VI – 0011090

CURRICULUM VITAE

Name : Edwin R. Bautista
Date of Birth : April 23, 1960
Place of Birth : Iloilo City, Philippines
Civil Status : Married

Present Positions:

Director	Aboitiz Power Corporation
Chairman of the Board of Directors	City Savings Bank, Inc.
Director/ President and CEO	Union Bank of the Philippines
Director	UBP Investments Corporation (formerly: Union Properties, Inc.)
	First Union Plans, Inc.
	First Union Direct Corp.

Previous Positions:

2019-2021	Director	Aboitiz Equity Ventures Inc.
2016-2017	Chief Operating Officer	Union Bank of the Philippines
2011-2015	Senior Executive Vice President	Union Bank of the Philippines
2001-2011	Executive Vice President	Union Bank of the Philippines
1997-2001	Senior Vice President	Union Bank of the Philippines

Educational Background:

College	Bachelor of Science in Mechanical Engineering De La Salle University
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ABOITIZ POWER CORPORATION

Curriculum Vitae

LUIS MIGUEL O. ABOITIZ


Director/Vice Chairman of the Board

I hereby acknowledge that the information contained in this Curriculum Vitae is true and correct in all material respects.

September 24, 2021

Date

Signature

SUBSCRIBED AND SWORN TO before me this 24th of September 2021 at Taguig City, Philippines, affiant exhibiting to me his  bearing the affiant's photograph and signature.

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Series of 2021.



Atty. Stella Marie G. Saccalan

Notary Public for Taguig City

Notarial Commission No. 99

Until December 31, 2021

NAC Tower, 32nd St. Bonifacio Global City, Taguig City

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IBP OR No. 144348; January 6, 2021

Roll No. 63289

MCLE Compliance No. VI – 0011090

CURRICULUM VITAE

Name : Luis Miguel O. Aboitiz
Date of Birth : September 22, 1964
Place of Birth : Manila, Philippines
Civil Status : Married

Present Positions:

Director/Vice Chairman of the Board	Aboitiz Power Corporation
Director	Aboitiz & Company, Inc.
	Union Bank of the Philippines
	DDL S Aboitiz Inc.
	AB Capital Securities, Inc.
Trustee	Philippine Business for Social Progress

Previous Positions:

2018-2019	Chief Strategy Officer	Aboitiz Power Corporation
2016-2019	Senior Vice President	Aboitiz Equity Ventures Inc.
2016-2018	Executive Vice President and Chief Operating Officer	Aboitiz Power Corporation
2010-2015	First Vice President	Aboitiz Equity Ventures Inc.
2009-2015	Senior Vice President – Power Marketing and Trading	Aboitiz Power Corporation
2007-2009	Senior Vice President- Power Generation	Aboitiz Power Corporation
1998-2007	Vice President- Power Generation	Aboitiz Power Corporation

Educational Background:

Graduate Studies	Master of Business Administration University of California Berkeley, U.S.A.
College	Bachelor of Science in Computer Science and Engineering Santa Clara University California, U.S.A.



ABOITIZ POWER CORPORATION

Curriculum Vitae

MARK LOUIE L. GOMEZ

Data Privacy Officer and Assistant Vice President for
Risk and Organizational Performance Management

I hereby acknowledge that the information contained in this Curriculum Vitae is true and correct in all material respects.

September 24, 2021 _____
Date Signature

SUBSCRIBED AND SWORN TO before me this 24th of September 2021 at Taguig City, Philippines, affiant exhibiting to me his _____ bearing the affiant's photograph and signature.

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Page No. 45;
Book No. XIV;
Series of 2021



Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
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IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090

CURRICULUM VITAE

Name : Mark Louie L. Gomez
Date of Birth : March 22, 1981
Place of Birth : Kidapawan, North Cotabato
Civil Status : Married

Present Positions:

Data Privacy Officer and Assistant Vice President for Risk and Organizational Performance Management Aboitiz Power Corporation

Previous Positions:

January 2021 to August 2021	Assistant Vice President - Enterprise Risk Management	Therma Luzon, Inc.
2019-2021	Enterprise Risk Management Manager and Data Privacy Officer	Therma Luzon, Inc.
2015-2019	Compliance Manager	AP Renewables Inc.

Educational Background:

Graduate Studies	Bachelor of Laws San Beda University Manila, Philippines
College	Bachelor of Arts in Political Science University of the Philippines – Diliman Manila, Philippines



ABOITIZ POWER CORPORATION

Curriculum Vitae

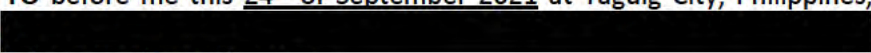

RAPHAEL P.M. LOTILLA

Lead Independent Director

I hereby acknowledge that the information contained in this Curriculum Vitae is true and correct in all material respects.

September 24, 2021
Date


Signature

SUBSCRIBED AND SWORN TO before me this 24th of September 2021 at Taguig City, Philippines, affiant exhibiting to me his 
 bearing the affiant's photograph and signature.

Doc. No. 219;
Page No. 45;
Book No. XIV;
Series of 2021.



Atty. Strella Marie G. Saccalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090

CURRICULUM VITAE

Name : Raphael P.M. Lotilla
Date of Birth : June 16, 1958
Place of Birth : Sibalom, Antique, Philippines
Civil Status : Single

Present Positions:

Independent Director	Aboitiz Power Corporation Petron Foundation, Inc. ACE Enexor Inc. First Metro Investment, Inc.
Chairman of the Board of Trustees	The Asia-Pacific Pathways to Progress Foundation, Inc.
Trustee	Philippine Institute for Development Studies
Member of the Advisory Committee	Ateneo University Professional Schools

Previous Positions:

2019-2021	Independent Director	Aboitiz Equity Ventures Inc.
2005-2007	Secretary	Department of Energy
2005-2007	<i>Ex-Officio</i> Chairman	Philippine National Oil Company
2005-2007	Vice Chairman of the Board	National Power Corporation National Transmission Corporation
2004-2005	President and Chief Executive Officer	Power Sector Assets and Liabilities Management Corporation
1996-2004	Deputy Director-General	National Economic and Development Authority

Educational Background:

Graduate Studies	Master of Laws University of Michigan Law School Michigan, U.S.A.
College	Bachelor of Science in Psychology/ Bachelor of Arts in History/ Bachelor of Laws University of the Philippines – Diliman Manila, Philippines



ABOITIZ POWER CORPORATION


Curriculum Vitae

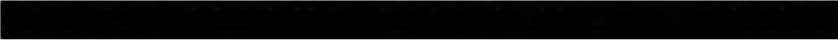
SABIN M. ABOITIZ

Director/Chairman of the Board

I hereby acknowledge that the information contained in this Curriculum Vitae is true and correct in all material respects.

September 24, 2021
Date


Signature

SUBSCRIBED AND SWORN TO before me this 24th of September 2021 at Taguig City, Philippines, affiant exhibiting to me his  bearing the affiant's photograph and signature.

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Page No. 45;
Book No. XIV;
Series of 2021.



Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR NO. A-5025311; January 6, 2021, Taguig City
IBP OR No. 144348; January 6, 2021
Roll No. 63289
MCLE Compliance No. VI – 0011090

CURRICULUM VITAE

Name : Sabin M. Aboitiz
Date of Birth : June 17, 1964
Place of Birth : Cebu, Philippines
Civil Status : Married

Present Positions:

Director/Chairman of the Board	Aboitiz Power Corporation
Chairman of the Board of Directors	Aboitiz Foundation, Inc. Aboitiz InfraCapital, Inc. Aboitiz Land, Inc. Manila-Oslo Renewable Enterprise, Inc. Pilmico Foods Corporation Pilmico Animal Nutrition Corporation Gold Coin Management Holdings, Ltd. CRH Aboitiz Holdings, Inc. SN Aboitiz Power-Benguet, Inc. Republic Cement Services, Inc. Filagri Holdings, Inc. Aboitiz Renewables Inc.
Director and President	Aboitiz & Company, Inc. AEV CRH Holdings, Inc. AEV Aviation
Director	Union Bank of the Philippines ACO Capital Ltd. Republic Cement & Building Materials, Inc. Apo Agua Infraestructura, Inc. Aboitiz Construction International, Inc. Aboitiz Construction, Inc. Aboitiz Impact Ventures, Inc. Unity Digital Infrastructure Inc. AboitizPower International Pte. Ltd. Archipelago Insurance Pte. Ltd. AEV International Pte. Ltd.
Member of the Business Advisory Council	Asia-Pacific Economic Cooperation

Previous Positions:

2015 - 2019	Executive Vice President and Chief Operating Officer	Aboitiz Equity Ventures Inc.
2015	Senior Vice President	Aboitiz Equity Ventures Inc.
2014 - 2015	First Vice President	Aboitiz Equity Ventures Inc.

Educational Background:

College	Bachelor of Science in Business Administration - Finance Gonzaga University Spokane, Washington, U.S.A.
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REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S.

CERTIFICATION ON SUBMISSION OF AUDITED FINANCIAL STATEMENTS

We, Liza Luv T. Montelibano and Manuel R. Lozano, both of legal age, with office address at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, after being duly sworn in accordance with law, hereby depose and state that:

1. We are the Attorneys-In-Fact of **ABOITIZ POWER CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office at NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, (the "Corporation").
2. The audited financial statements as of 31 December 2020 of the Corporation and its subsidiaries have been submitted to the Securities and Exchange Commission (the "SEC") within the time required under the rules and regulations of the SEC.
3. We are executing this certification in relation to the Corporation's application for the offer of up to Six Billion Pesos (₱6,000,000,000.00) worth of fixed rate bonds with an oversubscription option of up to Six Billion Pesos (₱6,000,000,000.00) to be issued by the Company (the "Second Tranche Bonds") under its Thirty Billion Peso (₱30,000,000,000.00) Debt Securities Program, rendered effective by the SEC on 1 March 2021.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of September 2021 in Taguig City.



Liza Luv T. Montelibano
Attorney-in-fact



Manuel R. Lozano
Attorney-in-fact

Republic of the Philippines)
Taguig City) S.S.

Before me, a notary public in and for Taguig City, personally appeared the following identified by me through competent evidence of identity with details:

Name	I.D.	Date and Place of Issue
Liza Luv T. Montelibano	[REDACTED]	[REDACTED]
Manuel R. Lozano	[REDACTED]	[REDACTED]

to be the same person who presented the foregoing instrument and signed the instrument in my presence and took an oath before me as to such instrument.

Witness my hand and seal this 24 September 2021.

Doc No. 222;
Page No. 46;
Book No. XIV;
Series of 2021.



[REDACTED SIGNATURE]

Atty. Stella Marie G. Sacedalan
Notary Public for Taguig City
Notarial Commission No. 99
Until December 31, 2021
NAC Tower, 32nd St. Bonifacio Global City, Taguig City
PTR No. A-5025011, January 6, 2021, Taguig City
IBP OR No. 144348, January 6, 2021
Roll No. 63289
MCLE Compliance No. VI-0011090