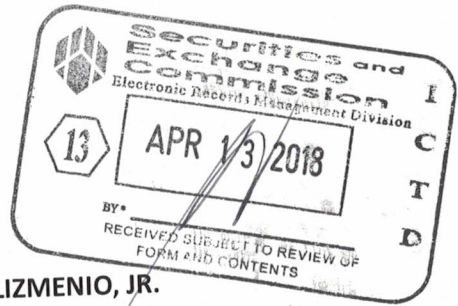


APR 13 2018

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City



ATTENTION

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

: **MR. JOSE VALERIANO B. ZUÑO III**
OIC - Head, Disclosure Department

via electronic mail
PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City

ATTENTION

: **MS. ERIKA GRACE C. ALULOD**
Head - Issuer Compliance and Disclosures Department

Gentlemen:

Attached is the SEC Form 17-A (Annual Report 2017) of Aboitiz Equity Ventures, Inc. for your files.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By:

A handwritten signature in blue ink, appearing to read "Manuel Alberto R. Colayco".

MANUEL ALBERTO R. COLAYCO
Corporate Secretary^{RCL}

COVER SHEET

C E O 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S , I N C .

(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- 886-2338

Company Telephone Number

2017

Annual Report

1 2 3 1

Month Day

Fiscal Year

1 7 - A

FORM TYPE

3rd Monday of
0 5 2 1

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

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-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES



1. For the year ended 2017
2. SEC Identification Number CEO2536
3. BIR TIN 003-828-269-000-V
4. Exact name of registrant as specified in its charter Aboitiz Equity Ventures, Inc.
5. Philippines
Province, country or other jurisdiction of incorporation
6. 
Industry Classification Code
7. 32nd Street, Bonifacio Global City, Taguig City, Metro Manila
Address of principal office
- 1634
Postal Code

8. (02) 886-2800
Issuer's telephone number, including area code
9. NA
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Section 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock P1 Par Value</u>	<u>5,633,792,557</u>
<u>Amount of Debt Outstanding (As of December 31, 2017)</u>	<u>P262,013,440,585.00</u>

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 classes of securities listed therein:
Philippine Stock Exchange Common

12. Check whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17.1 thereunder or Section 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 12 months (or for such shorter period that the registrant was required to file such reports);
Yes () No ()
- (b) has been subject to such filing requirements for the past 90 days.

Yes (✓)

No ()

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

For 2017, aggregate voting stock of registrant held outside of its affiliates and/or officers and employees totaled 2,512,888,279 shares (for details please refer to the attached notes to financial statements and Schedule H of this report) while its average market price per share was ₱74.00.

Based on this data, total market value of registrant's voting stock not held by its affiliates and/or officers and employees was computed to be ₱185,953,732,646.00.

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the RSA subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes ()

No (✓)

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

TABLE OF CONTENTS

PART I	BUSINESS AND GENERAL INFORMATION	1
Item 1.	Business	1
Item 2.	Properties	111
Item 3.	Legal Proceedings	113
Item 4.	Submission of Matters to a Vote of Security Holders	115
PART II	OPERATIONAL AND FINANCIAL INFORMATION	116
Item 5.	Market for Issuer's Common Equity and Related Stockholder Matters	116
Item 6.	Management's Discussion and Analysis or Plan of Action	132
Item 7.	Financial Statements	155
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	155
PART III	CONTROL AND COMPENSATION INFORMATION	156
Item 9.	Directors and Executive Officers of the Issuer	156
Item 10.	Executive Compensation	170
Item 11.	Security Ownership of Certain Beneficial Owners and Management	172
Item 12.	Certain Relationships and Related Transactions	174
PART IV	CORPORATE GOVERNANCE	162
Item 13.	Corporate Governance	162
PART V	EXHIBITS AND SCHEDULES	176
Item 14.	Exhibits and Reports on SEC Form 17-C	176
	Reports on SEC Form 17-C	163
SIGNATURES		
ANNEX A	CORPORATE STRUCTURE	
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES		

PART 1 – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

The Registrant, Aboitiz Equity Ventures, Inc. (AEV), is the public holding and management company of the Aboitiz Group, one of the largest conglomerates in the Philippines. Incorporated on September 11, 1989, the Company was originally known as Cebu Pan Asian Holdings, Inc. Its name was changed to Aboitiz Equity Ventures, Inc. on December 29, 1993, and its ownership was opened to the general public through an Initial Public Offering (IPO) of its common shares in 1994. Since then, the Company has expanded its portfolio into a wide range of businesses.

As part of its efforts to streamline its operations and focus on its core businesses of power, banking, food, real estate, and infrastructure, AEV completed the divestment of its interests in the shipping and shipping-related businesses by disposing of all its investments in Aboitiz Jebsen Company, Inc., Aboitiz Jebsen Manpower Solutions, Inc., and Jebsen Maritime, Inc. (collectively the “Abojob Group”) to PTC Holdings Corporation, Behike Holdings, Inc., Valdicava Holdings, Inc., Jebsen Invest A.S., and Furunes Holdings, Inc in 2012. The total purchase price of AEV’s interests in the Abojob Group is equivalent to US\$8.3 million (mn).

In 2013, AEV transferred its corporate headquarters from Cebu to Metro Manila. The transfer, including the corresponding amendment to the Company’s corporate documents, was approved by the stockholders during the May 20, 2013 Annual Stockholders’ Meeting. AEV’s current principal office address is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. AEV and its Subsidiaries still maintain administrative and liaison offices in Cebu.

On November 8, 2013, the Securities and Exchange Commission (SEC) approved AEV’s application for the issuance of fixed-rate corporate retail bonds (the “2013 Bonds”) with an aggregate principal amount of up to ₱10 billion (bn). The 2013 Bonds, which received the highest possible rating of “PRS Aaa” rating from the Philippine Rating Services Corporation (PhilRatings), were issued simultaneously in two (2) series, the seven (7)-year bonds with a fixed-interest rate of 4.4125% per annum, and the ten (10)-year bonds with a fixed-interest rate of 4.6188% per annum. The 2013 Bonds are also listed with the Philippine Dealing & Exchange Corporation (PDEX), the Philippine fixed-income securities market which provides an electronic trading platform of exchange for fixed-income securities.

On August 28, 2014, the Board of Directors approved the sale of up to 50 mn of AEV’s common shares held in treasury. The shares were sold in tranches at prevailing market prices through the facilities of the PSE. The Board of Directors delegated to management the authority to determine the timing of the sale of treasury shares. The Company also disposed a total of 63,331,000 treasury shares through private placement, thereby increasing the Company’s issued and outstanding shares from 5,565,461,557 to 5,633,792,557 as of March 31, 2017.

On March 26, 2015, AEV’s Board of Directors approved the issuance of fixed-rate retail bonds in the aggregate amount of up to ₱25 bn, inclusive of oversubscription (the “2015 Bonds”). SEC issued the Order of Registration and Certificate of Permit to Offer Securities for Sale for the 2015 Bonds on July 27, 2015, and the same were then offered to the public on July 28, 2015 until July 31, 2015.

The first tranche equivalent to ₱24 bn was issued in three (3) series, as follows:

Series	Maturity Date	Interest Rate Per Annum
Series A	Five Years and Three Months	4.4722%
Series B	Seven Years	5.0056%
Series C	Twelve Years	6.0169%

Same as the 2013 Bonds, PhilRatings gave the 2015 Bonds the highest possible rating of “PRS Aaa” and were also registered with PDEX.

Currently, AEV's core businesses, conducted through its various Subsidiaries and Associates, can be grouped into six (6) main categories: (a) power generation, distribution, and retail electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; (e) infrastructure; and (f) portfolio investments (parent company/others).

The Company is continually in the lookout for possible business opportunities that will augment and complement its core businesses.

Power Generation, Distribution, and Retail Electricity Supply

AEV's power Business Unit, Aboitiz Power Corporation (AboitizPower) is a publicly listed holding company that, through its Subsidiaries and Affiliates, is a leader in the Philippine power industry and has interests in a number of privately-owned generation companies and distribution utilities. In July 2007, ownership in AboitizPower was opened to the public through an IPO of its common shares in the Philippine Stock Exchange (PSE). AEV owns 76.88% of the outstanding capital stock of AboitizPower as of March 28, 2018.

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

In December 1978, ACO divested its ownership interests in Ormoc Electric Light Company and Jolo Power Company to allow these companies to be converted into electric cooperatives, which was the policy being promoted by former President Ferdinand Marcos. ACO sold these two (2) companies and scaled down its participation in the power distribution business in order to focus on the more lucrative franchises held by Cotabato Light, Davao Light, and VECO.

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 June 26, 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 fourteen (14) plants with 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 National Power Corporation (NPC) to develop and operate the 70-MW Bakun AC hydroelectric plant in Ilocos Sur ("Bakun AC Plant").

AboitizPower was incorporated on February 13, 1998 as a holding company for the Aboitiz Group's investments in power generation and distribution. However, in order to prepare for growth in the power generation industry, AboitizPower was repositioned in the third quarter of 2003 as a holding company that owned power generation assets only. The divestment by AboitizPower of its power distribution assets was achieved through a property dividend declaration in the form of AboitizPower's ownership interests in the different power distribution companies. The property dividend declaration effectively transferred direct control over the Aboitiz Group's power distribution business to AEV. Further, in 2005, AboitizPower 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, Inc. (Hedcor).

In December 2006, AboitizPower and its partner, Statkraft Norfund Power Invest AS of Norway, through SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat), submitted the highest bid for the 360-MW Magat hydroelectric plant ("Magat Plant") auctioned by the Power Sector Assets and Liabilities Management

(PSALM) Corporation. The price offered was US\$530 mn. PSALM turned over possession and control of the Magat Plant to SN Aboitiz Power-Magat on April 26, 2007.

In a share swap agreement with AEV on January 20, 2007, AboitizPower issued a total of 2,889,320,292 of its common shares in exchange for AEV's ownership interests in the following Distribution Utilities:

- (a) An effective 55% equity interest in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales and the largest distribution utility in the Visayas region;
- (b) 100% equity interest in each of Davao Light and Cotabato Light. Davao Light is the third largest privately owned distribution utility in the Philippines in terms of customers and annual GWh sales;
- (c) An effective 64% ownership interest in Subic EnerZone Corporation (SEZ), which manages the Power Distribution System (PDS) of the Subic Bay Metropolitan Authority (SBMA); and
- (d) An effective 44% ownership interest in San Fernando Electric Light and Power Co., Inc. (SFELAPCO), which holds the franchise to distribute electricity in the city of San Fernando, Pampanga, in Central Luzon and its surrounding areas.

In February 2007, AboitizPower, through its wholly-owned Subsidiary, Therma Power, Inc. (TPI), entered into a Memorandum of Agreement (MOA) with Taiwan Cogeneration International Corporation (TCIC) to collaborate in the building and operation of an independent coal-fired power plant in the Subic Bay Freeport Zone, called the Subic Coal Project. In May 2007, Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the project company that will undertake the Subic Coal Project. In July 2011, Meralco PowerGen Corporation (MPGC), TCIC, and TPI entered into a Shareholders' Agreement to formalize their participation in RP Energy. MPGC took the controlling interest in RP Energy, while TCIC and TPI maintained the remaining stake equally.

On April 20, 2007, AboitizPower acquired 50% of the outstanding capital stock of East Asia Utilities Corporation (EAUC) from El Paso Philippines Energy Company, Inc. (El Paso Philippines). EAUC operates a Bunker C-fired plant with a capacity of 50 MW within the Mactan Export Processing Zone I (MEPZ I) in Mactan Island, Cebu. On the same date, the Company also acquired 60% of the outstanding common shares of Cebu Private Power Corporation (CPPC) from EAUC. CPPC operates a 70-MW Bunker C-fired plant in Cebu City. On June 14, 2016, in line with its target to increase its attributable net sellable capacity to 4,000 MW by 2020, AboitizPower, through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines.

On June 8, 2007, as part of the reorganization of the power-related assets of the Aboitiz Group, AboitizPower acquired from its Affiliate, Aboitiz Land, Inc. (AboitizLand), a 100% interest in Mactan Enerzone Corporation (MEZ), which owns and operates the Power Distribution System in MEPZ II in Mactan, Cebu, and 60% interest in Balamban Enerzone Corporation (BEZ), which owns and operates the Power Distribution System in West Cebu Industrial Park-Special Economic Zone (WCIP-SEZ) in Balamban, Cebu. AboitizPower also consolidated its ownership interests in SEZ by acquiring the combined 25% interest in SEZ held by AEV, SFELAPCO, Okeelanta Corporation (Okeelanta), and Pampanga Sugar Development Corporation (PASUDECO). 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 IPO price of ₱5.80 per share in exchange for the foregoing equity interests in MEZ, BEZ, and SEZ.

Ownership in AboitizPower was opened to the public through an IPO of its common shares in July 2007. Its common shares were officially listed in the PSE on July 16, 2007.

In August 2007, AboitizPower, together with Vivant Energy Corporation (VEC), signed a MOA with Global Business Power Corporation (Global Power) of the Metrobank group for the construction and operation of a 3x82-MW coal-fired power plant in Toledo City, Cebu ("Cebu Coal Project"). TPI and Vivant Integrated Generation Corporation (VIGC) thereafter formed Abovant Holdings, Inc. (Abovant) as the investment vehicle of their 44% equity interest in Cebu Energy Development Corporation (Cebu Energy), the project company of the Cebu Coal Project. AboitizPower owns a 60% equity interest in Abovant and effectively holds a 26.4% beneficial interest in Cebu Energy.

On November 15, 2007, AboitizPower closed the purchase of the 34% equity ownership in STEAG State Power Inc. (STEAG Power), owner and operator of a 232-MW coal-fired power plant located in PHIVIDE Industrial Estate in Misamis Oriental, Northern Mindanao. AboitizPower won the competitive bid to buy the 34% equity in STEAG Power from Evonik Steag GmbH (formerly known as Steag GmbH) in August 2007. The total purchase price for the 34% equity in STEAG Power is US\$102 mn, inclusive of interests.

On November 28, 2007, SN Aboitiz Power–Benguet, Inc. (SN Aboitiz Power–Benguet), the consortium between AboitizPower and SN Power AS of Norway, submitted the highest bid for the Ambuklao-Binga Hydroelectric Power Complex, then consisting of the 75-MW Ambuklao hydroelectric power plant (HEPP) located in Bokod, Benguet and the 100-MW Binga HEPP located in Itogon, Benguet. The price offered was US\$325 mn.

In 2007, AboitizPower entered into an agreement to buy the 20% equity of Team Philippines Industrial Power II Corporation (Team Philippines) (formerly: Mirant (Phils.) Industrial Power II Corp.) in SEZ for ₱92 mn. Together with Davao Light’s 35% equity in SEZ, this acquisition brought AboitizPower’s total equity in SEZ to 100%.

In 2008, AboitizPower bought the 40% equity ownership of Tsuneishi Holdings (Cebu), Inc. (THC) in BEZ for approximately ₱178 mn. The acquisition brought AboitizPower’s total equity in BEZ to 100%.

On May 26, 2009, AP Renewables Inc. (APRI), a wholly-owned Subsidiary of AboitizPower, took over the ownership and operations of the 289-MW Tiwi geothermal power facility in Albay and the 458-MW Makiling-Banahaw geothermal power facility in Laguna (collectively referred to as the “Tiwi-MakBan Geothermal Facilities”) after winning the competitive bid conducted by PSALM on July 30, 2008. Currently, the Tiwi-MakBan Geothermal Facilities have a sustainable capacity of approximately 693.2 MW.

Therma Luzon, Inc. (TLI), a wholly-owned Subsidiary of AboitizPower, won the competitive bid for the appointment of the Independent Power Producer Administrator (IPPA) of the 700-MW (2x350 MW) contracted capacity of the Pagbilao Coal-Fired Power Plant on August 28, 2009 (“Pagbilao Plant”). It assumed dispatch control of the Pagbilao Plant on October 1, 2009, becoming the first IPPA in the country. As IPPA, TLI is responsible for procuring the fuel requirements of, and for selling the electricity generated by the Pagbilao Plant. The Pagbilao Plant is located in Pagbilao, Quezon.

AboitizPower, through its wholly-owned Subsidiary, Therma Marine, Inc. (TMI), assumed ownership over Mobile 1 and Mobile 2, both barge-mounted diesel-powered generation plants, on February 6, 2010 and March 1, 2010, respectively. TMI acquired these power barges from PSALM for US\$30 mn through a negotiated bid concluded on July 31, 2009. Each of the power barges has a generating capacity of 100 MW. Mobile 1 and Mobile 2 are moored at Barangay San Roque, Maco, Compostela Valley and Nasipit, Agusan del Norte, respectively. Prior to AboitizPower’s acquisition of the barges, Mobile 1 was referred to as Power Barge (PB) 118 while Mobile 2 was referred to as PB 117.

On May 27, 2011, Therma Mobile, Inc. (TMO), a wholly-owned Subsidiary of AboitizPower, acquired four (4) barge-mounted floating power plants located at Navotas Fishport, Manila, including their respective operating facilities, from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation. The barge-mounted floating power plants have a total installed capacity of 242 MW. The barges had undergone rehabilitation in July 2011, and started commercial operations on November 12, 2013 at a capacity of 100 MW. The current dependable capacity of 204 MW of the barges was attained and proven in a successful capacity test in April 2015.

To meet the demands of AboitizPower’s growing business, it transferred its corporate headquarters from Cebu City to Metro Manila. The transfer to its present principal office address was approved by the stockholders during the May 20, 2013 Annual Stockholders’ Meeting, and the amended Articles of Incorporation was approved by the SEC on July 16, 2013. AboitizPower’s current principal office address is at 32nd Street, Bonifacio Global City, Taguig City, Metro Manila.

In 2013, Aboitiz Energy Solutions, Inc. (AESI) won forty (40) strips of energy corresponding to 40 MW capacity of Unified Leyte Geothermal Power Plant (ULGPP). The notice of award was issued to AESI on January 29, 2014. This allowed AESI to sell 40 MW of geothermal power from ULGPP beginning January 1, 2015.

On March 31, 2014, Therma Power Visayas, Inc. (TPVI) was declared the highest bidder for the privatization of the Naga Power Plant Complex (NPPC) located in Colon, Naga City, Province of Cebu. SPC Power Corporation (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. Senator Sergio R. Osmeña III filed a petition for certiorari and prohibition to enjoin PSALM from implementing SPC's right-to-top, and to declare the said right-to-top null and void. PSALM, SPC, and TPVI were impleaded as respondents. In its September 28, 2015 Decision, the Supreme Court cancelled the award to SPC on the finding that SPC's right-to-top is void for lack of interest or right to the object over which the right to top is to be exercised. The Supreme Court has denied the motions filed by SPC with finality and issued an Entry of Judgement on January 9, 2017. SPC filed with the Supreme Court a Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016 and a Supplemental Motion/Petition for Release to the *en banc* dated January 16, 2017. These were denied by the Supreme Court in a Resolution dated April 26, 2017.

On May 15, 2014, TPI entered into a Joint Venture Agreement with TPEC Holdings Corporation to form Pagbilao Energy Corporation (PEC). PEC is the project company that owns and operates the 400-MW Pagbilao Unit 3 ("Pag3"), located in the same site as the existing 700-MW Pagbilao Units 1 and 2 coal-fired thermal power plants in Pagbilao, Quezon. PEC started commercial operations in March 2018.

On June 19, 2014, AboitizPower acquired 100% ownership interest in Lima Utilities Corporation, now Lima Enerzone Corporation (LEZ), from Lima Land, Inc. (Lima Land), a wholly-owned Subsidiary of AboitizLand. LEZ is the electricity distribution utility serving the Lima Technology Center (LTC) located in Lipa City, Batangas. LEZ manages a 50-megavolt ampere (MVA) substation with dual power supply system connected through a 69-kilovolt (kV) transmission line of the NPC. The LEZ substation is directly connected to the Grid in Batangas City with an alternate connection to the MakBan geothermal line.

On August 28, 2014, AboitizPower through its Subsidiary, TPI, signed a Shareholders' Agreement allowing VIGC and the Vivant Group to own no more than 20% of the issued and outstanding shares of Therma Visayas, Inc. (TVI), the project company for the construction of the 2x150 MW circulating fluidized bed (CFB) coal-fired power plant in Barangay Bato, Toledo City, Cebu. Construction of Units 1 and 2 is underway with targeted commercial operations targeted in 2018.

On August 29, 2014, the SEC approved AboitizPower's application for the issuance of fixed-rate corporate retail bonds with an aggregate principal amount of up to ₱10 bn (the "2014 Bonds"). The 2014 Bonds, which received the highest possible rating of "PR3 Aaa" rating from PhilRatings, were issued simultaneously in two series, the seven (7)-year bonds with a fixed-interest rate of 5.205% per annum, and the twelve (12)-year bonds with a fixed-interest rate of 6.10% per annum. The 2014 Bonds are listed with the PDEX.

On August 18, 2015, AboitizPower, through its holding company for renewable assets, Aboitiz Renewables, Inc. (ARI), entered into a Shareholders' Agreement with Sun Edison Philippines Helios BV (Sunedison Philippines) to jointly explore, develop, construct, and operate utility scale solar photovoltaic power generation projects in the Philippines. Their project vehicle, San Carlos Sun Power, Inc. (Sacasun), has undertaken the acquisition, development, and exploration of the 59-Megawatt peak (MWp) solar photovoltaic power generation project in San Carlos City, Negros Occidental. Subsequently, Sunedison, Inc. (SUNE), the parent company of Sunedison Philippines, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. ARI thereafter filed default notices against Sunedison Philippines on July 15, 2016, and on December 29, 2016, acquired Sacasun's loan from BDO Unibank, Inc. (BDO). On December 4, 2017, AboitizPower International acquired SunE Solar B.V.'s (SunE Solar) equity interest in Sunedison Philippines, resulting in the divestment by SUNE and its subsidiaries' participation in the Sacasun Project.

On September 18, 2015, TSI declared full commercial operations of the first of its two 150-MW units of the planned 300-MW CFB coal-fired power plants in Davao del Sur. TSI's Unit 1 delivered contracted power to

more than twenty customers consisting of electric cooperatives and distribution utilities all over Mindanao. TSI's Unit 2 started full commercial operations on February 2, 2016.

In 2015, AboitizPower explored the following potential projects in pursuit of its undertaking to expand its business in Asia: a 127-MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia, and a 2x55 MW Greenfield geothermal plant in East Java Province, Indonesia. On January 31, 2017, after reviewing its overall capital commitments, AboitizPower decided to exit from the latter project and allow its partner, PT Medco Power Indonesia, to proceed with the project.

On October 3, 2016, TPI was selected as the preferred bidder for the competitive tender process undertaken by certain investment funds affiliated with The Blackstone Group L.P. for the indirect sale of all of their partnership interests in GNPowder Mariveles Coal Plant Ltd. Co. (GNPower Mariveles or GMCP) and GNPowder Dinginin Ltd. Co. (GNPower Dinginin or GNPD). On October 4, 2016, the Purchase and Sale Agreements for the acquisition was finalized, and the acquisition was completed on December 27, 2016, Philippine time, upon receipt of the approvals from the Philippine Competition Commission (PCC) and the Philippine Board of Investments (BOI). On August 29, 2017, GMCP signed a Notes Facility Agreement with a consortium of lenders in the amount of up to US\$800 mn. The proceeds of the notes will be used by GMCP to refinance its existing loans and for other general corporate purposes. On December 12, 2017, GNPD achieved financial close for the project financing of the second unit of its 2x668MW super-critical coal fired power plant in Dinginin, Bataan. TPI is also restructuring its share ownership in GNPD and GMCP, through the transfer of direct ownership of GNPD and GMCP from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPD and GMPC shares. As of March 31, 2018, TPI directly owns 66.01% of the partnership interest in GMCP and 50% of the partnership interest in GNPD.

On March 23, 2017, the Board of Directors of AboitizPower approved the issuance of fixed-rate corporate retail bonds in the aggregate amount of up to ₱30 bn ("2017 Bonds"), registered under the shelf registration program of the SEC to be issued in tranches. On May 16, 2017, PhilRatings assigned an issue credit rating of "PRS Aaa" with Stable Outlook for the first tranche of the 2017 Bonds. SEC issued the Order of Registration and Certificate of Permit to Offer Securities for Sale on June 19, 2017. On July 3, 2017, an aggregate amount of ₱3 bn Series "A" Bonds was issued with a fixed interest rate of 5.3367% per annum. The Series "A" Bonds, which will mature on July 3, 2027, were listed with PDEX, allowing for the 2017 bonds to be traded in the secondary market.

On January 15, 2018, Aseagas Corporation (Aseagas), a wholly-owned Subsidiary of AboitizPower, announced that it will permanently cease operations of its 8.8-MW biomass plant in Lian, Batangas ("Aseagas Plant"). Aseagas has earlier suspended its commissioning due to the unavailability of the supply of organic effluent wastewater from its supplier, Absolut Distillers, Inc. Aseagas also prepaid its outstanding loan with the Development Bank of the Philippines amounting to ₱3.7 bn. Despite the closure of the Aseagas plant, AboitizPower expects to remain on track to add some 500 MW of attributable capacity in 2018, mainly from baseload and hydropower plants, pursuant to the AboitizPower's 2020 target of 4,000 MW of net attributable capacity.

In 2018, AboitizPower is set to enter the rooftop solar business through Aboitiz Power Distributed Energy, Inc. (APX1) in order to further 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. To date, AboitizPower has 1,272 MW of net sellable capacity, through its partners, under its Cleanergy brand. AboitizPower is pushing for a balanced mix strategy — maximizing Cleanergy while taking advantage of the reliability and cost efficiency of thermal power plants.

Financial Services

(a) Banking

AEV's financial services group is composed of Union Bank of the Philippines (UnionBank) and its subsidiaries, and PETNET, Inc. (PETNET), a money-transfer company. UnionBank is a publicly listed universal bank. It was

incorporated on August 16, 1968 and was originally known as Union Savings and Mortgage Bank. The Bank's common shares were listed in the PSE on June 29, 1992. It was granted the license to operate as a universal bank in the same year, on July 15, 1992. UnionBank became the thirteenth and youngest universal bank in the country to be listed in the PSE after operating as a commercial bank for only ten (10) years. In January 2013, the Company and its Subsidiary, Pilmico Foods Corporation (Pilmico) accepted the offer of UnionBank to purchase all of their outstanding shares in City Savings Bank, Inc. (CitySavings), a Cebu-based thrift bank. On the other hand, PETNET is the largest Western Union Company (Western Union) agent network in the Philippines.

UnionBank's principal shareholder groups include AEV; Social Security System, a government-owned and -controlled corporation that provides social security to workers in the private sector; and Insular Life Assurance Co., Ltd. (Insular Life), one of the leading and largest Filipino-owned life insurance companies in the Philippines.

UnionBank has undertaken two (2) bank mergers, first with International Corporate Bank (Interbank) in 1993 and then with International Exchange Bank (iBank) in 2006, catapulting it as one of the ten (10) largest universal banks in the Philippines based on asset size.

On April 26, 2007, UnionBank embarked on a primary offering of 90 mn new common shares in order to strengthen its capital adequacy ratio in anticipation of Basel II requirements, thereby enhancing its financial flexibility. The offering expanded the shareholder base by 16.3% and raised additional equity worth over ₱5.1 bn. These new shares were listed in the PSE on May 10, 2007.

On October 14, 2009, UnionBank issued ₱3.75 bn worth of unsecured subordinated debt, eligible as Lower Tier 2 capital, with an interest rate of 7.375% per annum. It exercised the call option feature of the debt instrument on January 14, 2014 after obtaining approval from the Bangko Sentral ng Pilipinas (BSP) on November 22, 2013.

On January 8, 2013, UnionBank's Board of Directors approved the purchase of CitySavings, a premier thrift bank which specializes in granting teacher's loans under the Department of Education's (DepEd) Automatic Payroll Deduction System (APDS). The transaction was approved by the Monetary Board of the BSP on March 21, 2013. The acquisition of CitySavings was and remains aligned with UnionBank's business plans and long-term strategy of building businesses based on consumers.

On October 20, 2013, UnionBank raised a total of ₱3.0 bn from its initial offering of Long-Term Negotiable Certificates of Deposits (LTNCDs). The LTNCDs carry a coupon rate of 3.50% per annum, payable quarterly beginning January 18, 2014. Proceeds of the issuance were utilized to improve the Bank's deposit maturity profile and support business expansion plans.

On October 16, 2014, an amendment to UnionBank's Articles of Incorporation was approved by the SEC, whereby the authorized capital stock increased from ₱6.7 bn to ₱23.1 bn, divided into approximately 1.3 bn common shares with par value of ₱10.00 each and 100 mn preferred shares with par value of ₱100.00 each. UnionBank likewise obtained BSP approval for the payment of 65% stock dividends, which was used to fund the 25% subscription relating to the increase in capital stock. Record date and payment date for the aforesaid dividend declaration were set on November 18, 2014 and December 4, 2014, respectively.

On November 20, 2014, UnionBank issued ₱7.2 bn of Basel III-compliant Tier 2 Unsecured Subordinated Notes with a coupon rate of 5.375% per annum, due February 20, 2025, and callable on February 20, 2020.

On August 16, 2016, UnionBank signed a Cooperation Agreement with Lombard Odier & Co., a leading global wealth and asset manager, to expand its wealth and asset management businesses. The Bank and Lombard Odier plan to offer estate planning solutions and launch a global and diversified multi-asset fund customized to UnionBank's high-net-worth and ultra-high-net-worth clients' requirements. In July 2017, the Capital Accumulation Global Fund of Funds, a US dollar-denominated fund of funds that is invested in various mutual funds and exchange traded funds in the global markets, was launched.

On December 15, 2016, UnionBank's subsidiaries, Union Properties Inc. and CitySavings received approval from the Monetary Board of the BSP to finalize the joint-acquisition of the majority stake in First-Agro Industrial Rural Bank (FAIRBank). Established in 1999 to serve the microfinance community, FAIRBank provides banking and microfinance services and loan products to micro, small, and medium enterprises, and micro housing institutions.

On January 27, 2017, UnionBank and its subsidiary, CitySavings, entered into a bancassurance partnership with Insular Life Assurance Company, Ltd. On April 4, 2017, the BSP granted UnionBank and CitySavings the authority to engage in cross-selling activities with Insular Life across its network.

On November 22, 2017, UnionBank announced the issuance of US\$400 mn in Fixed Rate Senior Notes, as the debut drawdown under the Bank's Medium Term Note Programme. On November 27, 2017, the Bank launched an upsize of US\$100 mn. This brings its total Senior Notes issuance to \$500 million, issued at par with a yield of 3.369% per annum, maturing November 29, 2022. The said bonds were rated Baa2 by Moody's, identical to the issuer rating given to UnionBank, and were listed in the Singapore Stock Exchange.

On February 26, 2018, City Savings agreed to acquire 33.73% of the outstanding capital of Philippine Resources Savings Bank Corporation from International Finance Corporation, an Isabela-based bank engaged in extending motorcycle, agri-machinery, and teachers' salary loans. The sale is subject to approval by the Philippine Competition Commission (PCC) and by the BSP.

(b) Other Financial Services

On June 1, 2015, AEV acquired 51% equity stake in PETNET, more widely known by its retail brand name "pera Hub", has over 2,800 outlets nationwide which offers a variety of cash-based services including remittance, currency exchange, and bills payment. In the third quarter of 2015, PETNET, as an outsourced service provider of CitySavings, started facilitating and accepting applications for DepEd salary loans. In December 2015, it likewise provided the same services to CitySavings for Government Service Insurance System (GSIS) pension loans.

On February 9, 2018, AEV agreed to sell its 51% equity ownership in PETNET to CitySavings and Union Properties, Inc. The sale and the resulting consolidation of PETNET as part of the UnionBank Group is seen to unlock shareholder value from the synergies between the core businesses of CitySavings and PETNET. The sale is subject to the approval by the PCC and by the BSP.

Food Manufacturing

AEV through its food manufacturing Business Units, Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and Pilmico International Pte. Ltd., is engaged in the business of flour, hog and layer farms, animal feeds, and by products.

(a) Feeds and Flour

Incorporated on August 8, 1958, Pilmico began as a joint venture of the Aboitiz Group, the Lu Do Group, the Soriano Group and the Pillsbury Group of the United States of America (U.S.A.). The Lu Do, Soriano, and Pillsbury Groups eventually sold all their shareholdings to AEV.

In September 2008, Pilmico commenced commercial operations of its new 115,000 metric-ton (MT) Feed Mill 1 located within its flour mill complex in Iligan City. In October 2010, Pilmico completed the construction of its Iligan Feed Mill 1 Line 2, doubling its capacity to produce high quality animal feeds. This allowed Pilmico to meet the growing demand for animal feeds in the Visayas and Mindanao regions, to achieve operating cost efficiencies and yield improvements.

In order to address additional raw material requirements and feeds volume caused by the expansion of feed mills, Pilmico expanded its port facilities, as well as its unloading and storage capabilities, in Iligan: the port expansion in 2012 to accommodate Panamax vessels, and Inter-Island Pier 2 in 2015. This resolved the

bottleneck in the delivery of raw materials to Iligan and the distribution of feeds to the other parts of Visayas and Mindanao.

In April 2016, Pilmico's Iligan Feed Mill 2 commenced commercial operations. This additional 124,800 MT in feed mill capacity answered the growing demand of feeds in the Visayas and Mindanao regions. In addition, Pilmico also completed a powermix line in 2016 in support of the growing poultry business.

Anchoring on Pilmico's core strength as a flour miller, Pilmico had taken the opportunity to grow the flour business internationally. In June 2014, Pilmico established its first Southeast Asian representative office in Jakarta Selatan, Indonesia, followed by the creation of another representative office in Ho Chi Minh City, Vietnam in March 2015. Pilmico's international expansion allowed it to build its market in the Indochina region, deepen its reach in the ASEAN market, and increase its competitiveness in the flour milling industry.

Through these representative offices, Pilmico was also able to establish its flour export business, successfully distributing its flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia, and Indonesia. Further efforts will be made by Pilmico to strengthen its presence in the ASEAN region.

In 2017, Pilmico broke ground in building new warehousing and silo storage to support volume growth in the feeds and flour businesses. This is slated for completion in second quarter of 2018.

(b) Hog and Layer Farms

In June 1997, Pilmico entered into the swine production and animal feeds business through Pilmico Animal Nutrition Corporation (PANC) (formerly Fil-Am Foods, Inc.). PANC was a joint venture with Tyson International Holding Co. (Tyson), a subsidiary of Tyson Foods, and PM Nutrition Company, Inc. (PMNC), an affiliate of Purina Mills, Inc. In October 2002, Pilmico acquired the shareholdings of Tyson and PMNC, thus making PANC its wholly-owned Subsidiary. At present, Pilmico, together with another wholly-owned Subsidiary, Filagri Holdings, Inc., owns 100% of PANC.

In January 1999, PANC began commercial operations of its feed mill plant located in Capas, Tarlac to cater to the growing demand of feeds in Luzon. During the second half of 1999, PANC started its swine operations with a sow level of 4,750 heads.

In November 2008, PANC constructed a biogas system which converts hogs' waste to biogas, making its farms partially self-sufficient for their electricity requirements. In 2009, PANC first expanded its farms, which brought the company's sow level to 6,500 heads. By 2012, the farms' capacity was once again ramped up to increase its sow level to 8,360 heads, which was achieved in early 2015. This increased the average monthly hog sales volume to 13,000 heads.

In December 2015, PANC started its layer farms operations. The layer farm facility was completed and became fully-operational by December 2016. This layer farm facility can hold up to 173,000 egg-laying chickens that would translate to 4 million eggs per month.

To support the growing Luzon commercial feeds volume as well as the rising internal layer and swine farm requirements, PANC successfully completed its Tarlac's Feed Mill 2. This resulted in an additional 124,800 MT in feed mill capacity.

In 2017, PANC successfully completed the increase of its sow level to 14,000, twice the size of its farms business from its first expansion in 2012. At this 14,000 sow level, monthly sales volume reached 22,000 heads. This made PANC as one of the biggest commercial producers of market hogs in the country.

To continually grow the farms business, PANC intends to increase its sow level to 20,000 by 2020.

(c) International Animal and Aqua Feeds

In 2014, AEV began its expansion into the Vietnamese market via the aqua feeds and animal feeds segment through Pilmico International Pte. Ltd. (Pilmico International), the Company's Singapore-based Affiliate.

Pilmico International acquired 70% of the total outstanding shares in Vin Hoan 1 Feed JSC (VHF), one of the largest aqua feed producers in Vietnam. This allowed the Food Group to expand its feeds business in Vietnam and build its market base internationally. After completion of the acquisition, VHF was thereafter renamed as Pilmico VHF. Under its share purchase agreement, Pilmico International has the obligation to purchase the remaining 30% of the outstanding shares of Pilmico VHF within a period of five (5) years. Thus, on August 1, 2017, Pilmico International acquired an additional 15% equity interest, for a total of 85% ownership stake in Pilmico VHF. Pilmico VHF was thereafter renamed as Pilmico Vietnam Feeds Joint Stock Company (PVF).

In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Viet Nam Trading Company Ltd. (Pilmico Vietnam Trading). Pilmico Vietnam Trading will be the vehicle used for the importation and distribution of Pilmico products in the Vietnam market.

In 2017, Pilmico International further expanded its core feeds business in Vietnam through the acquisition of 70% equity interest in Europe Nutrition Joint Stock Company (Eurofeed).

Real Estate

Incorporated on June 2, 1964, AboitizLand (formerly Central Visayan Warehousing Co., Inc.) is the real estate arm of the Aboitiz Group. It is engaged in the design and development of distinct communities for residential, industrial, and commercial use.

AboitizLand currently has eight (8) residential projects in the selling phase across three different product types: lot only, house and lot, and condominiums. It is the developer and operator of three economic zones: (a) the Mactan Economic Zone II (MEZ II) in Barangay Basak, Mactan, Lapu Lapu City; (b) the West Cebu Industrial Park (WCIP) in Balamban, Cebu, through its Subsidiary, Cebu Industrial Park Developers Inc. (CIPDI); and (c) the Lima Technology Center in Malvar, Batangas. It also has four (4) commercial projects, namely: (a) The Persimmon Plus in Mabolo, Cebu City; (b) the iMez Building, (c) Pueblo Verde; and (d) The Outlets at Pueblo Verde, all of which are located in Barangay Basak, Mactan, Lapu-Lapu City.

In 2013, AboitizLand acquired a 60% majority stake in LimaLand, the owner and operator of the Lima Technology Center, a 590-hectare PEZA-registered industrial park located in Batangas. AboitizLand was able to fully acquire LimaLand following the purchase of the remaining 40% ownership interest in February 2014.

In January 2014, AboitizLand and Ayala Land Inc. (Ayala Land) entered into a joint venture for the development of a 15-hectare property located in Subangdaku, Mandaue City, Cebu. In 2015, its project company, Cebu District Property Enterprise, Inc. (CDPEI), began the development of the property into a city center. The proposed city center has residential and commercial spaces with retail and office components, and with direct access to major roads and public transport facilities.

In the first half of 2017, AboitizLand launched Seafront Residences, a 43-hectare beachside community located in San Juan, Batangas, and Foressa Mountain Town, a 250-hectare mountain town community located in Balamban, Cebu.

AboitizLand expects to launch additional projects in 2018, which will contribute to the growing portfolio of both its residential and commercial segments.

Infrastructure

Incorporated on January 13, 2015, Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) (formerly: AEV Infracapital, Inc.) is the investment vehicle in all infrastructure related investments of the Aboitiz Group.

In February 2015, AEV pre-qualified for the bidding of the operation and maintenance of the existing LRT Line 2 ("LRT2") system. The Company, in partnership with SMRT International Pte. Ltd (SMRT), is participating in the bid through a consortium referred to as the Aboitiz-SMRT Transport Solutions Consortium. SMRT is a wholly-owned subsidiary of SMRT Corporation Ltd., a multi-modal transport service provider in Singapore offering rail, bus, and taxi services. SMRT is the largest rail operator in Singapore, operating three of the five

metro lines and a light rail system. As of date, the implementing agencies, the Department of Transportation (DOTr) and the Light Rail Transit Authority (LRTA), postponed the bid process indefinitely until further notice.

On March 17, 2015, Apo Agua Infraestructura, Inc. (Apo Agua), a joint venture company with J.V. Angeles Construction Company (JVACC), entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with Davao City Water District (DCWD). The proposed joint venture includes the construction of both a hydroelectric-powered bulk water treatment facility and the conveyance system needed to deliver treated bulk water to numerous DCWD delivery points. Following the execution of the Engineering, Procurement, and Construction (EPC) contract with JVACC on February 6, 2018, construction is expected to commence during the first half of 2018.

On September 15, 2015, the Company and CRH plc through their investment vehicles, through AEV CRH Holdings, Inc. (AEV CRH), CRH Aboitiz Holdings, Inc. (CRH Aboitiz), closed the acquisition of the Lafarge S.A.'s Philippine assets, which included four Luzon-based cement manufacturing plants located in Bulacan, Norzagaray, Teresa, and Batangas; an integrated plant in Iligan, Mindanao; a cement grinding mill in Danao City, Cebu; and associated limestone quarries. CRH plc is a global leader in the manufacture and supply of a diverse range of building materials and products for the modern built environment.

The Company, through Team Trident consortium, also filed prequalification documents for the Public-Private Partnership (PPP) bid to finance, design, construct, operate, and maintain the Laguna Lake Expressway-Dike Project. Team Trident is a consortium involving AEV, Ayala Land, Megaworld Corporation (Megaworld), SM Prime Holdings, Inc. (SMPH) and the lead member, Trident Infrastructure and Development Corporation (TIDC). TIDC is a joint venture company among AEV, Ayala Land, Megaworld, and SMPH incorporated for purposes of pre-qualifying for the bidding and evaluating the feasibility of the project. On March 28, 2016, in consensus with the rest of the members of the consortium, Team Trident did not submit a bid for the Laguna Lake Expressway-Dike Project.

On February 12, 2018, Aboitiz Infracapital, as part of a consortium of several of the country's major conglomerates, submitted an unsolicited proposal to DOTr for the rehabilitation and transformation of the Ninoy Aquino International Airport (NAIA) into a regional airport hub. The consortium plans to work with foreign technical partners with proven world-class track records and experiences in airport operations to improve, upgrade, and enhance the operational efficiencies of NAIA covering both landside and airside facilities.

On March 7, 2018, Aboitiz InfraCapital submitted to the DOTr an unsolicited proposal to upgrade, expand, operate, and maintain four major Philippine airports seen as key entry points into Visayas and Northern Mindanao; namely, Iloilo International Airport, Bacolod-Silay Airport, Laguindingan Airport, and New Bohol International Airport. The ₱148 bn multi-phased project aims to transform these facilities into world-class regional gateways built under the "green airports" concept. The DOTr responded that it has adopted a policy to publicly solicit bids for the operations, maintenance, improvement, and expansion of all airports under its jurisdiction, and therefore cannot accept the proposal.

Neither AEV nor any of its Subsidiaries has ever been the subject of any bankruptcy, receivership or similar proceedings.

Neither AEV 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.

(2) Business of Issuer

(a) Description of Registrant

(i) Principal Products

As of December 31, 2017, AEV's core businesses, conducted through its various Subsidiaries and Affiliates, can be grouped into six main categories as follows: (a) power distribution, power generation and retail

electricity supply; (b) financial services; (c) food manufacturing; (d) real estate; (e) infrastructure; and (f) portfolio investments (parent company/others).

Based on the SEC parameters of what constitutes a significant Subsidiary under Item XX of Annex “B” of SRC Rule 12, AboitizPower is AEV’s only significant Subsidiary. (Please see Annex “D” for the corporate structure of AEV showing the different business segments.)

GENERATION OF ELECTRICITY

Since its incorporation in 1998, AboitizPower has accumulated interests in both renewable and non-renewable generation plants. As of 2017, the power generation business accounted for 80% of earning contributions from AboitizPower’s business segments. 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 for December 31, 2017 compared to the same period in 2016 and 2015.

Generation Companies	Energy Sold			Revenue		
	2017	2016	2015	2017	2016	2015
	(in GWh)			(in mn Pesos)		
APRI	2,747	2,688	2,643	11,645	10,334	10,714
Hedcor	162	140	154	821	800	800
LHC	272	263	248	774	712	712
Hedcor Sibulan	259	189	212	1,591	1,131	1,260
Hedcor Tudaya	41	30	33	240	180	187
Hedcor Sabangan	55	28	39	325	166	228
SN Aboitiz Power - Magat	1,324	923	762	8,298	6,308	6,223
SN Aboitiz Power - Benguet	989	867	819	6,996	6,307	6,549
TLI	5,126	5,091	5,124	22,939	19,661	20,455
TSI	1,647	1,640	436	10,535	8,869	1,745*
Cebu Energy	1,724	1,723	1,713	8,752	7,966	8,109
STEAG Power	1,212	1,605	1,671	4,255	4,706	4,811
WMPC	221	355	644	1,439	1,636	1,430
SPPC	50	155	292	524	633	709
CPPC	141	146	159	1,484	1,291	1,465
EAUC	63	90	117	844	725	936
TMI	182	917	1,205	2,076	4,268	6,437
TMO	286	336	308	3,111	2,911	3,231
Davao Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral
Cotabato Light**	0	0	0	Revenue Neutral	Revenue Neutral	Revenue Neutral

* Operations of Unit 1 only.

** 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 the ERC.

Renewables

Aboitiz Renewables, Inc. (ARI)

Since the start of its operations in 1998, AboitizPower has been committed to developing expertise in renewable energy technologies. AboitizPower believes that due to the growing concerns on the environmental impact of power generation using traditional fossil fuel energy sources, greater emphasis should be placed on providing adequate, reliable, and reasonably priced energy through innovative and renewable energy technologies such as hydroelectric and geothermal. As such, a significant component of

AboitizPower's future projects is expected to focus on those that will allow the company to leverage its experience in renewable energy, while maintaining its position as a leader in the Philippine renewable energy industry.

As one of the leading providers of renewable energy in the country, AboitizPower holds all its investments in renewable energy through its wholly-owned Subsidiary, ARI. ARI was incorporated on January 19, 1995. AboitizPower, through and/or with ARI, owns equity interests in the following Generation Companies, among others:

- (a) 100% equity interest in Luzon Hydro Corporation (LHC), which operates the 70-MW Bakun AC HEPP in Ilocos Sur in Northern Luzon;
- (b) 100% equity interest in Hedcor, which operates thirteen (13) mini-hydroelectric plants (each with less than 10 MW in installed capacity) with a total capacity of 37.90 MW located in Benguet province in northern Luzon and in Davao City in Southeastern Mindanao;
- (c) 100% equity interest in Hedcor Sibulan, Inc. (Hedcor Sibulan), which operates the 49-MW Sibulan and Tudaya 1 HEPP in Davao del Sur;
- (d) 100% equity interest in Hedcor Tudaya, Inc. (Hedcor Tudaya), which operates the 7-MW Tudaya 2 HEPP in Davao del Sur;
- (e) 100% equity interest in Hedcor Sabangan, Inc. (Hedcor Sabangan), which operates the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province;
- (f) 100% equity interest in Hedcor Bukidnon, Inc. (Hedcor Bukidnon), which is currently building a 68-MW run-of-river HEPP in Manolo Fortich, Bukidnon;
- (g) 83.33% equity interest in Manila-Oslo Renewable Enterprise, Inc. (MORE), which owns SN Aboitiz Power- Magat, the company that operates the 360-MW Magat HEPP in Isabela in northern Luzon and SN Aboitiz Power-Benguet, the company that operates the 245-MW Ambuklao-Binga HEPP complex in northern Luzon;
- (h) 100% equity interest in APRI, which owns and operates the 390-MW Tiwi-MakBan geothermal facilities located in Albay, Laguna, and Batangas;
- (i) 100% beneficial ownership interest in Sacasun, the company that owns and operates 59-MWp utility-scale solar photovoltaic solar project in San Carlos City, Negros Occidental; and
- (j) 100% equity interest in Aseagas Corporation (Aseagas), the company that owns the biomass plant in Lian, Batangas, which has ceased operations.

Run-of-River Hydros

Luzon Hydro Corporation (LHC)

Incorporated on September 14, 1994, LHC owns, operates, and manages the 70-MW Bakun AC run-of-river hydropower plant located in Amilongan, Alilem, Ilocos Sur.

LHC was ARI's joint venture company with Pacific Hydro of Australia, a privately-owned Australian company that specializes in developing and operating power projects utilizing renewable energy sources, principally water and wind power. On March 31, 2011, ARI, LHC, and Pacific Hydro signed a MOA granting ARI full ownership over LHC. ARI assumed full ownership and control of LHC on May 10, 2011.

The Bakun AC Plant was constructed and operated under the government's BOT scheme. Energy produced by the Bakun AC Plant, approximately 254 GWh annually, is delivered and taken up by NPC pursuant to a Power Purchase Agreement ("Bakun PPA") and dispatched to the Luzon Grid through the 230-kV Bauang-Bakun transmission line of National Grid Corporation of the Philippines (NGCP). Under the terms of the Bakun PPA, all of the electricity generated by the Bakun AC Plant will be purchased by NPC for a period of twenty-five (25) years from February 2001. The Bakun PPA also requires LHC to transfer the Bakun AC Plant to NPC in February 2026, free from liens and without the payment of any compensation by NPC.

The IPPA contract for the Bakun AC Plant was awarded to Northern Renewables (formerly: Amlan Power Holdings Corporation) following a competitive bidding process conducted by PSALM.

LHC completed the rehabilitation of approximately 900 meters of unlined tunnel of the Bakun AC Plant in September 2012. LHC also replaced two (2) 15-year old power transformers in February 2016 to improve

reliability and to enable the plant to continuously produce clean and renewable energy and supply it to the Luzon Grid.

The Bakun AC Plant received its latest ISO certification, ISO 55001:2014 or the Asset Management Standard, last December 2017. It is also currently ISO-certified on Quality, Environmental, Operational Health and Safety, and Information Security.

AboitizPower, through ARI, effectively owns 100% of LHC.

Hedcor, Inc. (Hedcor)

Hedcor owns, operates, and manages run-of-river hydropower plants in northern Luzon and Davao with a combined installed capacity of 37.90 MW.

Hedcor was incorporated on October 10, 1986 by ACO as Baguio-Benguet Power Development Corporation. ARI acquired ACO's 100% ownership interest in Hedcor in 1998.

In 2005, ARI consolidated all of its mini-hydroelectric generation assets, including those developed by HEDC and Cleanergy in Hedcor. The electricity generated from Hedcor's hydropower plants are taken up by NPC, AdventEnergy, and Davao Light pursuant to Power Purchase Agreements (PPAs) with the said off-takers. Irisan 1, which started commercial operations in April 2012, is selling under the Feed-in-Tariff (FIT) mechanism through a Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (Transco). The remaining electricity is being sold through the Wholesale Electricity Spot Market (WESM).

Northern Luzon's climate is classified as having two (2) pronounced seasons - dry from November to April and wet for the rest of the year. Due to this classification, generation levels of Hedcor's plants, particularly those located in Northern Luzon, are typically lower during the first five (5) months of each year. During the full years 2016 and 2017, Hedcor's hydropower plants generated a total of 145 GWh and 163 GWh of electricity, respectively.

AboitizPower, through ARI, effectively owns 100% of Hedcor.

Hedcor Sibulan, Inc. (Hedcor Sibulan)

Incorporated on December 2, 2005, Hedcor Sibulan owns, operates, and manages the 49.2-MW hydroelectric power plants located in Sibulan, Santa Cruz, Davao del Sur ("Sibulan Plants").

The Sibulan Plants have generated 49.2 MW of clean and renewable energy for Davao since 2010. It is composed of three (3) cascading plants – Sibulan A Hydro which produces 16.5 MW; Tudaya 1 Hydro which produces 6.7 MW; and Sibulan Hydro B which produces another 26 MW by re-using the water from Sibulan A Hydro and Tudaya 1 Hydro. The Certificates of Compliance (COC) for Tudaya Hydro 1 was renewed with the Energy Regulatory Commission (ERC) on March 10, 2014, and for the Sibulan Hydro A and B plants on May 18, 2015. The energy produced by the Sibulan Plants is sold to Davao Light through a Power Supply Agreement (PSA) signed in 2007.

The Sibulan project is registered as a Clean Development Mechanism project with the United Nations Framework Convention on Climate Change under the Kyoto Protocol. It was issued 575,275 tons of carbon credits since its registration. 172,717 tons of said carbon credits were already sold in the carbon market.

The Sibulan Plants were awarded a Renewable Energy Service Contract (RESC) by the Department of Energy (DOE) and are currently enjoying the incentives under the Republic Act No. 9513 or the Renewable Energy Act of 2008 (RE Law).

In 2017, Hedcor Sibulan, along with Hedcor Tudaya, obtained the very first ISO 55001:2014 certification which certifies for the Asset Management Standard in the Philippines, proving that the company has an integrated and effective management system for its assets.

AboitizPower, together with its wholly-owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Sibulan.

Hedcor Tudaya, Inc. (Hedcor Tudaya)

Incorporated on January 17, 2011, Hedcor Tudaya owns, operates, and manages the 7-MW Tudaya Hydro 2 run-of-river hydropower plant in Astorga, Santa Cruz, Davao del Sur (“Tudaya Hydro”). Commercially operating since March 2014, Tudaya Hydro 2 is currently selling energy under the FIT mechanism through a Renewable Energy Supply Agreement with Davao del Sur Electric Cooperative, and through a REPA with Transco.

Together with Hedcor Sibulan, Hedcor Tudaya was awarded the very first ISO certification, for Asset Management or the ISO 55001:2014 standard in the Philippines in 2017, certifying that the company has an integrated and effective management system for its assets.

AboitizPower, together with its wholly-owned Subsidiary, ARI, effectively owns 100% interest in Hedcor Tudaya.

Hedcor Sabangan, Inc. (Hedcor Sabangan)

Incorporated on January 17, 2011, Hedcor Sabangan owns, operates, and manages the 14-MW Sabangan run-of-river HEPP in Sabangan, Mountain Province (“Sabangan Plant”). The Sabangan Plant has been commercially operating since June 2015, and selling under the FIT mechanism through a REPA with Transco. The plant is a pioneer hydropower plant in the Mountain Province region, harnessing the power of the Chico River.

AboitizPower, together with its wholly-owned Subsidiary, ARI, effectively owns a 100% interest in Hedcor Sabangan.

Hedcor Bukidnon, Inc. (Hedcor Bukidnon)

Incorporated on January 17, 2011, Hedcor Bukidnon is the project company for the 68.8-MW Manolo Fortich hydroelectric power project located in Manolo Fortich, Bukidnon.

The project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants, which will be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich project, with an estimated total project cost of ₱13 bn, began in 2015. Unit 1 and Unit 2 are expected to be completed in 2018.

On September 2015, Hedcor Bukidnon obtained loans and credit accommodations from a consortium of lender-banks in the amount of up to ₱10 bn to finance the development, construction, operation, and maintenance of the project. BPI Capital Corporation acted as Mandated Lead Arranger and Bookrunner, while BPI-AMTG acted as Trustee and Facility Agent.

AboitizPower, together with its wholly-owned Subsidiary, ARI, effectively owns a 100% interest in Hedcor Bukidnon.

Large Hydros

SN Aboitiz Power-Magat, Inc. (SN Aboitiz Power-Magat)

HEPP (“Magat Plant”) located at the border of Ramon, Province of Isabela and Alfonso Lista, Ifugao in Northern Luzon, and the 8.5-MW run-of-river Maris Main Canal 1 HEPP (“Maris Plant”) located in Brgy. Ambatali in Ramon, Isabela.

The Magat Plant was completed in 1983 and was acquired by SN Aboitiz Power-Magat on December 14, 2006 by winning a bidding process conducted by PSALM. As a hydroelectric facility that can be started up in a short period of time, the Magat Plant is suited to act as a peaking plant with the capability to capture the significant upside potential that can arise during periods of high demand. This flexibility allows for the generation and sale of electricity at the peak demand hours of the day. This hydroelectric asset has minimal marginal costs, which AboitizPower believes gives it a competitive advantage in terms of economic dispatch order versus other fossil fuel-fired power plants that have significant marginal costs. The Magat Plant has a nameplate capacity of 360 MW but is capable of producing up to 380 MW.

The Magat reservoir has the ability to store water equivalent to seventeen (17) days of 24 hours of full generating capacity. The Magat Plant's source of upside - water as a source of fuel and the ability to store it - is also its source of limited downside. SN Aboitiz Power-Magat is an accredited provider of much needed Ancillary Services (AS) to the Luzon Grid. Selling a significant portion of its available capacity to the WESM System Operator of the Luzon Grid. SN Aboitiz Power-Magat's remaining capacity is sold as electric energy to the spot market through the WESM and to load customers through bilateral contracts.

In September 2007, SN Aboitiz Power-Magat obtained a US\$380 mn loan from a consortium of international and domestic financial institutions. The US\$380 mn loan consisted of a dollar tranche of up to US\$152 mn, and a peso tranche of up to ₱10.1 bn. The financing agreement was hailed as the region's first-ever project finance debt granted to a merchant power plant. It won Project Finance International's Power Deal of the Year, and Asset's Best Project Finance Award and Best Privatization Award. The loan was used to partially finance the deferred balance of the purchase price of the Magat Plant under the Asset Purchase Agreement with PSALM. Part of the loan proceeds was also used to pay SN Aboitiz Power-Magat's US\$159 mn loan from AEV and advances from its shareholders which were used to acquire the Magat Plant. In 2012, SN Aboitiz Power-Magat secured top-up financing of ₱5 bn for its recapitalization requirements and general corporate purposes.

As a hallmark of innovation in revenue generation, SN Aboitiz Power-Magat garnered an AS contract with NGCP on October 12, 2009, a first for a privately-owned plant. These services are necessary to maintain power quality, reliability and stability of the Grid.

SN Aboitiz Power-Magat obtained the BOI's approval of its application as the new operator of the Magat Plant with a pioneer status. This entitled the company to an income tax holiday (ITH) until July 11, 2013. On November 6, 2012, the BOI approved SN Aboitiz Power-Magat's application for a one-year extension of its ITH holiday until July 11, 2014. After the lapse of the extended ITH, the company became subject to income tax.

SN Aboitiz Power-Magat completed the half-life refurbishment of the last unit of the Magat Plant (Unit 1) in June 2014. In 2009, SN Aboitiz Power-Magat began the refurbishment project of Unit 2, which was completed on January 2018. Work on Unit 4 followed in November 2010 and was completed in 2011, while the refurbishment of Unit 3 which was completed in August 2013. These projects involved the replacement of power transformers and related equipment, as well as automation of its control systems. These aimed to overhaul the plant's electro-mechanical equipment and avert operational inefficiencies that usually occur in HEPPs after more than twenty-five (25) years of operation. Half-life refurbishment is considered a good industry practice to ensure that the plants remain available throughout their lifespan.

On December 2015, ERC approved the renewal of SN Aboitiz Power-Magat's COC for all four 90 MW units of the Magat Plant. The COC is valid for five (5) years, until November 28, 2020.

The RESC for the Magat Plant was signed on June 2, 2016. This made SN Aboitiz Power-Magat eligible for the incentives provided under the RE Law. SN Aboitiz Power-Magat elected to avail the 10% corporate income tax rate incentives under the RE Law. A series of extensive stakeholder engagement activities was successfully conducted to mitigate the impact of the change from national wealth tax to government share on host local government units to ensure a smooth transition.

On October 7, 2016, SN Aboitiz Power-Magat signed a Notes Facility Agreement with BPI and Chinabank for the issuance of fixed-rate corporate notes in the amount of ₱19 bn. SN Aboitiz Power-Magat appointed BPI-

AMTG as Facility Agent, BPI Capital Corporation as Mandated Lead Arranger and Bookrunner, and China Bank Capital Corporation as Joint Lead Arranger. The proceeds of the loan were used by the company to repay its existing loans, finance its recapitalization and fund other general corporate purposes. The simultaneous drawdown of the new notes facility and full payment of all outstanding senior loans under the project financing was completed on October 17, 2016.

The Ancillary Services Procurement Agreement (ASPA) between SN Aboitiz Power-Magat and NGCP, which was entered into on March 2013 expired on July 26, 2016 ("2013 ASPA"). On August 24, 2016, the company and NGCP jointly filed a new ASPA with the ERC. On December 5, 2016, ERC issued the Provisional Authority (PA) to execute the new ASPA with the official effectivity period of February 7, 2017 to February 6, 2022. The new ASPA has the same AS volume, price and schedule, terms and conditions as the 2013 ASPA. SN Aboitiz Power-Magat, in particular, was able to overcome changes in NGCP measurement protocols and secure full 95 MW certification for three of its four units.

The La Niña phenomenon experienced during the last five (5) months of 2016 carried over its effect in the Magat dam watershed into the first half of 2017, with inflows during this period higher by 116% compared to historical normal. In the second half of 2017, the Magat River went to its normal inflow rate that resulted to the Magat Plant ending the year at 30% higher than the normal water availability and 37% higher compared to the 2016 water year.

Driven by higher water inflows, the Magat Plant's total sold capacity from spot energy generation and AS increased by 56% in 2017 to 2.46 terawatt-hour (TWh) from 1.6 TWh in 2016. This is equivalent to sold capacity factor of 75% in 2017 compared to 46% in 2016. This also results in higher spot and AS revenue of ₱7.06 bn in 2017, or 50.4% higher than the revenue of ₱4.69 bn in 2016. Bilateral Contract Quantity (BCQ) revenue in 2017 associated with SN Aboitiz Power-Magat was ₱698 mn, or 23.3% lower than in 2016.

SN Aboitiz Power-Magat was the project partner of the National Irrigation Administration (NIA) in the Maris Optimization Project in Ramon, Isabela. The project involved the installation of an additional layer of stoplogs on the Maris Re-regulating Dam, which added some 8 mn cubic meters of storage in the Maris Reservoir. The additional storage would improve dam operational safety and irrigation water delivery for the NIA. The project broke ground on November 2014 and was completed on March 22, 2016. Turnover to NIA was done on June 1, 2016.

The Maris Plant is the first power plant constructed by SN Aboitiz Power-Magat since it acquired the assets via privatization. It is composed of two units of Kaplan pit type turbines with generator nameplate capacity of 4.25 MW each. Construction of the US\$47 mn Maris Plant began in late 2015. The plant re-utilizes the water coming from the Magat Plant through the re-regulating dam located downstream of Magat. The water then flows into the Maris Main (South) Irrigation Canal. In 2017, the Maris Plant was awarded with the Corporate Safety Milestone Award by the Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) for accumulating at least one million man-hours without lost time accident. Unit 1 was commissioned on October 24, 2017 while Unit 2 was commissioned on November 6, 2017.

SN Aboitiz Power-Magat sustained the implementation of its Integrated Management System (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and OHSAS 18001 Occupational Health & Safety Management System), as verified and audited by the certification body in 2017. The company has consistently shown outstanding workplace safety and health performance, receiving the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference in 2016. In 2017, the company received the Corporate Safety Milestone Award for the Magat Plant and the 2017 Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES) Outstanding Safety and Health Professionals for its health and safety team.

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. MORE owns 60% of the company while SN Power Philippines Inc. (SN Power Philippines) owns the remaining 40%.

SN Aboitiz Power-Benguet, Inc. (SN Aboitiz Power-Benguet)

Incorporated on March 12, 2007, SN Aboitiz Power – Benguet is the owner and operator of Ambuklao – Binga Hydroelectric Power Complex, which consists of the 105-MW Ambuklao HEPP (“Ambuklao Plant”) and the 140-MW Binga HEPP (“Binga Plant”), located in Brgy. Tinongdan, Itogon, Benguet Province.

On November 28, 2007, SN Aboitiz Power-Benguet submitted the highest bid to PSALM for the Ambuklao-Binga Hydroelectric Power Complex, which then consisted of the 75-MW Ambuklao Plant and the 100-MW Binga Plant. The Ambuklao-Binga Hydroelectric Power Complex was turned over to SN Aboitiz Power-Benguet on July 10, 2008.

In August 2008, SN Aboitiz Power-Benguet signed a US\$375-mn loan agreement with a consortium of local and foreign banks where US\$160 mn was taken up as US Dollar financing and US\$215 mn as Philippine Peso financing. Proceeds from the loan were used to partially finance the purchase price, rehabilitate the power plant complex, and refinance SN Aboitiz Power-Benguet’s existing advances from its shareholders with respect to the acquisition of assets.

Also in 2008, SN Aboitiz Power-Benguet began a massive rehabilitation project that restored the Ambuklao Plant to operating status and increased its capacity from 75 MW to 105 MW. The Ambuklao Plant had been decommissioned since 1999 due to siltation and technical issues as a result of the massive earthquake in 1990. Rehabilitation was completed, and re-operation of the Ambuklao Plant commenced in 2011 as a 105-MW plant. On the other hand, the Binga Plant also underwent refurbishment which began in 2010 and was completed in 2013. This refurbishment increased the Binga Plant’s capacity to 125 MW. It is now capable of generating up to 140 MW.

In April 2015, SN Aboitiz Power-Benguet received its amended COC from the ERC for all four units of the Binga Plant. The amended COC reflects the increase of Binga’s capacity from 125.8 MW (31.45 MW for each of the four units) to 140 MW (35 MW for each unit), following uprating work that began on December 2, 2014 and was completed on February 23, 2015. The uprating was a result of commissioning tests which show that the Binga Plant could generate as high as 35 MW at “rated head” or the water depth for which a hydroelectric generator and turbines were designed. The Binga Plant was uprated to its maximum capacity without major technical changes to existing equipment.

On September 21, 2015, SN Aboitiz Power-Benguet refinanced its existing peso credit facility from BDO and BPI. The new syndicated 15-year term loan was in the amount of ₱15 bn. The company also increased its previous US\$375 mn credit facility signed in August 2008 to US\$436.23 mn. The increased US dollar credit facility was availed by the company from its remaining lenders, Nordic Investment Bank (NIB), International Finance Corporation (IFC), BDO, and BPI at better commercial terms and lower interest rate. The incremental increase of the proceeds of the peso credit facility was used to pay existing loans and advances used for the rehabilitation and refurbishment of both the Ambuklao and Binga Plants.

The RESCs for the Ambuklao and Binga Plants were signed on June 2, 2016 and June 24, 2016, respectively. This made SN Aboitiz Power-Benguet eligible for the incentives provided under the RE Law. Specifically, SN Aboitiz Power-Benguet elected to avail the 10% corporate income tax rate incentives provided under the RE Law. The Binga Plant has previously obtained an ITH extension from the BOI which was effective until August 11, 2015. The Ambuklao Plant also obtained an ITH extension on February 26, 2013, which is valid until June 30, 2018. A series of extensive stakeholder engagement activities was successfully conducted to mitigate the impact of the shift from national wealth tax to government share on host local government units to ensure a smooth transition.

On October 25, 2016, SN Aboitiz Power-Benguet and the Province of Benguet amicably settled and entered into a compromise agreement on a real property tax (RPT) dispute that has reached ₱157.7 mn. The amount represents three years of tax benefits to the municipalities of Bokod and Itogon and Benguet province. The MOA/Compromise Agreement executed by the company with the Province of Benguet was approved by the Local Board of Assessment Appeals (LBAA) of Benguet via a Decision based on Compromise Agreement dated December 9, 2016.

The former ASPAs for the Ambuklao and Binga Plants, entered into between SN Aboitiz Power-Benguet and NGCP, expired on July 25, 2016 and March 25, 2017, respectively. On separate joint applications on August 24, 2016 and March 6, 2017, NGCP and SN Aboitiz Power-Benguet filed the new ASPAs for the Ambuklao and Binga Plants with the ERC. The ERC issued the PA to execute the new ASPAs with the official effectivity period of December 26, 2016 to December 25, 2021 for the Ambuklao Plant, and from September 26, 2017 to September 25, 2022 for the Binga Plant. Both ASPAs have the same AS volume, price and schedule, terms and conditions as the former ASPAs.

The La Niña phenomenon during the last five (5) months of 2016 was also sustained in Ambuklao and Binga dam watersheds in the first half of 2017, as well as in the adjacent Magat dam watershed. Inflows during the first half of 2017 were higher by 45% against its historical normal for the Ambuklao and Binga dams. However, the second half of 2017 was drier by 32% compared to historical normal in Benguet. This resulted to an overall 21% lower than normal water availability at year-end 2017. Water availability during 2017 is also 18.5% lower than during 2016.

Despite lower inflow to the Ambuklao reservoir in 2017 as compared to 2016, the Ambuklao Plant's total sold capacity from spot energy generation and AS increased by 17% at 816 GWh in 2017 as compared to 696 GWh in 2016, mainly due to higher AS capacity approval. This is equivalent to sold capacity factor of 89% in 2017, as compared to 76% in 2016.

Similarly, the Binga Plant's total sold capacity from spot energy generation and AS in 2017 increased by 3% at 1.18 GWh as compared to 1.14 GWh in 2016. This is equivalent to sold capacity factor of 96% in 2017 compared to 93% in 2016.

The resulting combined spot and AS revenue of the Ambuklao and Binga Plants for 2017 was ₱5.29 bn, which was 14% higher than the revenue of ₱4.64 bn in 2016. BCQ revenue in 2017 associated with SN Aboitiz Power-Benguet was ₱707 mn, 36% lower than that of 2016.

Both the Ambuklao and Binga Plants have sustained the implementation of its Integrated Management System (ISO 14001 Environmental Management System, ISO 9001 Quality Management System, and OHSAS 18001 Occupational Health & Safety Management System) and have retained the management system certificates. SN Aboitiz Power- Benguet is working its way towards attaining the ISO 55001 certification for asset management.

In 2016, the Ambuklao and Binga Plants were awarded the Gawad ng Kaligtasan at Kalusugan (GKK) Award given by the Department of Labor and Employment (DOLE), a recognition received for three straight years. During the same year, both plants also received the Corporate Safety and Health Excellence Award during the 12th Energy Safety and Health Conference for their outstanding workplace safety and health performance.

In 2017, both the Ambuklao and Binga plants qualified for the Hall of Fame in the 2017 SHAPES Corporate Safety and Health Excellence Awards. SN Aboitiz Power-Benguet's health and safety team members were given recognition as 2017 SHAPES Outstanding Safety and Health Professionals. The company also received a special award for Enhanced Corporate Viability at the 11th National Convention on Labor-Management Cooperation held in Cebu on November 24, 2017. This award recognizes the company's Kaibigan Committee's innovative adoption of systems and procedures on "human resources development, relationship-building, and accountability toward workplace excellence leading to company growth." SN Aboitiz Power-Benguet also received an award as a finalist in the search for outstanding labor-management cooperation for industrial peace.

SN Aboitiz Power-Benguet is also a joint venture between ARI and SN Power. The company is 60% owned by MORE, while the remaining 40% is owned by SN Power Philippines.

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

Incorporated on March 10, 2011, SN Aboitiz Power-Gen is the company that implements the SN Aboitiz Power Group's Greenfield Development Program. This program aims to grow the SN Aboitiz Power Group's renewable energy portfolio by looking at potential hydroelectric power projects in the Philippines, primarily within its current host communities in Northern Luzon.

There is a pipeline of projects in various stages from initial prospecting, pre-feasibility, feasibility, construction, including the recently completed Maris Plant which was transferred to SN Aboitiz Power-Magat. By the end of 2017, the significant project is the proposed 380-MW Alimit Hydropower Complex Project in Ifugao. Presently, SN Aboitiz Power-Gen is gaining some momentum in the permitting process, with the company expected to continue working with the government, indigenous peoples' representatives, and industry partners.

The company was awarded the 2017 Corporate Safety Milestone Award for its proposed Alimit project, which accumulated at least one million man-hours without lost time incident. It was recognized for the safe conduct of activities associated with its feasibility study.

SN Aboitiz Power-Gen is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

Geothermal

AP Renewables, Inc. (APRI)

Incorporated on March 9, 2007, APRI is one of the leading renewable power companies in the country. It owns and operates the Tiwi-MakBan geothermal facilities located in Tiwi, Albay, Bay and Calauan, Laguna; and Sto. Tomas, Batangas ("Tiwi-MakBan Plants") with a total potential capacity of 693.2 MW. The Tiwi-MakBan Plants were acquired by APRI from PSALM in July 2008 and were formally turned over to APRI on May 25, 2009.

The Tiwi-MakBan Plants produce clean energy that is reasonable in cost, efficient in operation, and environment-friendly. As a demonstration of APRI's commitment to providing world class services, adhering to environmental management principles to reduce pollution, complying with regulations, and ensuring a safe and healthy workplace, the company was issued Integrated Management System (IMS) certifications by TÜV Rheinland Philippines, which include International Organization for Standardization (ISO) 9001:2015, ISO 14001:2015 (Environment), and OSHAS (Occupational Health and Safety Series) 18001:2007 (Health and Safety).

On May 26, 2013, APRI's steam supply contract with the Philippine Geothermal Production Company, Inc. (PGPC) shifted to a Geothermal Resources Sales Contract (GRSC). The GRSC is one of the assumed contracts of APRI as a result of the acquisition of the Tiwi-MakBan Plants. Under the GRSC, the effective steam price payable to PGPC is indexed to coal prices. The GRSC will expire on September 20, 2021.

On August 13, 2013, APRI and PGPC entered into an Interim Agreement amending the GRSC to restructure the steam price formula. This agreement resulted in a more rational fuel costing during off-peak hours when electricity demand is low. APRI and PGPC continue to discuss the merit and feasibility of a mutually beneficial steam off-take agreement.

In 2013, APRI successfully completed major refurbishment activities on the fourteen (14) generation units at the Tiwi- MakBan Plants. Significant improvements in reliability and steam usage efficiency have been achieved following the completion of the aforesaid activities. In July 2016, APRI likewise completed the rehabilitation and commissioning of the 6-MW Binary Plant 1 located in MakBan. The Binary Plant 1 utilizes waste heat from spent geothermal brine to run turbines prior to injection of the brine to the underground

reservoir. APRI continues to implement specialized geothermal technology including steam path modification and gas removal system to improve steam usage at the plant level.

In February 2016, APRI signed an Omnibus Agreement with the Asian Development Bank (ADB), BPI, and the Credit Guarantee & Investment Facility (CGIF), to avail of the combined credit facilities of ADB and BPI up to the amount of ₱12.5 bn. The issuance was certified as a Climate Bond by the Climate Bond Initiative and is the first issuance of its kind in Asia.

APRI's geothermal facilities have generally operated at par or better than industry standards. The company routinely evaluates and implements various projects while improving coordination with PGPC to improve efficiency levels and counteract the challenges of a declining steam supply.

APRI, a wholly-owned Subsidiary of ARI, is effectively 100% owned by AboitizPower.

Solar

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

Sacasun owns and operates the 59-MWp solar photovoltaic power generation plant located in the San Carlos Ecozone, Barangay Punao, San Carlos City, Negros Occidental ("Sacasun Plant"). The project was commissioned on March 9, 2016 and formally inaugurated on April 19, 2016, with the aim of achieving sustainable development and supplying electricity to the Visayas Grid.

As a renewable energy developer, Sacasun intends to fully participate in the renewable energy market and other initiatives which promote utilization of renewable energy resources. The energy generated from the Sacasun Plant benefits more than 8,000 homes within the Visayas Grid and displaces the energy equivalent of 6.5 mn gallons of gasoline or 30,000 tons of coal. Sacasun believes in producing clean energy for sustainable development and inclusive growth of its communities within a shared environment.

Sacasun was initially incorporated on July 25, 2014 as a joint venture between ARI and SunEdison Philippines, a Dutch company. In July 2017, a Compromise Agreement was entered into by AboitizPower through its Subsidiary, AboitizPower International, and SunE Solar, the parent company of SunEdison Philippines, wherein AboitizPower International agreed to acquire the entire issued and outstanding shares of SunE Solar in SunEdison Philippines. On December 29, 2017, AboitizPower International completed its acquisition of SunEdison Philippines.

AboitizPower, through its wholly-owned Subsidiaries, ARI and AboitizPower International, effectively owns 100% of Sacasun.

Aboitiz Power Distributed Energy, Inc. (APX 1) and Aboitiz Power Distributed Renewables Inc. (APX 2)

AboitizPower, through APX 1, is set to enter the rooftop solar business in 2013, which is aimed at further expanding the Company's already significant renewable energy portfolio under its Cleanergy brand.

APX1 was incorporated in November 2016 to engage in the business of operating light and power systems. In July 2017, the SEC approved the application of Kookabura Equity Ventures, Inc. (KEVI) to amend its Articles of Incorporation in order to change its corporate name to APX2 and to amend its primary purpose to include the business of operating light and power systems. KEVI was incorporated on May 20, 2002.

In their first full year of operations, APX1 and APX2 focused on building internal capability to serve various market segments, attracting top technical talent for PhotoVoltaic (PV) solar technology, and defining synergies with other teams and products within the AboitizPower Group. With increasing customer demand for renewable energy, AboitizPower believes that APX and APX2 are poised to advance a growing pipeline of potential opportunities in the Rooftop Solar space. APX1 is looking to complete several key projects in Luzon and Visayas in 2018, with a strategy of integrating these projects with the AboitizPower Group's existing Open Access customers.

AboitizPower, through ARI, beneficially owns 100% of each of APX1 and APX2.

Biogas

Aseagas Corporation (Aseagas)

Aseagas owns an 8.8-MW biomass plant located in Lian, Batangas. On January 15, 2018, the company announced that its plant would permanently cease operations, after initially suspending its commissioning on November 24, 2017 due to unavailability of supply of organic effluent wastewater from its supplier, Absolut Distillers, Inc. (Absolut).

Incorporated on June 5, 2012, Aseagas was established as a waste-to-energy business. Its first project was the construction of a liquid biomethane fuel plant. The company entered into an agreement with Absolut for the supply of organic effluent wastewater to be utilized as raw material.

Due to the slump in oil prices at the end of 2014, Aseagas shifted its business model from producing liquid biomethane fuel for vehicles to producing biogas for power generation. In the same year, the company entered into a Notes Facility and Security Agreement in the amount of up to ₱2 bn with the Development Bank of the Philippines (DBP) to finance the construction of its biomass plant. On December 4, 2017, it prepaid its outstanding loan with DBP in the amount of ₱2.368 bn.

AboitizPower, through its wholly-owned Subsidiary ARI, effectively owns 100% of Aseagas.

Non-Renewables

Therma Power, Inc. (TPI)

TPI is a wholly owned Subsidiary of AboitizPower and is the latter's holding company for its non-renewable energy projects. AboitizPower, either directly and/or with TPI, has equity interests in the following generation companies, among others:

- (a) 100% equity interest in TMI, owner and operator of 100-MW Mobile 1 barge-mounted power plant in Maco, Compostela Valley and 100-MW Mobile 2 barge-mounted power plant in Nasipit, Agusan del Norte;
- (b) 100% equity interest in TMO, owner and operator of Mobile 3-6 barge-mounted power plants in Navotas Fishport, Manila, with a total generating capacity of 242 MW;
- (c) 100% equity interest in EAUC, owner and operator of a 43-MW Bunker C-fired power plant in MEPZ 1, Mactan, Cebu;
- (d) 100% equity interest in TLI, the IPPA of the 700-MW contracted capacity of the Pagbilao Plant located in Quezon Province;
- (e) 100% equity interest in TSI, owner and operator of a 300 MW CFB coal-fired power plant in Toril, Davao City;
- (f) 100% equity interest in TPVI, the project company that bid for the privatization of the Naga power plant, located in Naga City, Cebu;
- (g) 80% equity interest in TVI, which is currently building a 300-MW coal-fired power plant in Toledo City, Cebu;
- (h) 66.07% beneficial ownership interest as of March 31, 2018 in GN Power Mariveles, owner and operator of an approximately 2x316 MW (net) pulverized coal-fired electric power generation facility in Mariveles, Bataan;
- (i) 50% beneficial ownership interest as of March 31, 2018 in GN Power Dinginin, which proposes to build and operate a 2x668 MW (net) supercritical coal-fired power plant in Bataan;
- (j) 50% equity interest in PEC, owner and operator of the 400-MW (net) coal-fired power plant in Pagbilao, Quezon Province;
- (k) 26.4% effective interest in Cebu Energy, which operates a 3x82-MW coal-fired power plant in Toledo City, Cebu; and
- (l) 25% equity interest in RP Energy, which proposes to build and operate a 2x300 MW coal-fired power plant at the Redondo Peninsula located in the Subic Bay Freeport Zone (SBFZ).

Oil Group

Therma Marine, Inc. (TMI)

Incorporated on November 12, 2008, TMI owns and operates Power Barges Mobile 1 (previously known as PB 118) and Mobile 2 (previously known as PB 117), which have a total generating capacity of 200 MW. Mobile 1 is currently moored at Barangay San Roque, Maco, Compostela Valley, while Mobile 2 is moored at Barangay Sta. Ana, Nasipit, Agusan del Norte.

TMI assumed ownership of Mobile 1 and Mobile 2 from PSALM on February 6, 2010 and March 1, 2010, respectively, after the successful conclusion of the US\$30 mn negotiated bid for the barges on July 31, 2009. After acquisition, TMI signed a one-year ASPA with NGCP with respect to each barge for the supply of AS consisting of contingency reserve and dispatchable reserve for the Mindanao Grid. The ASPA involving the power barges is for the supply of 50-MW firm ancillary power to NGCP. The contracts were extended for another year and expired on February 5, 2012 and March 1, 2012 for Mobile 1 and Mobile 2, respectively. The 192.2-MW dependable capacities of TMI are currently being fully contracted and sold to various cooperatives, industrial and commercial customers in Mindanao under Energy Supply Agreements (ESAs), all of which were approved by the ERC. The ESAs were extended with different expiry dates ranging from 2016 to 2018.

TMI was registered with BOI effective May 28, 2010 with a four (4)-year ITH that expired on May 27, 2014. Upon the expiration of the BOI registration, all benefits granted to TMI expired, thus making TMI subject to regular tax rates.

AboitizPower and its wholly-owned Subsidiary, TPI, effectively own 100% of TMI.

Therma Mobile, Inc. (TMO)

Incorporated on October 20, 2008, TMO owns and operates four barge-mounted power plants located at the Navotas Fish Port, Manila, with an installed generating capacity of 242 MW.

TMO acquired the barges from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation on May 27, 2011. The barges have undergone rehabilitation on July 2011, and started commercial operations on November 12, 2013 at a capacity of 100 MW. The current dependable capacity of 204 MW of the barges was attained and proven in a successful capacity test in April 2015. The company has an existing PSA with MERALCO.

TMO has a pending case with the Philippine Electricity Market Corporation (PEMC) for alleged violation of the Must-Offer Rule of the WESM covering the November to December 2013 supply months. It also has pending cases with the ERC for alleged economic and physical withholding of capacity for the same supply months.

The company maintains that it did not withhold any capacity for the period covered, as it was physically impossible for TMO to transmit more than 100 MW to MERALCO. 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 the 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 November 25, 2013. During this period, TMO's engines and transmission lines were still undergoing rehabilitation after having been non-operational for the five (5) years. PEMC's petition is pending before the Supreme Court.

AboitizPower and its wholly-owned Subsidiary, TPI, effectively own 100% of TMO.

East Asia Utilities Corporation (EAUC)

EAUC is the owner and operator of a Bunker C-fired power plant within Mactan Economic Processing Zone I (MEPZ I), Lapu-Lapu City, Cebu. It has been operating the plant since 1997.

The company was incorporated on February 18, 1993 and began supplying power through the WESM on December 26, 2010. On April 26, 2011, EAUC entered into an Electric Power Purchase Agreement (EPPA) with the Philippine Economic Zone Authority (PEZA) to purchase 22 MW electric power. EAUC also signed a PSA with AdventEnergy for the remaining 21.5 MW capacity effective February 21, 2017.

AboitizPower acquired its 50% ownership interest in EAUC from El Paso Philippines on April 20, 2007. On June 14, 2016, AboitizPower, through TPI, acquired the remaining 50% interest in EAUC from El Paso Philippines through a Share Purchase Agreement.

AboitizPower, together and its wholly-owned Subsidiary, TPI, effectively own 100% of EAUC.

Therma Power Visayas, Inc. (TPVI)

Incorporated on October 8, 2007, TPVI is the project company that was awarded the winning bid for the privatization of the Naga Power Plant Complex (NPPC) 55-MW Naga land-based gas turbine power plant (NPPC) located in Colon, Naga City, Cebu.

In 2009, SPC Power Corporation (SPC) acquired the NPPC through a negotiated bid. In the same year, it entered into a Land Lease Agreement with PSALM, which includes SPC's right-to-top the price of the winning bidder for the sale of any property in the vicinity of the leased premises.

PSALM subsequently bid out the NPPC located on 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 NPPC. SPC wrote to PSALM of its intent to exercise its right-to-top the winning bid, on the condition that the Land Lease Agreement would be a term of twenty-five (25) years from closing date. PSALM then awarded the contract to SPC, despite TPVI's objections that SPC did not validly exercise its right-to-top because of its qualified offer.

Senator Sergio R. Osmeña III filed a petition for certiorari and prohibition and to enjoin PSALM from implementing SPC's right-to-top in connection with the NPPC bidding and to have said right-to-top null and void. PSALM, NPC, and TPVI were impleaded as respondents. In its September 28, 2015 Decision, the Supreme Court cancelled the award to SPC on the finding that SPC's right-to-top is void for lack of interest or right to the object over which the right-to-top is to be exercised. On March 16, 2016, TPVI filed a Manifestation and Motion before the Supreme Court praying that a resolution be issued by the Supreme Court declaring that the Notice of Award dated April 30, 2014 issued by PSALM in favor of TPVI as the highest bidder of the NPPC be reinstated and be of full force and effect. This was granted by the Supreme Court.

Subsequently, SPC filed several motions, including a Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016, and Supplemental Motion/Petition for Referral to the *en banc* dated January 16, 2017. These were denied by the Supreme Court in a Resolution dated April 26, 2017.

TPVI is a wholly-owned Subsidiary of AboitizPower.

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 1994, CPPC owns and operates a 70-MW Bunker C-fired power plant located in the Old VECO Compound, Cebu City ("CPPC Plant"). It is one of the largest diesel-powered plants on the island of Cebu. Commissioned in 1998, the CPPC Plant was constructed pursuant to a BOT contract to supply 61.72 MW of power to VECO.

On April 20, 2007, AboitizPower acquired 60% of the outstanding common shares of CPPC from EAUC. VEC owns the remaining 40% of the outstanding common shares. VEC and AboitizPower are the major shareholders of VECO. CPPC is imbedded inside the franchise area of VECO.

AboitizPower beneficially owns 60% of CPPC.

Southern Philippines Power Corporation (SPPC)

Incorporated on March 15, 1996, SPPC owns and operates a 55-MW Bunker C-fired power plant (“SPPC Plant”) located in Alabel, Sarangani, a municipality outside General Santos City in Southern Mindanao.

The SPPC Plant was developed by SPPC on a build-own-operate basis, under the terms of its Energy Conversion Agreement (ECA) with NPC, which ended in 2016. SPPC currently supplies power to electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay SPPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

SPPC is a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd. AboitizPower has a 20% equity interest in SPPC.

Western Mindanao Power Corporation (WMPC)

Incorporated on March 15, 1996, WMPC owns and operates a 100-MW Bunker C-fired power station (“WMPC Plant”) located in Zamboanga City, Zamboanga Peninsula in Western Mindanao.

The WMPC Plant was developed by WMPC on a build-own-operate basis, under the terms of its ECA with NPC, which ended in 2015. WMPC currently supplies power electric utilities and cooperatives pursuant to PSAs approved by the ERC. These utilities and cooperatives pay WMPC on a monthly basis for the fuel costs, capital recovery, energy, and fixed and variable operations and maintenance fees as specified in the PSAs.

WMPC is a joint venture company among AboitizPower, Alsing Power Holdings, Inc., and Tomen Power (Singapore) Pte. Ltd. AboitizPower has a 20% equity interest in WMPC.

Coal Group

Therma Luzon, Inc. (TLI)

TLI has been the registered trader of the contracted capacity of the 700-MW (2x350 MW) Pagbilao coal-fired thermal power plant located in Pagbilao, Quezon (“Pagbilao Plant” or “Pag1” and “Pag2”) since October 1, 2009, when it became the first IPPA in the country. TLI was incorporated on October 20, 2008.

As the IPPA for the Pagbilao Plant, TLI is responsible for procuring the fuel requirements of and selling the electricity generated by the Pagbilao Plant. The Pagbilao Plant is owned and operated by TeaM Energy Corporation (TeaM Energy). Under the IPPA Agreement, TLI has the right to receive the transfer of Pag1 and Pag2 at the end of the ECA.

Over the past years, TLI’s capacity has been contracted to various cooperatives, private distribution utilities, directly connected customers, and to an Affiliate Retail Electricity Supplier (RES), AESI. AESI, in turn, sells the power to Contestable Customers under the Retail Competition and Open Access (Open Access) regime. The diversification of the customer base spreads the risk of TLI. Most of these bilateral contracts have terms ranging between two (2) and twenty (20) years. A significant number of TLI’s Open Access customers consume most of their energy during off-peak periods. This results in a customer mix with a high load factor.

Currently, TLI is undertaking the necessary procedure to secure its own license to operate as a RES. With this license, TLI will be able to sell, broker, market, and/or aggregate electricity to Contestable Customers and participate in the competitive retail electricity market.

AboitizPower, through its wholly-owned Subsidiary, TPI, effectively owns 100% of TLI.

Pagbilao Energy Corporation (PEC)

Incorporated on April 30, 2012, PEC owns and operates the third coal-fired power plant within the Pagbilao Plant facilities located in Pagbilao, Quezon, with a net capacity of 400 MW ("Pag3").

Pursuant to the Joint Development Agreement entered into by TPI and TeaM Energy effective May 31, 2012, PEC was formed as a separate vehicle for Pag3 and is intended to be a separate entity from TLI. PEC is not covered by either TLI's IPPA with PSALM, or TeaM Energy's BOT contract with NPC/PSALM. An Environmental Compliance Certificate (ECC) was issued by the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) on June 18, 2013.

On May 2014, PEC entered into an EPC contract with a consortium comprised of Mitsubishi Hitachi Power Systems Ltd., Daelim Industrial Co. Ltd., DESCO Inc., and Daelim Philippines Inc. for the project. On May 15, 2014, PEC also signed an Omnibus Agreement to obtain loans and credit accommodations to finance the construction of Pag3 with a consortium of lender-banks in the amount of up to ₱33.31 bn.

During the course of PEC's business permit application for calendar year 2018, the Municipality of Pagbilao required PEC to execute a MOA implementing corporate social responsibility (CSR) programs for an amount above its budget. Upon the company's refusal, on February 27, 2018, the Municipality of Pagbilao issued a Cease and Desist Order (CDO) against PEC and refused to issue its business permit. PEC filed an application for injunction and obtained a Temporary Restraining Order (TRO) from the RTC of Lucena City to prevent the municipality from implementing what PEC believes to be an unwarranted cease and desist order. On March 2, 2018, the RTC issued a TRO valid for twenty (20) days from February 28, 2018. On March 2, 2018, the RTC issued a TRO valid for twenty (20) days from February 28, 2018. On March 7, 2018, the Municipality of Pagbilao revoked the CDO, and on hearing on the same date, the parties moved for the dismissal of the case, which the Court granted.

PEC started commercial operations in March 2018.

PEC is 50% owned by TPI and 50% owned by TPEC Holdings Corporation. Consequently, AboitizPower has a 50% effective interest in PEC.

Therma South, Inc. (TSI)

Incorporated on November 18, 2008, TSI owns and operates the 300-MW (2x150MW) CFB coal-fired power plant located both in Barangay Binugao, Toril District, Davao City and Barangay Inawayan, Sta. Cruz, Davao del Sur.

TSI declared commercial operations for Unit 1 and Unit 2 on September 2015 and February 2016, respectively. Formal inauguration of Unit 2 was held on January 8, 2016, with then President Benigno C. Aquino III as the keynote speaker.

TSI contributes to the continuing growing power requirements of Mindanao by providing stable and cost-effective base load power. TSI has currently contracted out 260 MW of energy and has twenty-two (22) different approved Power/Energy Supply Agreements with various private distribution utilities and energy cooperatives.

The company seeks to sustain the positive impact it has brought its host communities through various educational, livelihood, and enterprise development programs, benefitting children, students, small and medium business enterprise owners, and most notably its employees.

AboitizPower, through its wholly-owned Subsidiary, TPI, effectively owns 100% of TSI.

Therma Visayas, Inc. (TVI)

TVI is the project company that is constructing a 340-MW (2x170 MW) CFB coal-fired power plant located in Barangay Bato, Toledo City, Cebu.

The company was incorporated on October 15, 1997 as Vesper Industrial & Development Corporation (VIDC), a joint venture company of A. Soriano Corporation (Anscor) and Tokuyama Corporation (Tokuyama). In December 2011, AboitizPower through its wholly-owned Subsidiary, TPI, acquired all of the shares in VIDC owned by Anscor and Tokuyama, and thereafter renamed VIDC to Therma Visayas, Inc. The Vivant Group acquired 20% interest in TVI through subscriptions from its increase in authorized capital stock, which was approved by the SEC on December 23, 2014.

TVI aims to address the increasing power demand of the Visayas Grid with provisions for the future addition of a third generating unit.

In May 2014, TVI signed an EPC contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc. Currently, the company is undertaking the task of connecting to the Grid and energization of its plant. Target commercial operations for Units 1 and 2 is on May 2018 and August 2018, respectively.

AboitizPower through its wholly-owned Subsidiary, TPI, effectively owns 80% of TVI. The remaining 20% is held by Vivant Group through VIGC and VEC.

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

Incorporated on November 28, 2007, Abovant is a joint venture company formed as the holding company for shares in Cebu Energy. Abovant is 60% owned by TPI and 40% owned by VIGC of the Vivant Group. Cebu Energy was incorporated on December 5, 2008.

Abovant and Global Formosa Power Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation and Flat World Limited, formed Cebu Energy to own, operate, and maintain a 3x82 MW CFB coal-fired power plant situated within the Toledo Power Complex in Barangay Daanlungsod, Toledo City, Cebu.

In 2012, the Cebu Energy power plant in Toledo City completed its first full year of commercial operations. The first 82 MW unit was commissioned on February 2010, while the second and third units were commissioned in the second and fourth quarter of 2010, respectively. The said power plant provides much-needed power to the province of Cebu and its neighboring province, Bohol.

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

Redondo Peninsula Energy, Inc. (RP Energy)

Incorporated on May 30, 2007, RP Energy is the project company that will construct, own, and operate the 2x300-MW (net) coal-fired power plant located in Redondo Peninsula of Subic Bay within the SBFZ, Subic, Zambales.

In July 2012, a Petition for Writ of Kalikasan and Environmental Protection Order was filed against the project with the Supreme Court. The Petition was remanded to the Court of Appeals (CA) for a hearing. The CA denied the issuance of Writ of Kalikasan for lack of merit, but nonetheless, nullified RP Energy's ECC and land lease with SBMA on the grounds of DENR's non-compliance with procedural requirements and SBMA's failure to secure approvals and endorsements from relevant Local Government Units (LGUs). The CA decision became the subject of three (3) Petitions for Review on Certiorari filed by RP Energy, DENR, and SBMA with the Supreme Court. In view of this legal dispute, the commercial operations of the power plant became dependent on the final resolution of the petitions filed with the Supreme Court.

On February 3, 2015, the Supreme Court dismissed the Writ of Kalikasan for insufficiency of evidence and upheld the validity of the December 22, 2008 ECC issued by the DENR in favor of RP Energy, its July 8, 2010 first amendment, and the May 26, 2011 second amendment. The Supreme Court also upheld the validity of the company's Lease and Development Agreement with SBMA.

RP Energy was originally a joint venture between AboitizPower and TCIC. MPGC acquired a majority interest in RP Energy by virtue of a share purchase agreement with TPI on July 22, 2011. AboitizPower, through TPI, and TCIC retained an equal ownership interest in RP Energy of 25% (less one share each).

STEAG State Power Inc. (STEAG Power)

Incorporated on December 19, 1995, STEAG Power is the owner and operator of a 232-MW (gross) coal-fired power plant located in PHIVIDEC Industrial Estate in Misamis Oriental, Northern Mindanao. The plant was built under a BOT arrangement and started commercial operations on November 15, 2006. STEAG Power has a 25-year PPA with the NPC, which is backed by a Performance Undertaking issued by the Republic of the Philippines.

On November 15, 2007, AboitizPower closed the sale and purchase of 34% equity ownership in STEAG Power from Evonik Steag GmbH (now STEAG GmbH or STEAG), Germany's fifth largest power generator. STEAG and La Filipina Uy Gongco Corporation currently hold the remaining 51% and 15% equity, respectively, in STEAG Power.

STEAG Power has been registered with the BOI as a pioneer enterprise with a six (6)-year ITH incentive, which expired on November 14, 2012. STEAG Power's COC, on the other hand, has been renewed by the ERC and is effective until August 2021.

AboitizPower has a 34% equity interest in STEAG Power.

GNPower Mariveles Coal Plant Ltd. Co. (GNPower Mariveles or GMCP)

GNPower Mariveles is a private limited partnership organized on May 13, 2007 and established to undertake the development, construction, operation, and ownership of an approximately 2x316MW (net) pulverized coal-fired power plant located in Mariveles, Bataan, Philippines ("Mariveles Project").

The Mariveles Project is located within an industrial zone on a sixty (60)-hectare coastal site near the port of Mariveles on the Bataan Peninsula of Luzon. The project site lies near the northern entrance to Manila Bay, providing easy and safe shipping access from the West Philippine Sea.

The Mariveles Project commenced construction after execution of the equity and financing documentation, approval by the relevant government authorities and the initial drawdown under the non-recourse loan on January 29, 2010. It was declared commercially available in the market in 2013 and currently supplies electric capacity to the Luzon and Visayas markets.

The electricity produced by the Mariveles Project is exported through a 230kV high voltage transmission line owned and operated by NGCP.

Substantially all of the capacity of the Mariveles Project is contracted under long term power purchase agreements with highly-rated distribution utilities and Contestable Customers, through its designated RES.

In October 2016, TPI, a wholly-owned Subsidiary of AboitizPower, entered into Purchase and Sale Agreements for the acquisition of partnership interests held by affiliated investment funds of The Blackstone Group L.P. in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.) Following the receipt of approvals from the BOI and the PCC, TPI completed the acquisition of GNPower Mariveles and GNPower Dinginin on December 27, 2016. Effective October 13, 2017, AboitizPower's, through its general and limited partners, sharing percentage on: (i) profits and losses and (ii) distributions, including net distributable liquidation proceeds, in GNPower Mariveles is 66.0749%. In 2018, AboitizPower, through TPI, is restructuring its share ownership structure in GNPower Mariveles. The restructuring involves the transfer of direct ownership of GNPower Mariveles from the offshore subsidiaries of TPI to itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPower Mariveles shares. After the restructuring, TPI directly owns a 66.01% partnership interest in GNPower Mariveles.

Effectively, the partnership interests in GNPower Mariveles are owned by TPI, AC Energy Holdings, Inc. (ACEHI), a wholly-owned subsidiary of Ayala Corporation, and Power Partners Ltd. Co. (Power Partners).

As of March 31, 2018, AboitizPower, through TPI, effectively owns a 66.07% partnership interest in GNPower Mariveles.

GNPower Dinginin Ltd. Co. (GNPower-Dinginini or GNPD)

GNPower Dinginin is a limited partnership organized and established on May 21, 2014 with the primary purpose of: (a) developing, constructing, operating, and owning a 1x668 MW (net) supercritical coal-fired power plant to be located at Mariveles, Province of Bataan, with a one-time expansion option of undertaking the development, construction, operation, and ownership of an additional 1x668 MW Unit; (b) generating, selling and trading of electric power, importing machines, equipment, motor vehicles, tools, appurtenant spare parts, coal for fuel, lubricants, cleansing substances, and other necessary and related materials or chemicals; and (c) obtaining, entering into and performing any and all contracts and engaging in any and all transactions consistent with the foregoing purpose.

GNPower Dinginin successfully achieved financial close and started the construction of Unit 1 in September 2016, with target delivery in the first half of 2019. The company also proceeded with the expansion of the power plant last year and successfully achieved financial close for Unit 2 in December 2017. To date, GNPower Dinginin has already signed Power Purchase and Sale Agreements with highly-rated distribution utilities and RES.

GNPower Dinginin will be constructed in two phases: (i) the first phase is for one 668MW (net) unit (Unit 1) and associated ancillary facilities supporting the full operations of Unit 1 and (ii) the second phase is for an additional identical 668MW (net) unit (Unit 2) and associated ancillary facilities required to support the full operations of Unit 2. The electricity that will be produced by Unit 1 of GNPower Dinginin will be exported through the existing 230kV high voltage transmission line owned and operated by NGCP. Eventually, energy from Unit 1 and Unit 2 will be exported through NGCP's 500kV high voltage transmission line once completed.

On December 27, 2016, TPI completed the acquisition of the partnership interests held by affiliated investment funds of The Blackstone Group, L.P in World Power Holdings, L.P. (currently registered as Therma Mariveles Holdings L.P.) and Sithe Global Power, L.P. (currently registered as Therma Dinginin L.P.). The sharing percentage on (i) profits and losses and (ii) distributions of AboitizPower in GNPower Dinginin, through its general and limited partners, will eventually be reduced to 40%.

In 2018, AboitizPower, through TPI, began restructuring its share ownership structure in GNPower Dinginin. The restructuring involves the transfer of direct ownership of GNPower Dinginin from the offshore subsidiaries of TPI to TPI itself, and the eventual dissolution and liquidation of the offshore intermediary subsidiaries that own the GNPower Dinginin shares. After the restructuring, TPI directly owns a 50% partnership interest in GNPower Dinginin.

GNPower Dinginin is co-developed by Power Partners, ACEHI, and TPI. AboitizPower, through TPI, effectively owns a 50% partnership interest in GNPower Dinginin, as of March 31, 2018.

Other Generation Assets

Two of AboitizPower's distribution utilities have their own standby power plants. Davao Light currently maintains the 58.7-MW Bunker C-fired Bajada standby power plant, which is capable of supplying approximately 10% of Davao Light's requirements as of December 31, 2017. Cotabato Light maintains a stand-by 9.927-MW Bunker C-fired power plant capable of supplying approximately 14% of its requirements as of December 31, 2017.

Future Projects

Before undertaking a new power generation project, AboitizPower conducts an assessment of the proposed project. Factors taken into consideration include the proposed project's land use requirements, access to a power grid, fuel supply arrangements (if relevant), availability of water, local requirements for permits and licenses, acceptability of the project to the communities and people it will affect, ability of the project to generate electricity at a competitive cost, and the existence of potential purchasers of the electricity generated. For the development of a new power project, AboitizPower, its partners, and suppliers are required to obtain all national and local permits and approvals before the commencement of construction and commercial operations, including those related to the project site, construction, the environment, land use planning/zoning, operations licenses, and other related approvals.

DISTRIBUTION OF ELECTRICITY

The Aboitiz Group has more than eighty-five (85) years of experience in the Philippine power distribution sector and has been known for innovation and efficient operations.

With ownership interests in eight (8) Distribution Utilities, AboitizPower is currently one of the largest electricity distributors in the Philippines. AboitizPower's Distribution Utilities collectively supply electricity to franchise areas covering a total of 18 cities and municipalities in Luzon, Visayas, and Mindanao.

As of December 31, 2017, the power distribution business' earnings contribution from AboitizPower's business segments is equivalent to 20%. The Distribution Utilities had a total customer base of 954,300 in 2017, 916,876 in 2016, and 881,944 in 2015.

The table below summarizes the key operating statistics of the Distribution Utilities for each of the past three (3) years.

Company	Electricity Sold (MWh)			Peak Demand (MW)			No. of Customers		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Davao Light	2,317,985	2,173,373	2,069,127	404	380	354	384,434	367,782	351,079
Cotabato Light	153,973	146,678	131,975	29	27	25	41,110	38,924	37,697
VECO	2,938,532	2,922,950	2,585,704	522	524	475	422,814	408,586	395,689
SFELAPCO	623,607	588,985	548,365	116	117	102	101,942	97,847	94,227
SEZ	517,558	535,010	506,539	106	103	102	3,267	3,151	3,040
MEZ	114,272	111,486	120,491	21	21	22	83	82	80
BEZ	91,273	102,208	113,800	27	30	30	31	32	33
LEZ	197,908	165,481	149,770	33	28	26	619	472	99
Total	6,955,108	6,746,172	6,225, 771	1,258	1,231	1,136	945,300	916,876	881,944

Visayan Electric Company, Inc. (VECO)

Incorporated on February 22, 1961, VECO is the second largest privately-owned distribution utility in the Philippines in terms of customer size and annual MWh sales. It supplies electricity to the greater part of Metro Cebu, an area covering 674 square kilometers (sq. kms.) and with a population of approximately 1.7 mn. To date, VECO has nineteen (19) power substations and one (1) mobile substation that serve the power needs of the cities of Cebu, Mandaue, Talisay and Naga, and the municipalities of Minglanilla, San Fernando, Consolacion, and Liloan. As of December 31, 2017, VECO served a total of 422,814 customers and had a peak demand of 504 MW.

In 1928, Visayan Electric Company, S.A. was granted a 50-year distribution franchise by the Philippine Legislature. The term of this franchise was extended by Republic Act (RA) 6454 for an additional twenty-five (25) years starting 1978 and was conditionally renewed for another twenty-five (25) years from December 2003. In September 2005, the Philippine Congress passed RA 9339, which extended VECO's franchise to September 2030. VECO's application for the extension of its Certificate of Public Convenience and Necessity (CPCN) was approved by the ERC on January 26, 2009.

VECO, directly and through its predecessors-in-interest, has been in the business of distributing electricity in Cebu since 1905. In the early 1900s, the predecessors-in-interest of the Aboitiz Group acquired a 20% interest in VECO's predecessor-in-interest, the Visayan Electric Company, S.A. Since that time, the Aboitiz Group's ownership interest in VECO has increased from 20% to its current ownership interest of 55.25%, which is directly held by AboitizPower.

In April 2004, AEV, Vivant, and Hijos de F. Escaño Inc. (Hijos) entered into a Shareholders' Cooperation Agreement that sets out guidelines for VECO's day-to-day operations and the relationship among VECO's shareholders, including restrictions on share transfers (the grant of the right of first refusal in the event of a transfer to a third party and the right to transfer to Affiliates, subject to certain conditions), board composition and structure, proceedings of directors and shareholders, minority shareholder rights, dividend policy, termination, and non-compete obligations. Under the terms of the agreement, day-to-day operations and management of VECO were initially assumed by AEV, and eventually by AboitizPower after it acquired AEV's ownership interest in VECO in January 2007. To guarantee compliance with their respective obligations under the Shareholders' Cooperation Agreement, AboitizPower and Vivant were each required to place in escrow 5% of the shares in VECO registered in their names. The escrow shares will be forfeited in the event that a shareholder group violates the terms of the Shareholders' Cooperation Agreement.

VECO is part of the third group (Group C) of private distribution utilities to shift to Performance-Based Rate-Setting Regulation (PBR). On May 2010, the ERC issued its final determination on VECO's application for approval of its annual revenue requirements and Performance Incentive Scheme under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

On March 2013, VECO filed an application for the approval of its proposed translation into distribution rates to the different customer classes for the fourth regulatory year with the ERC. The five (5)-month recovery due to the delay of the implementation in the third regulatory year is included in the application for the fourth regulatory year. The application was approved by the ERC on July 10, 2013 and VECO was able to implement the new distribution rates on time. The approved distribution rates for the fourth regulatory year were to be applicable only for July 2013 up to June 2014 billings. In the first quarter of 2014, VECO was scheduled to undergo the PBR reset process to ensure that the new rates would be approved and can be applied by July 2014. The ERC, however, deferred all PBR reset processes. VECO has since continued to apply the rates approved for the fourth regulatory period even beyond June 2014.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of fifteen (15) years starting from the commercial operation date of the latter. In 2013, the PPA was extended for another ten (10) years.

To address VECO's long-term power supply requirement, VECO entered into an EPPA with Cebu Energy on October 16, 2009 for the supply of 105 MW for twenty-five (25) years. The contracted capacity with Cebu Energy was subsequently increased to 121 MW in 2014 and further increased by 20 MW starting March of 2015 to cover the increase in demand within its franchise area. However, the 20-MW contract was terminated in 2016 due to the inability of the transmission grid to wheel power from the plant to VECO.

On December 26, 2010, VECO signed a five-year PSA with Green Core Geothermal, Inc. (GCGI) for the supply of 60 MW at 100% load factor. On October 23, 2014, VECO and GCGI amended the PSA, extending the term for another ten years at a reduced price. VECO entered into additional PPAs with GCGI for the supply of 15 MW starting December 25, 2011 and an additional 15 MW starting December 25, 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15 MW contract with GCGI expired last December 26, 2016.

On December 25, 2014, the Contract for the Supply of Electric Energy (CSEE) between VECO and PSALM expired. Consequently, VECO entered into PSAs with AESI, Vivant Energy Solutions, and Unified Leyte Geothermal Energy Inc. (ULGEI) for 40 MW, 17 MW, and 5 MW baseload supply, respectively. The 5-MW contract with ULGEI was also terminated in 2016 due to failure to secure ERC approval after the one (1) year cooling-off period.

To partially source its peaking requirement, VECO entered into an agreement with 1590 Energy Corporation for the supply of 30 MW for six months starting December 2014. For its long term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150 MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations have commenced, the company entered into a PSA with South Luzon Power Generation Company (SLPGC) for 50 MW in 2016.

Starting December 26, 2016, the contract with SLPGC reduced to 47.79 MW as there were Contestable Customers who migrated to Open Access. VECO will continue to renegotiate the reduction of its bilateral contracts to account for the continued migration of Contestable Customers. VECO's PSAs with TVI is pending with the ERC for approval.

In 2017, VECO's systems loss is at 6.51%, below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs, resulting in customer savings.

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

Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kWh sales. Davao Light's franchise area covers Davao City, areas of Panabo City, and the municipalities of Carmen, Dujali, and Santo Tomas in Davao del Norte, with a population of approximately 1.8 mn and a total area of 3,561 sq. kms. As of December 2017, Davao Light served a total of 384,434 customers, with an average peak demand recorded at 404,196 kW.

Davao Light was incorporated on October 11, 1929, and was acquired by the Aboitiz Group in 1946. Davao Light's original fifty (50)-year franchise, covering Davao City, was granted on November 1930 by the Philippine Legislature. On September 2000, RA 8960 granted Davao Light a franchise for a period of twenty-five (25) years, or until September 2025.

The large percentage of Davao Light's power supply comes from renewable energy sources from the NPC-PSALM, Hedcor Sibulan, and Hedcor's Talomo plant, which comprised 52.29% of Davao Light's power mix.

Due to the high growth of new locators within the franchise area, Davao Light accelerated the upgrades for the distribution network infrastructure to meet increasing demand. On July 5, 2017, the company upgraded its Don Ramon Substation by adding additional capacity of 100 MVA, increasing its overall capacity to 200 MVA.

On December 10, 2017, Davao Light also energized its 9.5-kilometer 69-kV line connecting ERA Substation to DRA Substation. To ensure reliability and to cater growing demand in the northern part of its franchise area, the company upgraded its San Vicente Substation after the successful energization and loading of the newly installed 33 MVA power transformer of the said substation.

The growth in demand resulted in total sales of 2,298,361,482 kWh as of December 2017. Davao Light recorded a total growth in energy sales for 2017 of 5.75% and increase of demand of 6.37%.

Davao Light's systems loss at 7.32% remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs, resulting in customer savings.

On November 28, 2016, Davao Light signed a 60-MW Power Supply Contract (PSC) with San Miguel Consolidated Power Corporation, subject to ERC approval. This PSC is intended to replace the firm supply contracts with SPPC and TMI, which are expiring in 2018. Moreover, Davao Light also signed non-firm supply contracts with TMI and WMPC on October and November 2017, respectively, with a total capacity of 105 MW, intended to supply Davao Light's power requirements during the drought months when the supply coming from NPC-PSALM is very limited.

Davao Light is part of Group C of private distribution utilities to enter the PBR. The reset process for the next regulatory period is put on hold by the ERC.

In July 2017, Davao Light donated a new and improved investment promotion website to Davao City Investment Promotion Center to further promote the city's economic interests. The website adheres to Global Investment Promotions Best Practices in content presentation and user interface, search engine optimization and back-end data analytics, in the hopes of facilitating business opportunities for local and foreign investors. Davao Light aims to bring more investments into its franchise area through partnerships with the local government units.

The company is currently owned 99.93% by AboitizPower.

Cotabato Light and Power Company (Cotabato Light)

Cotabato Light supplies electricity to Cotabato City and portions of the municipalities of Datu Odin Sinsuat and Sultan Kudarat, both in Maguindanao, with a land area of 191 sq. kms. As of December 2017, Cotabato Light's peak demand was recorded at 28.60 MW and is serving a total of 41,110 customers.

Incorporated in April 1938, Cotabato Light's original twenty-five (25)-year franchise was granted by the Philippine Legislature through RA 3341 in June 1939. Its franchise was extended until June 1989 through RA 3217 in 1961, and for another twenty-five (25) years or until August 2014. Cotabato Light's current franchise was granted under RA 10637, signed into law by then President Benigno C. Aquino III on June 16, 2014, for another twenty-five (25) years or until 2039.

As of year-end 2017, Cotabato Light has three substations - 10 MVA, 12 MVA, and 15 MVA - backed up by a 10 MVA power transformer. Cotabato Light is served by one 69-kV transmission line with a distribution voltage of 13.8 kV. These lines can be remotely controlled using the Supervisory Control and Data Acquisition (SCADA) system.

Cotabato Light maintains a standby Bunker C-fired plant with dependable capacity of 5.85 MW, capable of supplying approximately 20% of its franchise area requirements. The standby plant is capable of supplying electricity in case of power supply problems with PSALM, its other power suppliers, or the NGCP, and to stabilize voltage when necessary.

As of December 2017, Cotabato Light's systems loss stands at 8.84%, higher than the systems loss cap of 8.5% as implemented by the ERC. The company continuously strives to improve its systems and processes in order to reduce systems loss.

Cotabato Light is part of the second batch (Group B) of private utilities to enter PBR and is currently under the second regulatory period from April 1, 2013 to March 1, 2017. The reset process for the next regulating period is put on hold by the ERC.

The company utilizes modern systems such as the Customer Care and Billing, Enterprise Resource Planning (ERP) and soon, the Work and Asset Management (WAM). Cotabato Light constantly searches for ways to provide its customers with safe and reliable power while operating as a low cost service provider. Although a relatively small distribution utility, it benefits from the technology and systems innovation and developments of its Affiliate, Davao Light. Davao Light likewise readily provides technical assistance to Cotabato Light whenever necessary.

AboitizPower directly owns 99.9374% of Cotabato Light.

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

SFELAPCO's franchise in the City of San Fernando, Pampanga covers an area of 78.514 sq. kms. and includes 402.92 and 662.74 circuit-kilometers on its 13.8-kV and 240-volt distribution lines, respectively. SFELAPCO also supplies thirty-five (35) barangays in the City of San Fernando, Barangays San Isidro and Cabalantian in Bacolor, Pampanga, twenty-five (25) barangays in the municipality of Floridablanca, and one (1) barangay in Guagua, Pampanga. As of December 2017, SFELAPCO's peak demand was recorded at 116,477 kW, and was serving a total of 101,423 customers.

SFELAPCO was incorporated on May 17, 1927 and was granted a municipal franchise in 1927. In 1961, RA 3207 was passed by Congress granting SFELAPCO a legislative franchise to distribute electricity for a period of fifty (50) years ending in June 2011. SFELAPCO's current legislative franchise was granted through RA 9967, for another twenty-five (25) years commencing on March 24, 2010.

SFELAPCO is part of the fourth batch (Group D) of private utilities to enter PBR and is currently under the four-year regulatory period starting October 1, 2011 until September 2015. The reset process for the next regulatory period is put on hold by the ERC.

SFELAPCO's systems loss at 4.97% remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs resulting in customer savings.

AboitizPower owns an effective interest of 43.78% in SFELAPCO.

Subic EnerZone Corporation (SEZ)

In May 2003, the consortium of AEV and Davao Light won the competitive bid to provide distribution management services to SBMA and to operate the SBFZ power distribution utility for a period of 25 years. On June 3, 2003, SEZ was incorporated as a joint venture company owned by a consortium comprised of Davao Light, AEV, SFELAPCO, Team Philippines, Okeelanta, and PASUDECO to undertake the management and operation of the SBFZ power distribution utility. On October 25, 2003, SEZ was formally awarded the contract to manage SBFZ's power distribution utility and took over operations. As of December 2017, SEZ's peak demand was recorded at 102,272 kW and was serving a total of 3,267 customers.

SEZ's authority to operate SBFZ's power distribution utility was granted by SBMA pursuant to the terms of RA 7227 or The Bases Conversion and Development Act of 1992, as amended. As a company operating within the SBFZ, SEZ enjoys a preferential tax of 5% on its gross income in lieu of all other national and local taxes.

Following the acquisition by AboitizPower in January 2007 of AEV's 64.3% effective ownership interest in SEZ, AboitizPower entered into another agreement on June 8, 2007 to acquire the combined 25% equity stake in SEZ of AEV, SFELAPCO, Okeelanta, and PASUDECO. On December 17, 2007, AboitizPower bought the 20% equity of Team Philippines in SEZ for ₱92 mn. Together with Davao Light's 35% equity in SEZ, this acquisition brought AboitizPower's total equity in SEZ to 100%.

On July 6, 2011, the ERC released its final determination on SEZ's application for approval of its maximum average price (MAP), Annual Revenue Requirement (ARR), and PIS for the period October 2011 to September 2015. The approved MAP for the first regulatory year, as translated into new rates per customer class, was implemented in January 2012.

SEZ saw a smooth transition in implementing new PBR power rates during 2012. In July 2012, ERC certified SEZ as a Local RES.

For SEZ's second regulatory year covering October 1, 2012 to September 30, 2013, it was able to implement the new rate schedule starting January 2013. Consequently, the resulting under-recoveries from the lag starting from October 1, 2012 were included by SEZ as under-recoveries in its rate filing in the third regulatory year. The reset process for the next regulatory period is put on hold by the ERC.

SEZ's systems loss at 3.77% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower, together with Davao Light, owns 100% of SEZ.

Mactan Enerzone Corporation (MEZ)

MEZ was incorporated on February 19, 2007 when AboitizLand spun off the power distribution system of its Mactan Export Processing Zone II (MEPZ II) project. The MEPZ II project, which was launched in 1995,

was operated by AboitizLand under a BOT agreement with the Mactan-Cebu International Airport Authority (MCIAA).

On June 8, 2007, AboitizPower entered into an agreement to acquire AboitizLand's 100% equity stake in MEZ, representing 8,754,443 common shares. Pursuant to the agreement, AboitizPower acquired AboitizLand's ownership interest in MEZ valued at ₱609.5 mn, in exchange for AboitizPower's common shares issued at the IPO price of ₱5.80 per share.

MEZ sources its power from SN Aboitiz Power-Magat and GCGI pursuant to a CSEE. Under the said contract, GCGI is required to provide 4.957 MW to MEZ base load. SN Aboitiz Power-Magat is required to supply 4.957 MW with 50% load factor, as based on projections provided by MEPZ II locators under their respective PSCs with MEZ.

As of December 31, 2017, MEZ's recorded peak demand at 21.12 MW, and served a total of eighty-three (83) customers, consisting of fifty-one (51) captive industrial locators, twenty-six (26) captive commercial locators, and six (6) industrial locators under RES.

MEZ's systems loss at 0.93% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of MEZ.

Balamban Enerzone Corporation (BEZ)

BEZ was incorporated on February 19, 2007 when Cebu Industrial Park Developers, Inc. (CIPDI), a joint venture between AboitizLand and Tsuneishi Holdings (Cebu), Inc. (THC), spun off the power distribution system of the West Cebu Industrial Park – Special Economic Zone (WCIP-SEZ). WCIP-SEZ is a special economic zone for light and heavy industries owned and operated by CIPDI. CIPDI, located in Balamban, Cebu, is home to the shipbuilding and ship repair facilities of Tsuneishi Heavy Industries (Cebu), Inc. (THICI), the modular fabrication facility of Aboitiz Construction International, Inc. (formerly: Metaphil International, Inc.) and recently, Austal Philippines Pty. Limited.

On May 4, 2007, CIPDI declared property dividends to its stockholders in the form of equity in BEZ. On June 8, 2007, AboitizPower entered into an agreement to acquire AboitizLand's 60% equity stake in BEZ, represented by 4,301,766 common shares. Pursuant to the agreement, AboitizPower acquired AboitizLand's ownership interest in BEZ valued at ₱266.9 mn, in exchange for AboitizPower's common shares issued at the IPO price of ₱5.80 per share. On March 7, 2008, AboitizPower purchased THC's 40% equity in BEZ.

In January 2011, BEZ secured firm contracts from various power suppliers such as GCGI, Cebu Energy, and EAUC to ensure sufficient power supply to the different industries within the WCIP-SEZ. As of February 2017, only the firm contract with Cebu Energy remained, since its other Contestable Customers have switched to RES. BEZ became a direct member of the PEMC to be eligible to participate in the WESM.

BEZ's peak demand for 2017 was recorded at 26.517 MW. As of year-end 2017, it has served a total of 31 customers composed of fourteen (14) captive industrial customers, eleven (11) captive commercial customers, and six (6) contestable industrial customers.

BEZ's systems loss at 0.50% remains below the government-mandated cap of 8.5%. Systems loss below the mandated caps translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of BEZ.

Lima Enerzone Corporation (Lima Enerzone)

LEZ 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. In 2017, Lima Enerzone's peak

demand was recorded at 35 MW, and has served 101 industrial and commercial customers, and 527 residential customers.

LEZ was originally a wholly-owned Subsidiary of Lima Land. With the acquisition by AboitizLand of the interests of the Alsons and Marubeni groups in Lima Land in 2013 and 2014, respectively, LEZ and Lima Land became a wholly-owned Subsidiaries of AboitizLand.

Subsequently, in mid 2014, AboitizLand divested its interests in Lima Utilities Corporation through the sale of its shares to AboitizPower. The acquisition was completed on July 7, 2014. Following the change of ownership, AboitizPower as the new shareholder of the company, sought the SEC's approval to change LEZ's corporate name to Lima Enerzone Corporation. The application was approved by the SEC on October 14, 2014.

LEZ's responsive interface ensures that customers receive power that fully meets their business requirements. As asset manager of the electrical infrastructure constructed at the LTC, LEZ has the sole responsibility of providing clean, reliable and uninterrupted power supply to enable the multinational manufacturing companies to produce quality products at international standards. On December 10, 2017, LEZ completed an additional 50-MVA power transformer, and is now capable of serving the increasing demand for future locators and expansions. This will also allow LEZ to provide reliable and flexible power to the LTC.

LEZ's systems loss at 0.94% remains below the government-mandated cap of 8.5%. Systems loss below the mandated cap translates to reduced power costs resulting in customer savings.

AboitizPower directly owns 100% of LEZ.

RETAIL ELECTRICITY AND OTHER RELATED SERVICES

One of the objectives of electricity reform in the Philippines is to ensure the competitive supply of electricity at the retail level. With the start of commercial operations of Open Access, large-scale customers will be allowed to obtain electricity from Retail Electricity Suppliers (RES) licensed by the ERC.

Aboitiz Energy Solutions, Inc. (AESI)

On November 9, 2009, AESI, a wholly-owned Subsidiary of AboitizPower, was granted a license to act as a RES, which license was renewed on October 29, 2012 for another five (5) years. Its duly filed application for renewal of RES license has been duly filed, and is currently pending with the ERC. At the start of commercial operations of Open Access on June 26, 2013, AESI served forty-two (42) customers. For the year 2017, AESI supplied retail electricity to a total of 167 customers, with total energy consumption of 1,630.67 mn kWh.

In December 2014, PSALM formally turned-over the management and dispatch for the 40 MW strips of energy from the ULGPP, which AESI won in the November 2013 IPPA bid. AESI was able to deliver a total of 326.05 mn kWh to its off-taker, VECO, for the year 2017.

AboitizPower owns a 100% equity interest in AESI.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated on March 24, 2009 as a joint venture between AboitizPower (60%) and Vivant Corporation (40%). It was granted a five-year RES license by the ERC on May 22, 2012 until May 22, 2017. Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy will provide its customers with contract options for electricity supply to be based on their operating requirements.

As the power supply situation in the Visayas is being stabilized, Prism Energy is projected to begin formal operations upon procurement of generation supply contracts from generation companies that will operate

in the region. It will provide retail electricity supply to end-users qualified by the ERC to contract for retail supply.

Adventenergy, Inc. (AdventEnergy)

Incorporated on August 14, 2008, AdventEnergy is a wholly-owned Subsidiary of AboitizPower, and is a RES company that sells, brokers, markets, or aggregates electricity to end-users, including those within economic zones. AdventEnergy's RES license was renewed by the ERC on June 18, 2012. Its application for renewal of RES license was duly filed, and is currently pending with the ERC. The company was specifically formed to serve Contestable Customers located in economic zones.

AdventEnergy differentiates itself from competition by sourcing electricity from a 100% renewable source. With this competitive advantage, more and more companies are opting to source a part, if not the majority, of their electricity supply from AdventEnergy as an environmental initiative.

During 2017, AdventEnergy supplied retail electricity to seventy (70) customers with a total consumption of 1,393.38 mn kWh.

AboitizPower owns 100% equity interest in AdventEnergy.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated on March 24, 2009 as a joint venture between AboitizPower (60%) and Vivant Corporation (40%). It was granted a five (5)-year RES license by the ERC on May 22, 2012, and its application for renewal of RES license has been duly filed and is currently pending with the ERC.

Prism Energy is envisioned to serve Contestable Customers in the Visayas region. As a RES, Prism Energy will provide its customers with contract options for electricity supply to be based on their operating requirements.

During 2017, Prism Energy supplied retail electricity to thirteen (13) customers with a total energy consumption of 38.88 mn kWh.

AboitizPower owns a 60% equity interest in Prism Energy.

SN Aboitiz Power-Res, Inc. (SN Aboitiz Power-RES)

Incorporated on December 23, 2009, SN Aboitiz Power – RES is the RES arm of the SN Aboitiz Power Group. SN Aboitiz Power – RES caters to the Contestable Customer sector and electricity consumers using an average of at least 1 MW in the last twelve months across all industries under Open Access. It offers energy supply packages tailored to its customers' needs and preferences.

The company's vision is to become the leading RES in the country through profitable growth, excellence in business processes, and innovative ideas. It also aims to supply the energy requirements of its customers in a fair and equitable manner, and to contribute to the vibrant local power market that supports the country's development. SN Aboitiz Power – RES harnesses the synergy from the partnership of the SN Power Group, an international hydropower expert, and AboitizPower.

In 2014, SN Power Holding Singapore Pte. Ltd., the 40% owner of the issued and outstanding shares of SN Aboitiz Power – RES, transferred its interest to an affiliate, SN Power Invest Netherlands B.V. pursuant to the restructuring of the SN Power Group.

From a single customer in 2013, SN Aboitiz Power – RES has grown its customer base to 25 by the end of 2017, with a significant number of closed deals signed in 2016 and 2017. This growth can be attributed to the strategic focus of SN Aboitiz Power – RES on four major industry segments that allow it to tailor supply packages to customer segment needs and preferences.

Despite the challenging regulatory landscape in the Contestable, SN Aboitiz Power – RES was still able to steadily carve an expanding market share. As of December 31, 2017, SN Aboitiz Power – RES accounts for 262 GWh or 16.8% of BCQ volumes which contributed ₱79 mn or 6% of BCQ net revenue.

SN Aboitiz Power – RES is a joint venture between ARI and SN Power. It is currently 60% owned by MORE with the remaining 40% owned by SN Power Philippines.

FINANCIAL SERVICES

AEV's financial services group is composed of UnionBank, a leading universal bank in the country; UnionBank's Subsidiary, CitySavings, a thrift bank based in Cebu City; and PETNET, a money transfer services company.

Union Bank of the Philippines (UnionBank)

UnionBank, a publicly listed universal bank, originally known as Union Savings and Mortgage Bank, was incorporated in the Philippines on August 16, 1968. It distinguishes itself through superior technology, unique branch sales, service-oriented culture, and centralized backroom operations. UnionBank's superior technology allows delivery of online and real-time business solutions to meet the customers' diverse needs through customized cash management products and service offerings. Its unique branch culture ensures delivery of efficient and quality service, as well as, mitigates operational risk. The Bank's centralized backroom operations enable it to provide responsive, scalable, and secure transaction processing.

Aligned with its thrust of being at the forefront of technology-based banking in the Philippines, UnionBank endeavors to elevate its systems and processes to be at par with international standards and best practices. It obtained ISO 9001:2000 Quality Management System (QMS) Certification for its Central Processing Services (CPS) in 2008, making it at this time the first and only bank in the Philippines awarded for its entire centralized backroom operations. In 2010, UnionBank received the ISO 9001:2008 certification, an update from the previous. Thereafter, UnionBank obtained the ISO 27001:2005 Certification for its Information Security Management System (ISMS), attesting to the Bank's unwavering commitment to become the leader and benchmark for service quality, technological advancement, and operational excellence. UnionBank also achieved ISO 9001:2008 Certifications for its Customer Service Group in 2012 and Branch Operations Management in 2013. In 2015, UnionBank earned ISO 9001:2015 QMS Certifications for its Branch Operations Management, Central Processing Services, and Customer Service Group. UnionBank is the first local bank that was certified under the new ISO standard. In 2016, the Loans and Trade Finance Operations Management group of UnionBank also earned the ISO 9001:2015 QMS Certification. In 2015 and 2016, UnionBank was certified as having zero nonconformance rating during quality audits, demonstrating UnionBank's dedication to uphold quality in its business processes. In 2017, the Bank successfully passed the ISO 9001:2015 QMS standard 2nd surveillance audit, as conducted by TUV Rheinland in November. The certification was also extended to the Treasury Operations.

UnionBank's clientele encompasses retail, middle-market and corporate customers, as well as major government institutions. It believes that its use of technology, marketing strategy and operational structure enabled it to capture and secure a loyal customer base and achieve high levels of efficiency and productivity.

The Bank's principal shareholder groups include AEV; Social Security System, a government-owned and -controlled corporation that provides social security to workers in the private sector; and Insular Life Assurance Co., Ltd., one of the leading and largest Filipino-owned life insurance companies in the Philippines.

PETNET, Inc. (PETNET)

Incorporated on August 12, 1998, PETNET is primarily engaged in providing money transfer services as a direct agent of Western Union. In conjunction with Western Union Business Solutions, it offers services that enable local businesses to make international payment transactions in over 140 currencies. PETNET is a BSP-licensed remittance agent, money changer, and foreign exchange dealer. Apart from the Western

Union money transfer service, PETNET offers money changing, bills payment, airline ticketing, personal accident insurance, and e-loading in its company-owned locations.

Since 2015, PETNET has been an outsourced service provider of CitySavings for facilitating and accepting applications for DepEd salary loans and GSIS pension loans.

AEV acquired 51% equity interest in PETNET on June 1, 2015.

On February 9, 2018, CitySavings and Union Properties, Inc. executed a sale and purchase agreement to acquire AEV's 51% equity interest in PETNET, in order to consolidate the Aboitiz Group's financial services under UnionBank. The completion of the transaction is subject to PCC and BSP approval.

FOOD MANUFACTURING

Pilmico Foods Corporation (Pilmico)

Pilmico, the food arm of the Aboitiz Group, was incorporated on August 8, 1958. Pilmico began as a joint venture of the Aboitiz Group, the Lu Do Group, the Soriano Group, and the Pillsbury Group of the United States of America (U.S.A.). The Lu Do, Soriano, and Pillsbury Groups eventually sold all their shareholdings to AEV.

Pilmico is primarily engaged in the manufacture and sale of flour, feeds, and their by-products. It has a wide network of distributors and dealers located in major cities of Manila, Cebu, Davao, Iloilo, Bacolod and Cagayan. To date, it is one of the largest flour manufacturers in the country, and is ranked among the top three (3) domestic flour producers.

Pilmico's key raw materials are imported from the U.S.A., Canada and Australia. This exposes Pilmico to risks arising from currency fluctuations and volatile price movements of raw materials. Meanwhile, the high costs of freight and distribution limit the selling territory of Pilmico within its main network of distributors and dealers. Pilmico responds to this challenge through the strategic location of its Iligan plant, which narrows down the high costs of freight and distribution.

Pilmico established representative offices in Jakarta, Indonesia in 2004 and Ho Chi Minh City, Vietnam in 2015. To expand its flour export business. Through these representative offices Pilmico distributes flour products to Hong Kong, Vietnam, Myanmar, Thailand, Malaysia, and Indonesia. Further efforts will be made by Pilmico to strengthen its presence in the ASEAN region.

Pilmico is a wholly-owned Subsidiary of AEV.

Pilmico Animal Nutrition Corporation (PANC)

In June 1997, Pilmico entered into the swine production and animal feeds business through PANC (formerly Fil-Am Foods, Inc.). PANC was a joint venture with Tyson International Holding Co. (Tyson), a subsidiary of Tyson Foods, and PM Nutrition Company, Inc. (PMNC), an affiliate of Purina Mills, Inc. In October 2002, Pilmico acquired the shareholdings of Tyson and PMNC, thus making PANC its wholly-owned Subsidiary.

PANC operates farms and feed mill plants in Capas, Tarlac and Kiwalan Cove, Iligan City.

Pilmico, together with another wholly-owned Subsidiary, Filagri Holdings, Inc., owns 100% of PANC.

Filagri, Inc. (Filagri)

Filagri (formerly Filagri Land, Inc.) was incorporated on July 13, 1997. It was originally formed to hold PANC's investments in real estate properties. In January 2012, as part of the diversification plans of PANC, Filagri became the project vehicle of PANC's low-cost feeds.

Pilmico effectively owns a 100% equity interest in Filagri.

AEV International Pte. Ltd. (AEV International)

Established on May 5, 2014, AEV International is the holding company of AEV's investments outside the Philippines. AEV International owns 100% of Pilmico International, the investment company that holds a 85% equity interest in Pilmico Vietnam Feeds Joint Stock Company (PVF), a 70% equity interest in Pilmico Animal Nutrition-Joint Stock Company (PAN-JSC), and a 100% equity interest in Pilmico Viet Nam Trading Company Ltd. (Pilmico Vietnam Trading).

Pilmico International Pte. Ltd. (Pilmico International)

Pilmico International is the project vehicle from AEV's first international investment in the feeds business. The company was established in June 2014 and is a wholly-owned Subsidiary of AEV International. Pilmico International has a 85% equity interest in PVF, the operator of an aqua feed mill in Dong Thap Province in Vietnam.

In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Vietnam Trading, a company engaged in the wholesale of food products, beverages, and agricultural and forestry raw materials in Vietnam.

In 2017, Pilmico International further expanded its core feeds business in Vietnam through the acquisition of a 70% equity interest in Europe Nutrition Joint Stock Company (Eurofeed). Eurofeed is a joint stock company organized under the laws of Vietnam and is engaged in the business of producing animal feeds. Eurofeed has been renamed PAN-JSC.

Pilmico Vietnam Feeds Joint Stock Company (PVF) (formerly: Pilmico VHF Joint Stock Company)

In August 2014, Pilmico International successfully acquired a 70% equity stake in aqua feed mill operator, Vinh Hoan 1 Feed JSC, a company established on May 2, 2007 under the laws of Vietnam. In August 2017, Pilmico International bought an additional 15% equity stake thereby bringing Pilmico International's total equity stake in the aqua feed mill to 85% and has the right to purchase the remaining 15% by 2019 at a pre-agreed price.

The Food Group's entry in Vietnam marks the first international investment of the Aboitiz Group. Vinh Hoan 1 Feed JSC was officially renamed as Pilmico VHF Joint Stock Company by December 2014 and later on renamed as Pilmico Vietnam Feeds Joint Stock Company (PVF) in July 2017.

PVF is located in Dong Thap Province in Vietnam, approximately 165 kilometers away from Ho Chi Minh City. It is the fourth largest pangasius aqua feeds producer in Vietnam, with a capacity of 165,000 MT per year. PVF's capacity was successfully expanded to 270,000 MT in April 2016. This expansion supported efforts to build a commercial Vietnam and export market in addition to the long-term supply agreement with Vinh Hoan Corporation.

The investment in PVF allowed the Food Group to gain a foothold in the Vietnamese aqua feeds business, and at the same time, build its reach to other aqua farm customers. This strategic move was also intended to establish a gateway to investments in other ASEAN countries like Thailand, Laos and Cambodia. This allowed Pilmico to expand its core feeds business internationally, and to diversify and gain competence in the aqua feeds product segment currently not offered in the Philippines.

Pilmico Viet Nam Trading Company Ltd. (Pilmico Vietnam Trading)

Pilmico Vietnam Trading was incorporated on July 6, 2015. It is a limited liability company operating in Vietnam and engaged in the wholesale of food products, beverages, and agricultural and forestry raw materials, among others. In October 2016, Pilmico International purchased 100% ownership interest in Pilmico Vietnam Trading. It is currently the vehicle used for the importation and distribution of Pilmico products within the Vietnam market.

Pilmico Animal Nutrition Joint Stock Company (PAN-JSC)

In August 2017, Pilmico International successfully acquired a 70% equity stake in an animal feed mill operator, Europe Nutrition Joint Stock Company (Eurofeed). Eurofeed was later on renamed as Pilmico Animal Nutrition Joint Stock Company (PAN-JSC).

REAL ESTATE

Aboitiz Land, Inc. (AboitizLand)

Incorporated on June 2, 1964, AboitizLand (formerly Central Visayan Warehousing Co., Inc.) is the real estate arm of the Aboitiz Group. It is primarily engaged in the design and development of real estate for residential, industrial, and commercial use.

AboitizLand currently has eight residential projects in the selling phase across three different product types: lot only, house and lot, and condominiums. It is the developer and operator of three economic zones: (a) the Mactan Economic Zone II (MEZ II) in Barangay Basak, Mactan, Lapu Lapu City; (b) the West Cebu Industrial Park (WCIP) in Balamban, Cebu, through its Subsidiary, Cebu Industrial Park Developers Inc. (CIPDI); and (c) the Lima Technology Center (LTC) in Malvar, Batangas. It also has four commercial projects, namely: (a) The Persimmon Plus in Mabolo, Cebu City; (b) the iMez Building, (c) Pueblo Verde; and (d) The Outlets at Pueblo Verde, all of which are located in Barangay Basak, Mactan, Lapu-Lapu City.

AboitizLand is a wholly-owned Subsidiary of AEV.

Cebu Praedia Development Corporation (CPDC)

Incorporated on October 13, 1997, CPDC is engaged in leasing of properties located in the cities of Makati and Cebu. To date, its major property holdings include the commercial and office building block located at 110 Legazpi Street, Legaspi Village, Makati City and AEV's Cebu offices located at Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City.

CPDC is a wholly owned Subsidiary of AEV.

Cebu Industrial Park Developers, Inc. (CIPDI)

CIPDI is a joint venture company between AboitizLand and the Kambara Group from Japan, through its wholly-owned subsidiary, Tsuneishi Holdings (Cebu), Inc. Incorporated on June 15, 1992, CIPDI began operations in 1993 with the development and operation of WCIP in Balamban, Cebu. WCIP is a 282-hectare industrial zone, catering to medium to heavy industries such as shipbuilding, ship recycling facilities, iron and steel manufacturing plants, and allied activities. WCIP currently has twelve (12) locators that employ approximately 15,800 employees.

AboitizLand owns a 60% equity interest in CIPDI.

Propiedad del Norte, Inc. (PDNI)

Incorporated on March 1, 2007, PDNI is engaged in the purchase and development of real estate. PDNI's current land bank stands at sixty (60) hectares, all of which are located in Liloan, Cebu.

PDNI is a wholly-owned Subsidiary of AboitizLand.

Lima Land, Inc. (Lima Land)

Incorporated in October 1995, LimaLand is the developer and operator of LTC, a PEZA-registered economic zone located in the Lipa-Malvar area of Batangas, at the heart of the Calabarzon region, the administrative

region composed of the provinces of Cavite, Laguna, Batangas, Rizal and Quezon. LTC is a 590-hectare industrial park catering to export-oriented locators engaged in manufacturing and warehousing operations.

Each year, LimaLand has continuously expanded LTC to cater to new investors. The first expansion by fifty (50)-hectare property in 2015 is already fully occupied by new locators. The second and third expansions of about seventy (70) hectares to accommodate new investors and expansion requirements of existing locators was completed in 2017.

LimaLand is now about to start development of its fourth expansion, with additional fifty (50) hectares of real estate to be made available to new and existing locators.

AboitizLand envisions LTC to be a total township project, combining the concepts of an integrated city and an environment for wholesome living. In 2016, AboitizLand launched The Outlets at Lipa. It is a 9.3-hectare commercial development located inside LTC, aimed to complement the industrial estate by offering outlet shops, restaurants, and leisure places for the ecozone employees and neighboring communities. The construction of The Outlets now is in progress and is targeted to open its first phase during the second quarter of 2018.

LTC continues to be one of Asia's new-generation industrial parks that combine smart economics, strategic location, and a synergy of strengths, focused to ensure the growth and profitability of its investors' enterprises.

Lima Land was formerly managed by the Alsons group and the Marubeni group. AboitizLand acquired Alsons' 60% interest of LimaLand in October 2013. The remaining 40% interest of Marubeni was subsequently acquired in February 2014, thereby making LimaLand a wholly-owned Subsidiary of AboitizLand.

Cebu District Property Enterprise Inc. (CDPEI)

Committed to its goal of nurturing communities, AboitizLand partnered with Ayala Land to plan and develop real estate projects in Cebu. Incorporated on February 20, 2014, CDPEI is a joint venture between Ayala Land and AboitizLand. The partnership incorporates the strengths of both companies, as it brings together AboitizLand's deep-rooted real estate experience in Cebu and Ayala Land's stellar track record in developing master-planned and sustainable communities.

For its first project, CDPEI looks to transform a fifteen (15)-hectare lot in Mandaue City, Cebu into a mixed-use development – Gatewalk Central. Having broken ground in 2016, Gatewalk Central is anticipated to become a dynamic growth center in Mandaue, featuring innovative residential developments complemented by commercial retail and office spaces.

AboitizLand and Ayala Land each own a 50% equity interest in CDPEI.

INFRASTRUCTURE

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital) was first incorporated as AEV InfraCapital, Inc. on January 13, 2015. It undertakes all infrastructure and infrastructure related investments of the Aboitiz Group.

Aboitiz InfraCapital established itself as a provider of water supply, water distribution, wastewater treatment, and water-related infrastructure through its acquisition of equity interests in Apo Agua Infraestructura, Inc. (Apo Agua) in 2015, Lima Water Corporation (LWC) in 2017, and Balibago Waterworks System, Inc. (BWSI) in 2017.

Another key area of interest for Aboitiz InfraCapital are transportation infrastructure projects. In 2015 and 2016, the Company, through its infrastructure investment arm, participated in the initial bid process for

two (2) of the government's Public-Private Partnership Projects: (i) LRT Line 2, and (ii) Laguna Lake Expressway-Dike projects. In the first quarter of 2018, it has submitted two (2) unsolicited proposals to the DOTr involving the rehabilitation and expansion of: (i) the Ninoy Aquino International Airport, as part of a consortium of seven (7) of the country's major conglomerates in the country; and (ii) four (4) regional airports: Iloilo International Airport, Bacolod-Silay Airport, Laguindingan Airport, and New Bohol International Airport in Panglao.

Aboitiz InfraCapital is a wholly-owned Subsidiary of AEV.

Lima Water Corporation (LWC)

LWC was incorporated on May 28, 1999. LWC provides industrial and potable water to over eighty (80) industrial locators, at the Lipa, Batangas based LTC. LWC has a daily water capacity of 8,700 cubic meters. The company also operates its own centralized wastewater treatment plant to ensure the proper treatment of waste water generated within the LTC. On August 1, 2017, Aboitiz InfraCapital acquired LWC from affiliate AboitizLand and took full operational control on the same day.

Aboitiz InfraCapital owns a 100% equity interest in LWC.

Balibago Waterworks System, Inc. (BWSI)

BWSI was incorporated on May 20, 1958 with the primary purpose to acquire, establish, develop, manage, and operate an effective waterworks utility system within its franchise area of 900 hectares. Its franchise area includes Barangay Balibago in Angeles City and Barangay Dau in the town of Mabalacat, and BWSI provides running water to almost 200,000 households.

On August 3, 2017, Aboitiz InfraCapital acquired a minority stake in BWSI previously held by San Fernando Electric Light & Power Co.

Aboitiz InfraCapital owns 11.14% of BWSI.

AEV CRH Holdings, Inc. (AEV CRH) and CRH Aboitiz Holdings, Inc. (CRH Aboitiz)

AEV, in partnership with CRH plc, formed two (2) investment vehicles for its infrastructure projects, AEV CRH and CRH Aboitiz, incorporated on July 2015.

On September 15, 2015, CRH Aboitiz acquired equity interests in Republic Cement Services, Inc. (RCSI) (formerly Lafarge Cement Services Philippines, Inc.).

AEV CRH was initially granted the option to acquire 5,174,720,568 shares of Republic Cement Building Materials, Inc. (RCBM) (formerly Lafarge Republic, Inc.), representing 88.85% of RCBM's outstanding capital stock in a private sale from its major shareholder. In compliance with the requirements of the Securities Regulation Code, AEV CRH conducted a mandatory tender offer to acquire the remaining shares from the minority shareholders of RCBM. On September 9, 2015, AEV CRH accepted from the public a total of 596,494,186 shares representing 10.24% of the outstanding shares of RCBM. The tendered shares brought up AEV CRH's total shares in RCBM to 99.09% as of February 29, 2016. As February 28, 2018, AEV CRH owns 99.39% of RCBM's outstanding capital stock.

AEV owns 60% and 45% equity interests in AEV CRH and CRH Aboitiz, respectively.

Republic Cement and Buildings Materials, Inc. (RCBM)

Incorporated on May 3, 1955, RCBM is primarily engaged in the manufacture, development, exploitation, sale of cement, marble and all other kinds and classes of building materials, and the processing or manufacture of materials for any industrial or commercial purposes. On February 4, 2005, the SEC approved the extension of the corporate term of RCBM for another 50 years, or until May 3, 2055.

In September 2015, AEV CRH acquired a total of 99.09% equity interest in RCBM partly through private sale and partly through a mandatory tender offer. AEV CRH was required to conduct a mandatory tender offer subsequent to its acquisition of approximately 88.85% of the issued and outstanding shares of RCBM through a private sale. On January 14, 2016, RCBM filed a Petition for Voluntary Delisting with the PSE, which was approved by the PSE Board of Directors, effective on April 25, 2016.

On September 26, 2016, AEV CRH's equity interest in RCBM increased to 99.37% following the increase in the par value and decrease in its authorized capital stock. RCBM's number of shareholders also fell below 200, thereby it ceased to be a public company. In its Order of Revocation dated January 4, 2017, SEC granted RCBM's application for Voluntary Revocation of Registration of Securities and Certificate of Permit to Sell Securities. AEV CRH's equity interest in RCBM has since increased to 99.39% through the purchase of 2 shares of minority shareholders.

RCBM's operating cement manufacturing plants are located in the following sites: (a) Barangay Minuyan, Norzagaray, Bulacan (Bulacan Plant); (b) Bo. Bigte, Norzagaray, Bulacan (Norzagaray Plant); (c) Bo. Mapulo, Taysan, Batangas (Batangas Plant); (d) Barangay Dulumbayan, Teresa, Rizal (Teresa Plant); and (e) Bo. Dungo-an, Danao, Cebu (Danao Plant).

RCBM owns 94.63% of Republic Cement Iligan, Inc. (RCII) (formerly Lafarge Iligan, Inc.) and 99.63% of Republic Cement Mindanao, Inc. (RCMI) (formerly Lafarge Mindanao, Inc.).

AEV CRH currently owns a 99.39% equity interest in RCBM.

Republic Cement Mindanao, Inc. (RCMI)

RCMI was incorporated on May 25, 1957 to engage and deal in the production, purchase and sale of cement, concrete and allied products; quarrying, crushing and dealing in limestone in all its forms; and mixing, processing and sale of limestone with binder of any description. On June 18, 2007, the SEC approved the extension of RCMI's corporate term for another fifty (50) years, or from May 25, 2007 until May 25, 2057. The company amended its corporate name from "Mindanao Portland Cement Corporation" to "Lafarge Mindanao, Inc." on June 11, 2012. To facilitate the transition of RCMI from a Lafarge-associated entity to a CRH-Aboitiz company following the completion of the purchase of the Lafarge Philippine assets, the company once again changed its corporate name from "Lafarge Mindanao, Inc." to "Republic Cement Mindanao, Inc." This was approved by the SEC on November 2, 2015.

On July 21, 2017 and on August 30, 2017 respectively, RCMI's Board of Directors and shareholders representing more than two-thirds (2/3) of its outstanding capital stock, approved amendments to RCMI's articles of incorporation to increase the par value of the common shares of RCMI from ₱0.01 per share, to ₱90,000.00 per share (the "Share Par Value Increase") and the reduction of RCMI's authorized capital stock of ₱1.5 bn, by an amount to be determined by the Corporation's President, Corporate Secretary or Treasurer, necessary to retire all the fractional shares resulting from the Share Par Value Increase. On December 29, 2017, the SEC approved RCMI's amendments.

Since 1999, RCMI's business operations is concentrated mainly on cement distribution and the contracting for the manufacture of cement by an affiliate, RCII.

Republic Cement Iligan, Inc. (RCII)

Incorporated on June 1, 1967, RCII's primary purpose is to acquire, own, construct, manage, and operate a cement plant for the manufacture and production of all kinds of cement and cement products or by-products, including any derivatives thereof.

RCII manufactures cement for RCMI. The company's operating cement manufacturing plant is located in Barangay Kiwalan, Iligan City.

Republic Cement Land & Resources, Inc. (RCLR) (formerly: Luzon Continental Land Corporation)

RCLR was incorporated on October 26, 1998 primarily to acquire, develop, and operate land, quarries, mining rights, buildings, and other real or personal property used for mining and process all kinds of ore and cement materials. It currently leases land and supplies limestone and other raw materials to its Affiliate, RCBM. The company amended its corporate name from “Luzon Continental Land Corporation” to “Republic Cement Land & Resources, Inc.”, approved by the SEC on July 7, 2017.

AEV CRH acquired 100% of RCLR from Calumbuyan Holdings, Inc. on September 15, 2015.

Republic Cement Services (Philippines), Inc. (RCSI)

RCSI was incorporated on August 21, 2001 as the managing company of several businesses of RCBM, RCMI, and RCII. CRH Aboitiz owns a 100% equity interest in RCSI.

Apo Agua Infraestructura, Inc. (Apo Agua)

Incorporated on August 8, 2014, Apo Agua is a joint venture between AEV and J.V. Angeles Construction Corporation (JVACC). The overall objective of Apo Agua is to provide sustainable, reliable and safe supply of bulk water to DCWD.

On March 17, 2015, Apo Agua entered into a Joint Venture Agreement and Bulk Water Purchase Agreement with DCWD. Apo Agua will construct the bulk water treatment facility, while DCWD will construct or upgrade the facilities necessary to receive the treated water. The bulk water treatment facility will supply an average of 300 million liters per day, equivalent to an annual supply volume of 109.5 mn cubic meters, beginning on the second to the thirtieth year of actual operations. This will enable DCWD to improve its services to customers by providing 24/7 water availability, sufficient pressure, increased service coverage and the prevention of hazards brought about by over extraction of groundwater.

A unique component of the project is a pioneering innovation which utilizes the “water-energy nexus” concept. The bulk water treatment facility will be powered by its own run-of-river hydropower plant. Following the execution of the engineering, price, and construction contract last February 6, 2018, the project is expected to start construction later in 2018.

AEV and its wholly-owned subsidiary, Aboitiz InfraCapital, collectively own a 70% equity interest in Apo Agua.

OTHER INVESTMENTS

AEV’s other investments include holdings in: (a) aviation through AEV Aviation, Inc., (b) underwriting of its insurable risks through Archipelago Insurance Pte. Ltd., and (c) portfolio investments abroad through AEV International.

On February 12, 2014, AEV completed the divestment of its interests in the shipping and shipping related businesses with the disposition of all its interests in Aboitiz Jebsen Company, Inc., Aboitiz Jebsen Manpower Solutions, Inc., and Jebsen Maritime, Inc. (collectively, the “Abojob Group”).

The divestment of interests in the Abojob Group is part of AEV’s strategy to focus on its identified core businesses. Jebsen Invest AS, AEV’s long-time partner in the Abojob Group, continued to partner with the Aboitiz family members in their personal capacities.

Archipelago Insurance Pte. Ltd. (Archipelago Insurance)

Archipelago Insurance, a wholly-owned Subsidiary of AEV, was incorporated in Singapore on February 26, 2010 as a general captive insurance company. It is licensed and regulated by the Monetary Authority of Singapore, under Section 8 of the Insurance Act (Cap. 142).

As a captive insurer which is licensed to insure only the risks of its parent and related companies, Archipelago Insurance underwrites the insurable risks of AEV and its Subsidiaries. The classes of risks covered by the company include industrial all risk, business interruption, transmission and distribution parametric solution and marine hull insurance of the Aboitiz Group.

AEV Aviation, Inc. (AEV Av)

AEV Av holds AEV's aviation assets, including corporate aircraft and accompanying support facilities. Incorporated on October 22, 1990 as Spin Realty Corporation, AEV Av was reorganized in late 1998 when all AEV corporate aircraft was placed under it.

On September 18, 2013, SEC approved the increase in the authorized capital stock of AEV Av to ₱502 mn. AboitizPower acquired an equity interest in AEV Av through the subscription from its increase in authorized capital stock. AEV and AboitizPower remain the majority stockholders of the company.

AEV Av operates under the strictest safety measures and complies with all government aviation policies and the aircraft manufacturers' mandated maintenance procedures. It has twenty (20) employees, who are tasked to serve the aviation needs of the executives of AEV and its Subsidiaries and Affiliates all over the Philippines. All of AEV Av's pilots and maintenance personnel undergo rigid trainings. This ensures that AEV Av's employees are armed with the latest knowledge and skills in aviation technology.

(ii) Sales

Comparative amounts of consolidated revenues and profitability of continuing operations, and assets are as follows:

	2017	2016	2015
Gross Income	150,422	116,415	111,260
Operating Income	36,576	28,921	27,418
Total Assets	492,244	464,077	340,118

Note: Values in the above table are in Million Pesos

The operations of AEV and its Subsidiaries are based largely in the Philippines.

Comparative amounts of revenue contribution by business group are as follows:

	2017		2016		2015	
Power Distribution & Generation	119,391	79%	89,163	76%	85,174	76%
Food Manufacturing	26,230	17%	23,702	20%	22,768	20%
Financial Services	742	0%	550	0%	307	0%
Real Estate	3,674	2%	2,441	2%	2,733	2%
Infrastructure	34	1%	-	-	-	-
Parent & Portfolio	1,647	1%	1,581	1%	1,350	1%
Total Revenues	151,718	100%	117,438	100%	112,332	100%
Less: Elimination	1,297		1,023		1,072	
Net Revenues	150,422		116,415		111,260	

Note: Values in the above table are in Million Pesos. Percentages refer to the business group's share in the total net revenue for a given year. The revenues of associates do not form part of the Group's consolidated revenues. For additional details on the income contributions of all business segments/groups to AEV, please refer to Business Segment Information of the Notes to the Consolidated Financial Statements.

(iii) Distribution Methods of the Products or Services

POWER GENERATION AND DISTRIBUTION

The Generation Companies sell their capacities and energy through an IPPA with the NPC/PSALM, bilateral PSAs with the NPC, private distribution utilities, electric cooperatives, RES or other large end-users, and through the WESM. There are also Subsidiaries and Affiliates providing ancillary services through ASPAs with NGCP.

Currently, SN Aboitiz Power-Magat, SN Aboitiz Power-Benguet, and TLI have ASPAs with NGCP as AS providers to the Luzon Grid. The SN Aboitiz Power Group delivers regulating, contingency and dispatchable reserves, as well as blackstart service through its three (3) power plants. TLI offers contingency reserve under its ASPA. In 2017, TMI signed an ASPA with NGCP, which is currently pending ERC approval.

On December 22, 2015, the Central Scheduling and Dispatch of Energy and Contracted Reserves (“Central Scheduling”), as promulgated by the DOE, was put into operation. With the Central Scheduling, ERC-approved ASPA holders submit reserve offers to WESM in consonance with their ancillary schedules from NGCP because of their ASPA nominations to NGCP under the terms of their respective ASPAs. Settlement for reserves remains to be between NGCP and ancillary providers.

In addition, the Hedcor Tudaya Hydro 2, Hedcor Irisan Hydro 1, and Hedcor Sabangan plants, all in commercial operations, have been approved for inclusion in the FIT system for run-of-river HEPPs. Hedcor, Hedcor Tudaya, and Hedcor Sabangan, the companies that own and operate the foregoing plants, have entered into REPAs with Transco, in its capacity as FIT-All Administrator, for the collection and payment of the FIT. The power generated by Hedcor Tudaya 2 is covered by a Renewable Energy Supply Agreement.

AboitizPower’s Generation Companies have transmission service agreements with the NGCP for the transmission of electricity to the Grid.

On the other hand, AboitizPower’s Distribution Utilities have exclusive distribution franchises in the areas where they operate. Each Distribution Utility has a distribution network consisting of a widespread network of predominantly overhead lines and substations. Customers are classified according to voltage levels based on their electricity consumption and demand. Large industrial and commercial consumers receive electricity at distribution voltages of 13.8 kV, 23 kV, and 69 kV, while smaller industrial, commercial, and residential customers receive electricity at 240 V or 480 V.

All of AboitizPower’s Distribution Utilities have entered into transmission service contracts with the NGCP. These contracts allow the Distribution Utilities to use the NGCP’s transmission facilities to receive power from their respective Independent Power Producers (IPP), the NPC, or PSALM for distribution to their respective customers. All customers that connect to the Distribution Utilities’ distribution lines are required to pay a tariff approved by the ERC.

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 follow a pricing strategy which allows customer flexibility. The power rates are calculated using a fixed formula pricing arrangement based on customer load curves, resulting in either a peak-off-peak or capacity-based competitive rate.

FINANCIAL SERVICES

Union Bank of the Philippines

UnionBank provides its target customers’ information and transaction needs through its well-trained relationship managers, strategically located branch networks, and automated teller machines (ATMs), supplemented by a call center under its ISO-certified Customer Service Group. Moreover, UnionBank’s brick-and-mortar presence is complemented by its strong digital footprint, exhibited by its website

(www.unionbankph.com), online banking portal and mobile application (“UnionBank Online”), customer service chatbot, as well as its own digital bank, EON.

Relationship Managers. UnionBank’s sales force is equipped with the right competencies and tools to bring about solutions-based financial services to customers nationwide. Relationship managers, having rigorous sales training, are experts on the Bank’s products and service offerings. They are also able to manage a healthy pipeline of customers and call reports through mobile-based sales and productivity platform. UnionBank’s Relationship Managers and financial advisors are also licensed by the Insurance Commission to provide customers with bancassurance products.

Branch Network. UnionBank and its subsidiaries ended December 2017 with 316 branches nationwide. Select branches are located in strategic areas within and outside of Metro Manila to maximize visibility and expand customer reach. The branches have user-friendly terminals and a web-based Signature Verification System (SVS) which promote efficient processing of teller transactions. Customers can do over-the-counter (OTC) cash deposit and withdrawals, and check deposit and encashment at any UnionBank branch. UnionBank’s Check Verification System utilizes Philippine Clearing House Corporation’s check images, and is instrumental in enabling fast and reliable check clearing. In 2017, the Bank launched its concept branch called “The Ark”. It is a completely digital and paperless branch which allows for straight-thru processing of transactions, and at the same time, houses branch ambassadors for product discovery and advisory services. It will be UnionBank’s platform for innovations and customer experiences as it shifts utilizing branches from transactional spaces to interactional spaces.

ATM Network. UnionBank and its subsidiaries’ network of 326 ATMs as of December 2017, supplements its branch network in providing 24-hour banking services to its customers. Customers are given access to ATM facilities through ATM cards, which are issued to checking and savings account holders. UnionBank’s interconnection with the Bancnet ATM consortium, allows its cardholders to access almost 13,000 ATMs nationwide. In addition, UnionBank’s ATM card functions as a VISA debit card that allows electronic purchase and payment transactions.

Call Center. UnionBank’s 24-hour ISO-certified call center handles retail customer relationship and care, catering to deposit and card product queries, among others. The call center utilizes a mix of phone, postal mail, email, fax, and internet as customer touch points. In handling customer complaints, it adheres to certain service level agreements such as feedback or resolution of ATM-related concerns and redelivery of card within Metro Manila in as early as one (1) day. Customer complaint handling is continuously improved through resolution tracking.

Customer Service Chatbot. UnionBank’s “Rafa” is the country’s first banking chatbot that delivers instant 24/7 customer service. Rafa is accessible through Facebook messenger. It is capable of answering customer queries on nearest ATM, nearest branch, provides the latest foreign exchange rate of up to ten (10) currencies, assists customers who are exploring auto loans, and provides customers with options to get the credit card that best suits them, among others. The Bank believes that Rafa provides a more personal and conversational customer experience compared to the interactive voice response or auto reply platforms.

Mobile and E-Banking. UnionBank Online, launched in August 2017, is the new online and mobile banking platform for the Bank’s customers. It is designed with an omni-channel user experience wherein the same look and feel applies to different touchpoints (website and mobile app), operating systems (Android or IOS), and device types. UnionBank Online enables the Bank’s customers to sign up, transact, view their account information, and update their details online without visiting a branch or ATM, or messaging or calling the Bank’s call center. UnionBank Online enables customers to, among others, customize account viewing, login through fingerprint authentication or a one-time password, and manage transaction limits.

EON. The EON cyber account, the Philippines’ first online payment card, was launched in 1999. In 2017, the Bank re-launched its EON brand and introduced the first bank account specially designed for digital commerce. It is the only electronic money product in the Philippines with modern application security features including a “selfie banking” feature which employs facial recognition in authorizing transactions through a smart phone, touch ID, pin change, and lock-and-unlock ability. In addition to the EON cyber account, the Bank offers the following products under the EON brand: (a) the EON electronic money

account; (b) EON Zero, a virtual lending platform where loan underwriting, application processing, and releasing of proceeds are all completed digitally; and (c) EON Duo, a virtual credit card.

PETNET, Inc.

From a single location in 1998, PETNET has expanded over the years to a network of now over 1,500 company-owned and sub-representative locations nationwide. The initial product offering of its company-owned branches has likewise grown from Western Union services, money changing, bills payment, e-loading, airline ticketing, and personal accident insurance, to now include DepEd Salary and GSIS Pension loan origination as outsourced service provider of CitySavings.

In November 2016, PETNET signed up LBC Express, Inc. as its first non-exclusive Western Union sub-representative. With full roll-out completed last September 2017, this adds an additional over 1,300 locations to PETNET's Western Union network. PETNET continues to be the largest Western Union agent network in the Philippines.

FOOD MANUFACTURING

Pilmico products are distributed nationwide through external distributors and dealers located in major cities like Manila, Cebu, Davao, Iloilo, Bacolod, Iligan, and Cagayan.

PVF's products are distributed in the Mekong Delta region in South Vietnam, serving requirements of Vinh Hoan Corporation as well as external aqua farmers.

PAN-JSC's products are distributed in the Central and South Vietnam.

REAL ESTATE

The residential business unit comprised approximately 45% of AboitizLand's total revenues in 2017. Since the early 1990s, AboitizLand has been developing upper-mid to high-end residential subdivisions, focusing on horizontal (lot-only and/or house-and-lot) products. AboitizLand has also been instrumental in the introduction of many firsts to Cebu's real estate scene: (a) the New Urbanism concept of live-work-play in the large master-planned community of Pristina North; (b) Zen living, which takes off from the spa lifestyle trend, in Kishanta; (c) the commercial and residential "urban village" that is The Persimmon; (d) the introduction of shophouses as a residential product in Ajoya; (e) fully-furnished affordable units in an all-studio residential tower that is The Persimmon Studios; (f) Asian Contemporary designed units in Almiya; (g) Amoa, inspired by traditional Filipino residences; and most recently, (h) the sustainable mountain town community that is Foessa. In addition, AboitizLand marked its entrance into the national residential real estate scene in 2017 with the launch of its first project in Luzon - the Seafront Residences, a beachside community located in San Juan, Batangas.

AboitizLand has remained a stable performer despite stiff and intensifying competition in the residential real estate industry. The company has performed consistently, having delivered sales of ₱2.9 bn in 2017.

A critical component to AboitizLand's overall success, the industrial business unit comprised approximately 51% of the company's total revenues in 2017. Furthermore, approximately 76% of the industrial business unit's revenue was contributed by LimaLand. AboitizLand is a registered developer/operator of MEZ II, where it leases land and provides utility services to locators inside the economic zone under a BOT Agreement with MCI AA. The 63-hectare zone is home to 47 light-to-medium manufacturing locators and is fully leased out.

Meanwhile, AboitizLand's industrial business unit contributed approximately 37% to the company's total revenues in 2016. Approximately 55% of the industrial business unit's income was contributed by LimaLand.

AboitizLand is a registered developer/operator of MEZ II, where it leases land and provides utility services to locators inside the economic zone under a BOT Agreement with MCIAA. The 63-hectare zone is home to 44 light-to- medium manufacturing locators and is fully leased out.

The commercial business unit, which contributed 4% to AboitizLand's revenues for 2017, focuses on neighborhood offices and lifestyle retail hubs that complement existing industrial or residential developments. Anticipating growth in the Business Process Outsourcing (BPO) sector, AboitizLand launched iMEZ, its first BPO office building, thereby expanding its product line. In 2013, AboitizLand successfully launched its first outlet development in Visayas and Mindanao, The Outlets at Pueblo Verde, which offers 20%-75% discounts on global brand merchandise year-round. With the success of The Outlets at Pueblo Verde, AboitizLand looks forward to expanding its commercial business unit through the Outlets at Lipa, which will be the company's second outlet development and first commercial project in Luzon.

Additionally, AboitizLand offers property management services to support its residential, industrial and commercial products, as well as those of the other companies within the Aboitiz Group. These services cover community security, site and infrastructure maintenance, village activities and policy administration.

INFRASTRUCTURE

In 2017, the cement sales of RCBM and its subsidiaries (RCBM Group) were primarily made through distributors and dealers, with other sales made directly to contractors, developers, pre-cast manufacturers and ready mix concrete companies. On the other hand, the RCBM Group's aggregate sales were primarily made directly to customers, with some sales made through dealers and retailers. RCBM Group's products are sold nationwide, with a majority of its sales coming from the Luzon region.

(iv) New Products/Services

POWER

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.

FINANCIAL SERVICES

UnionBank offers a broad range of products and services, which include deposits and related services, corporate and middle market lending, consumer finance loans such as mortgage, auto loans and credit card, investment, treasury and capital market, trust and fund management, remittance, cash management and electronic banking, as well as insurance. UnionBank continues to reinvent itself from a traditional two (2)-product bank (deposit-taking and lending) to a multi-product financial services company that leverages on technology.

PETNET's primary service is providing money transfer facilities as a direct agent of Western Union. In addition, the company also offers money changing services for its Western Union and other walk-in clients. PETNET also offers Western Union Business Solutions, a foreign exchange cross-border business-to-business payment facility, which began in 2011, and has proven to be an effective service for its customers, particularly small and medium-sized enterprises. PETNET also engages in foreign exchange trading of US Dollars, primarily with corporate clients. Another product offering of PETNET in its company-owned branches is Load Central, a one-stop distribution provider for retail prepaid services such as e-load, call cards, internet cards, gaming cards, and other prepaid airtime credits. In addition, PETNET also offers money changing, bills payment (Bayad Center), airline ticketing, outsourced origination and acceptance of DepEd salary and GSIS pension loan applications for CitySavings, and personal accident insurance, in all its company-owned locations. Lastly, PETNET provides BDO and FEXCO ATM withdrawal facilities and is an outsourced service provider for Cash Credit micro-loans, in selected branches.

REAL ESTATE

In the first half of 2017, AboitizLand launched Seafront Residences, a forty-three (43)-hectare beachside community located in San Juan, Batangas, and Foressa Mountain Town, a 250-hectare mountain town community located in Balamban, Cebu. Both projects have demonstrated early signs success through healthy sales performances and well-attended campaigning events.

FOOD

With Pilmico International's acquisition of PVF in August 2014, the Food Group now offers aqua feeds products for the different stages of growing pangasius. In 2016, Pilmico expanded its aqua feed lines to include tilapia and other species.

With Pilmico International's acquisition of PAN-JSC in October 2017, the Food Group now offers animal feeds products in Vietnam for the different stages of growing swine, poultry, cow, and rabbit.

In the Philippines, Pilmico also introduced "The Care Package", a high-energy biscuit meant to address malnutrition and micro-nutrient deficiencies. During emergencies, calamities and disasters when food is scarce, The Care Package serves as a quick and effective first response to hunger.

In 2016, Pilmico started offering animal healthcare products in the Philippines to complete its objective of becoming a total solutions provider for its feeds customers.

From 2015 to 2017, Pilmico participated in the Rice Importation Program of the Philippine government through the National Food Authority.

Pilmico and PANC likewise sell major feeds raw materials through their commodity trading business.

(v) Competition

On the parent company level, AEV has no direct competitors. However, for reference purposes, other holding and management companies listed in the PSE can be used for comparison.

On the Subsidiary and Affiliate level, competition may be described as follows:

POWER GENERATION BUSINESS

The Open Access regime and the additional capacities from new power plants have led to a steady but significant increase in competition over the last three (3) years. The mandatory switching to Open Access of customers with demand of at least 1 MW and the supposed reductions of this threshold to 750 kW and 500 kW are still on hold due to a legal challenge pending at the Supreme Court. Nonetheless, competition among RES companies have intensified. Generation companies or their affiliates are also allowed to act as RES based on ERC regulations. AboitizPower now considers these as opportunities that will allow expansion of its contracting base while having the flexibility of supply sources.

The acquisition by AboitizPower, through its Subsidiary, TPI, of the beneficial ownership of 66.1% in GNPower Mariveles brought a considerable increase in its capacity in 2017. Furthermore, its simultaneous acquisition of 40% beneficial ownership in GNPower-Dingin also augments its project pipeline.

In 2018, AboitizPower expects to further add some 500 MW to its attributable capacity through its ongoing projects. With this project pipeline, the Company is pushing closer to its target of 4,000 MW net attributable capacity in 2020. This target already includes its 40% beneficial share in the Bataan project of GNPower Dingin.

AboitizPower's portfolio, consisting of a mix of renewable and non-renewable energy sources and a mix of baseload and peaking power plants, allows for flexibility in pricing and reliability of supply, thus enhancing competitiveness.

RETAIL ELECTRICITY SUPPLY BUSINESS

Based on ERC's Competitive Retail Electricity Market Monthly Statistical Data as of December 2017, there are thirty (30) licensed RES companies and twenty-five (25) Local RES companies participating in the Open Access market in Luzon and Visayas. The Meralco group, through its RES companies, has the largest market share, at 32.29%. The AboitizPower Group, through its RES companies, has the second-largest market share, at 24.29%.

From December 2016 through early 2017, RES companies geared up in anticipation of the reduction of the threshold for contestability of 1 MW to 750 kW, and further down to 500 kW. At that point in time, switching to the Open Access regime was mandatory for captive customers with levels of demand at those thresholds. A TRO on the mandatory switching was executed, however, in the first quarter of 2017, which also put a halt to the lowering of the contestability thresholds. With the execution of the TRO, the switch of Contestable Customers continues to be allowed by the DOE, through Department Circular No. 2017-12-0013 published on December 12, 2017, on a voluntary basis. This substantially reduced the pool of customers that the numerous RES companies can vie for, and thus intensifying the level of competition.

The increase in the number of power plants, the number of RES companies, and volatile oil and coal prices have also increased the level of competition in the Open Access market. RES companies have resorted to both aggressive pricing and contractual concessions.

AboitizPower believes that its portfolio, consisting of different types of energy sources with a mix of renewables and non-renewables, allows it to be flexible in both pricing and reliability of supply, thus enhancing its competitiveness.

DISTRIBUTION UTILITIES BUSINESS

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

Under Philippine law, the franchises of the Distribution Utilities may be renewed by the Congress of the Philippines (Congress) provided that certain requirements related to the rendering of public services are met. Each Distribution Utility intends to apply for the extension of its franchise upon expiration. Distribution Utilities may face competition or opposition from third parties in connection with the renewal of their franchises. It should be noted that under Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain a CPCN from the ERC, which requires that such party to prove that it has the technical and financial competence to operate a distribution franchise, and that there is a need for such franchise. Ultimately, Congress has absolute discretion in determining whether to issue new franchises or to renew existing franchises. The acquisition by competitors of any of the Distribution Utilities' franchises could adversely affect the results of the Company's operations. However, with the commencement of Open Access in Luzon and Visayas, the supply segment of the distribution business has become a contestable market, initially for customers with at least an average of 1 MW monthly demand.

Pursuant to DOE Circular No. DC2015-06-0010 entitled (Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry), all Contestable Customers which are currently being served by their franchised distribution utilities are mandated to secure their respective Retail Supply Contracts (RSCs) no later than June 25, 2016 with any of the following: (i) any licensed RES; (ii) any generating company with a COC and a RES license; or (iii) any prospective generation company whose power generation project is undergoing construction or planned and has been included in the DOE's Power Development Plan.

All Contestable Customers with an average demand ranging from 750 kW and 999 kW for the preceding 12-month period are mandated to secure their RSCs with a RES no later than June 25, 2016. Also, Aggregators shall be allowed to compete with RES, generation companies, and prospective generation companies. In the case of retail aggregation, any Contestable Customer within a contiguous area may

individually or collectively aggregate their electricity supply requirements to an Aggregator, duly licensed by the ERC. The aggregated demand shall in no case be lower than 750 kW.

All electricity end users with an average demand ranging from 501 kW to below 750 kW for the preceding twelve months may be allowed to choose their respective RES effective June 26, 2018, subject to the determination of the ERC on the basis of its evaluation on the performance of the retail electricity market.

Voluntary contestability for end users with average demand of 500 kW and below for the preceding twelve (12) months shall be based on the continuing evaluation and assessment by the ERC.

On November 29, 2017, the DOE promulgated Department Circular No. 2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, inter alia, that: (i) upon its effectivity, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding twelve (12) months, may participate in the Contestable Market; (ii) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding twelve (12) months may voluntarily participate in the Contestable Market; and (iii) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding twelve (12)-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators. The circular also provides the list of entities that may become Retail Electricity Suppliers, and stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a local RES upon authorization from the ERC.

FINANCIAL SERVICES

Union Bank of the Philippines

The Bank faces competition from both domestic and foreign banks, in part, as a result of the liberalisation of the banking industry by the Government. Since 1994, a number of foreign banks, which have greater financial resources than the Bank, have been granted licences to operate in the Philippines. Foreign banks have not only increased competition in the corporate market, but have caused more domestic banks to focus on the commercial middle-market, placing pressure on margins in both markets. On January 21, 2016, the Monetary Board approved the phased lifting of the moratorium on the grant of new banking licence or establishment of new domestic banks. The moratorium on the establishment of new domestic banks and locational restrictions shall be fully liberalised beginning on January 1, 2018.

Since September 1998, the BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition, as a smaller group of "top tier" banks compete for business.

Certain factors arising from the 1997 Asian crisis and the 2008 global financial crisis also resulted in greater competition and exert downward pressure on margins. Banks instituted more restrictive lending policies as they focused on asset quality and reduction of their nonperforming loans, which resulted in increasing liquidity. As Philippine economic growth further accelerates and banks apply such liquidity in the lending market, greater competition for corporate, commercial, and consumer loans is expected.

Amidst this operating environment, UnionBank leverages on its competitive advantages anchored on its superior technology, unique branch sales and service culture, and centralized backroom operations. As a result, UnionBank has been acknowledged as a leader in developing innovative products and services. It is recognized as among the industry's lowest cost producers, measured by revenue-to-expense ratio, which is a result of its wholesale customer acquisition strategy of providing cash management solutions to principals' ecosystems, having automated and centralized operations, and establishing a full-blown digital strategy rather than the traditional brick-and-mortar expansion. Lastly, the Bank is one of the most profitable in terms of return on equity, return on assets, and absolute income.

UnionBank's corporate vision is to become one of the top three universal banks in the Philippines, not in terms of asset size or branch network, but in terms of metrics under financial value to stakeholders, operational excellence, customer franchise/share of wallet, unique customer experience, and delivering superior and innovative products and service. It is grounded on its purpose of "Making the Diff!" by connecting and enabling communities through Smart Banking in the spirit of UBUNTU.

PETNET, Inc.

PETNET faces competition from other remittance companies in terms of number of branches, variety of products and services, level and type of marketing promotions and advertising, and pricing schemes. In order to address these challenges, PETNET embarked on a rapid expansion program and undertook a brand re-boot with its new retail brand "pera HUB" in April of 2016. It continues to increase its product and service offerings. In tandem with all these efforts, PETNET has and is poised to launch digital initiatives and leverage technology to more effectively market its product and service offerings. Among these initiatives is a mobile application, then the first within the Western Union network in the Philippines, which was launched in January of 2017, initially with only promotional functionalities. Its transactional capabilities were introduced in the first quarter of 2017.

FOOD MANUFACTURING

There is a relatively high degree of competition in the domestic flour milling industry. However, because of high freight and distribution costs within the Philippine archipelago, flour companies have a competitive advantage in the areas proximate to their milling plants. Pilmico's flourmill is located in Iligan City in Northern Mindanao. The only other flour miller operating in Mindanao is Universal Robina Corporation, which has a plant in Davao.

REAL ESTATE

AboitizLand faces stiff competition from local and national real estate developers, such as Ayala Land, Primary Homes, Inc., and Vista Land, Inc.

INFRASTRUCTURE

The main competitors of the RCBM Group for its cement products consist of the cement manufacturers in the Philippines, as well as traders who import cement into the Philippines. For aggregates, the RCBM Group competes primarily with producers in neighboring areas to serve the needs of customers located in Bulacan and some parts of the National Capital Region.

The RCBM Group's brand names and product lines have long been respected in the local construction industry, enabling it to effectively compete in the market. The RCBM Group continuously innovates and improves its product lines and production efficiency, to respond to the growing needs of the quality-conscious Filipino builder.

(vi) Sources of Raw Materials and Supplies

POWER GENERATION BUSINESS

The Generation Companies produce energy using the following fuel types: hydropower, geothermal, solar, coal, and oil. In 2017, renewable fuel sources comprised 32% of its production, while fossil fuel accounted for 68%.

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 the 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 the PGPC. The terms of the steam supply are governed by a Geothermal Resource Sales Contract (GRSC) under which price of steam is ultimately indexed to the Newcastle Coal Index and the Japanese Public Utilities coal price. The GRSC took effect on May 26, 2013. An interim agreement supplementing the GRSC was subsequently signed to make generation cost more competitive in the market.

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

TLI has long-term coal supply contracts for the Pagbilao Plant's annual coal requirements, and is continuously looking for and evaluating alternative energy sources to ensure security of supply. TSI has annual coal supply contracts for its coal plant in Mindanao, while establishing its most competitive and optimum supply mix. GMCP, STEAG, and Cebu Energy also have long-term coal supply agreements.

DISTRIBUTION UTILITIES BUSINESS

The provisions of the Distribution Utilities' PPAs are governed by the 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.

The rates at which Davao Light and SFELAPCO purchase electricity from AboitizPower's Generation Companies are established pursuant to the bilateral agreements. These agreements are executed after the relevant Generation Company has successfully bid for the right to enter into a PSA with the Distribution Utility. These agreements are entered into on an arm's-length basis, on commercially reasonable terms, and are approved by the ERC. The ERC's regulations currently restrict AboitizPower's Distribution Utilities from purchasing more than 50% of their electricity requirements from Affiliated Generation Companies. Hedcor Sibulan supplies Davao Light with electricity generated from its Hedcor Sibulan plants pursuant to the Hedcor consortium's twelve (12)-year PSA. To add to its power reserve capacity, Davao Light has entered into a three (3)-year PSC with TMI for 15 MW last March 21, 2011, which was provisionally approved by the ERC on May 30, 2011. On February 29, 2012, Davao Light and TMI filed a Joint Manifestation with the ERC stating that they agreed to supplement and modify their supply contract to 30 MW. In March 1, 2012, TMI has supplied the contract demand of 30 MW to Davao Light. This contract was renewed in 2014. When it expired in 2017, it was extended for one (1) more year. The contract with TMI ends on July 25, 2018. Davao Light and Cotabato Light entered into twenty-five (25)-year PSCs with TSI for 100 MW and 5 MW, respectively. On September 2015, Davao Light and Cotabato Light started drawing the first half of their contracted capacity, or 50 MW and 2.5 MW respectively, from TSI. Starting February 2016, the full 100 MW and 5MW contracted capacity was supplied by TSI.

On December 25, 2015, the CSEEs of Davao Light and Cotabato Light with PSALM expired. Following negotiations, on December 23, 2015, Davao Light and Cotabato Light entered into PSAs with WMPC for the supply of 18 MW and 2 MW, respectively, for a period of four months from January to April 2016. These PSAs were provisionally approved by the ERC on March 1, 2016. On April 2016, the PSALM CSEEs of Davao Light and Cotabato Light were renewed for an annual term with a lower contracted capacity. Due to significant reduction of the contracted capacity of the PSALM CSEEs, Davao Light and Cotabato Light entered into a PSA with SPPC for a supply of 50 MW and 5 MW, respectively, on April 28, 2016 for a period of two (2) years. These were provisionally approved by the ERC on July 11, 2016.

In anticipation of higher demand and lower allocation from PSALM, Davao Light entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) in November 28, 2016 for a supply of 60MW for a period of ten (10) years. This was provisionally approved by ERC on June 20, 2017.

Due to the increasing load demand and decreasing power allocation from PSALM, Cotabato Light renewed its 1 MW PSC with TMI for another year, and entered into a PSC with San Miguel Consolidated Power Corporation (SMCPC) on November 28, 2016 for a supply of 5 MW for a period of ten (10) years. These contracts are pending ERC approval for the Provisional Authority.

VECO entered into a PPA for the purchase of electric energy from CPPC for a period of fifteen (15) years starting from CPPC's commercial operation date. In 2003, the PPA was extended for another ten (10) years.

To address VECO's long-term power supply requirement, VECO entered into an EPPA with Cebu Energy on October 16, 2009 for the supply of 105 MW for twenty-five (25) years. The contracted capacity with Cebu Energy was subsequently increased to 121 MW in 2014, and further increased by 20 MW starting March 2015 to cover the increase in demand within its franchise area. However, the 20 MW contract was terminated in 2016 due to the inability of the transmission grid to wheel the power from the plant to VECO.

On December 26, 2010, VECO signed a five (5) year PSA with GCGI for the supply of 60 MW at 100% load factor. On October 23, 2014, VECO and GCGI amended the PSA, extending the term for another ten (10) years at a reduced price. VECO entered into additional PPAs with GCGI for the supply of 15 MW starting December 25, 2011 and an additional 15 MW starting December 25, 2012. This addressed NPC's reduced power supply under its contract with VECO. The first and second 15 MW contracts with GCGI expired last December 26, 2016. On December 25, 2014, the CSEE between VECO and PSALM expired. Consequently, VECO entered into PSAs with AESI and Vivant Energy Solutions on October 2014, and ULGEI on March 2015, for 40 MW, 17 MW, and 5 MW baseload supply, respectively. The 5 MW contract with ULGEI was also terminated in 2016 upon failure to secure ERC approval after the one (1) year cooling-off period.

To partially source its peaking requirement, VECO entered into an agreement with 1590 Energy Corporation for the supply of 30 MW for six (6) months starting December 2014. For its long term capacity requirement, VECO entered into a 15-year PSA with TVI for the supply of 150 MW beginning in 2018. To reduce WESM exposure in 2016 until TVI's commercial operations, the company entered into a PSA with SLPGC for 50 MW in 2016. Starting December 26, 2016, the contract with SLPGC was reduced to 47.79 MW as there were Contestable Customers who migrated to Open Access. VECO will continue to renegotiate the reduction of its bilateral contract to account for the continued migration of contestable customers. VECO's PSAs with TVI are pending ERC approval.

On September 25, 2015, MEZ entered into PSAs with its new suppliers, SN Aboitiz Power-Magat and GCGI for contracted energy per year of 43,920 MWh and 87,840 MWh, respectively. On February 26, 2017, this was reduced to 21,652 MWh and 43,304 MWh per year, respectively. The decrease was due to the transfer of some of MEZ's customers to RES.

Transmission Charges

Five (5) 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, valid until the dates specified below:

Distribution Utility	Valid Until
Davao Light	January 25, 2019
Lima Enerzone	July 25, 2022
Mactan Enerzone	January 25, 2020
Balamban Enerzone	January 25, 2020
SFELAPCO	December 25, 2018

Cotabato Light and Subic Enerzone are both in the process of securing their respective TSAs with NGCP. VECO has signed the renewal of its TSA and is awaiting NGCP's signing of the document. 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.

FOOD MANUFACTURING

Pilmico and its subsidiaries import wheat, soybean meal, and other grains mostly from various suppliers in the U.S.A., Canada, and Australia.

PVF imports soybean meal from Argentina and the U.S.A, and cassava from Cambodia. Rice bran and other grains are sourced locally from various suppliers in Vietnam.

INFRASTRUCTURE

Purchases of Raw Materials

The principal raw materials for the manufacture of cement consist of minerals such as limestone, silica sand, and shale, which are quarried from the RCBM Group's or RCLR's sites, mining claims, or purchased from local suppliers or affiliates. Cement manufacture is the result of a definite process - the crushing of minerals, grinding, mixing, calcining/sintering, cooling, and adding of retarder or gypsum. Other raw materials, slag, coal, other fuel and spare parts are obtained locally and abroad.

On the other hand, the principal materials for the RCBM Group's production of different sizes of aggregates are dolomitic limestone, sourced from RCLR or local suppliers.

The RCBM Group is not expected to be dependent upon one or a limited number of suppliers for essential raw materials.

Energy Requirements

Cement manufacture is an energy-intensive process requiring reliable and affordable power supply for uninterrupted production. The operating plants source their power requirements from the following power providers:

Company	Location	Power Provider
RCBM	Bulacan, Norzagaray, Teresa and Batangas Plants	Masinloc Power Partners Co. Ltd. and Trans-Asia Oil and Energy Development Corporation
	Danao Plant	Cebu II Electric Cooperative
RCII		Power Sector Assets and Liabilities Management

The RCBM Group has also rented generator sets or revamped its own in most of its operating plants to provide back-up power in case of power shortage or interruptions or poor power quality. In November 2014, RCII entered into a PSA with Powersource Philippines Energy, Incorporated (PSPI), wherein RCII invested in PSPI as a minority shareholder. This PSA is effective upon financial close of the PSPI's financing for the development, construction and operation of the power plant which will supply power to RCII, with a term of fifteen years commencing from the date of commercial operations.

(vii) Major Customers

As a holding company providing management services, AEV's principal customers are its Subsidiaries and Associates.

POWER GENERATION BUSINESS

Out of the total electricity sold by AboitizPower's Generation Companies, 94% are covered by bilateral contracts with, among others, private distribution utilities, electric cooperatives, NPC, industrial and commercial companies. The remaining 6% is sold by the Generation Companies through the WESM.

RETAIL ELECTRICITY SUPPLY BUSINESS

AboitizPower's RES business has nearly 300 Contestable Customers 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 (1) industry.

DISTRIBUTION UTILITIES

Most of AboitizPower's Distribution Utilities, on the other hand, have wide and diverse customer bases. As such, the loss of any one customer will have no material adverse impact on AboitizPower. The Distribution Companies' customers are categorized into four (4) principal categories:

- (a) *Industrial customers.* Industrial customers generally consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
- (b) *Residential customers.* Residential customers are those who are supplied electricity for use in a structure utilized for residential purposes.
- (c) *Commercial customers.* Commercial customers include service-oriented businesses, universities and hospitals.
- (d) *Other customers.*

Government accounts for various government offices and facilities are categorized as either commercial or industrial depending on their load. Each Distribution Utility monitors government accounts separately and further classifies them to local government accounts, national government account, special government accounts.

REAL ESTATE

AboitizLand's residential projects currently targets a diverse base of customers, ranging from the middle to upper income brackets. AboitizLand's industrial division serves various locators, with the slight exception of its industrial segment operated through CIPDI, which has commitments to Tsuneishi Holdings Corporation (THC) of Japan.

OTHER SUBSIDIARIES AND AFFILIATES

AEV's other Subsidiaries and Affiliates have a wide and diverse customer base. As such, the loss of any one (1) customer will have no material adverse impact on AEV.

(viii) Transactions With and/or Dependence on Related Parties

AEV and its Subsidiaries (the Group), in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's length basis.

ACO, the parent company of AEV, and certain associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. The parent companies maintain a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transactions are priced on an arm's length basis, and covered with service level agreements to ensure quality of service.

ACO and certain associates are leasing office spaces from CPDC, a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts for a period of three years.

The Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking Associates. These are earning interest at prevailing market rates.

Power generation Subsidiaries sell to certain power associates based on their respective power supply agreements. Meanwhile, power distribution Subsidiaries purchase from certain generation associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication subsidiary of ACO renders its services to the Group for the construction of new power plant.

The Company's retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by ACO. The Fund has investments in the equity of one of its subsidiaries.

The above related party transactions are discussed extensively in the audited financial statements of the Company.

No other transaction, without proper disclosure, was 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.

AEV employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are determined and brought to the attention of management.

(ix) Patents, Copyrights and Franchises

GENERATION BUSINESS

Power generation is not considered a public utility operation under the 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 Certificate of Compliance (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, Philippine Electrical Code, and the NGCP Act. It shall conform with financial standards to protect public interest and any customer procuring services from the generation company. It shall ensure that its facilities comply with applicable environmental laws, rules and regulations.

AboitizPower's Distribution Utilities, Davao Light and Cotabato Light, have their own generation facilities and are required under the EPIRA to obtain a COC from the ERC for its generation facilities. 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 the ERC.

AboitizPower's HEPPs are also required to obtain water permits from the 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 the DOE.

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

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
COC No. 13-11-GN-330-20029L	Hedcor, Inc.	Irisan 3	Hydroelectric Power Plant	Tadiangan, Tuba, Benguet	1.20 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN-331-20030L	Hedcor, Inc.	Bineng 1	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	3.20 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN-332-20031L	Hedcor, Inc.	Bineng 2	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	2.00 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN-333-20032L	Hedcor, Inc.	Bineng 2b	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	750 kW	Hydro	25	November 11, 2013 - November 5, 2018
COC No. 13-11-GN-334-20033L	Hedcor, Inc.	Bineng 3	Hydroelectric Power Plant	Bineng, La Trinidad, Benguet	5.625 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN-329-20028L	Hedcor, Inc.	Ampohaw	Hydroelectric Power Plant	Banengbeng, Sablan, Benguet	8.00 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN-336-20035L	Hedcor, Inc.	Sal-angan	Hydroelectric Power Plant	Ampucao, Itogon, Benguet	2.40 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 16-01-M-00032L	Hedcor, Inc.	Irisan 1	Hydroelectric Power Plant	Tuba, Benguet	3.8 MW	Hydro	25	January 27, 2016
COC No. 16-05-M-00061M	Hedcor, Inc.	Talomo 1 – Unit 1	Hydroelectric Power Plant	Calinan, Davao City	500 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 1 – Unit 2			500 kW			
COC No. 16-05-M-00062M	Hedcor, Inc.	Talomo 2 – Unit 1	Hydroelectric Power Plant	Mintal Proper, Davao City	200 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 2 – Unit 2			200 kW			
		Talomo 2 – Unit 3			200 kW			
COC No. 16-05-M-00063M	Hedcor, Inc.	Talomo 2A – Unit 1	Hydroelectric Power Plant	Upper Mintal, Davao City	450 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 2A – Unit 2			200 kW			
COC No. 16-05-M-00064M	Hedcor, Inc.	Talomo 2B	Hydroelectric Power Plant	Upper Mintal, Davao City	300 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
COC No. 16-05-M-00065M	Hedcor, Inc.	Talomo 3 – Unit 1	Hydroelectric Power Plant	Catalunan, Pequeño, Davao City	960 kW	Hydro	February 15, 2015 – February 14, 2020	May 4, 2016
		Talomo 3 – Unit 2			960 kW			

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
COC No. 16-03-M-00052L	Hedcor, Inc.	FLS Plant – Unit 1	Hydroelectric Power Plant	FLS HEPP, Bakun Central, Bakun, Benguet	2.0 MW	Hydro	25	March 10, 2016 – November 10, 2018
		FLS Plant – Unit 2			2.0 MW			
COC No. 13-11-GN327-20026L	Hedcor, Inc.	FLS Plant	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	5.90 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 13-11-GN 335-20034L	Hedcor, Inc.	Lower Labay	Hydroelectric Power Plant	Ampusongan, Bakun, Benguet	2.40 MW	Hydro	25	November 11, 2013 - November 5, 2018
COC No. 13-11-GN 328-20027L	Hedcor, Inc.	Lon-oy	Hydroelectric Power Plant	Poblacion, Bakun, Benguet	3.60 MW	Hydro	25	November 11, 2013 – November 5, 2018
COC No. 16-03-S-17273M	Hedcor Sibulan, Inc.	Sibulan B (Darong)	Diesel	Sibulan B, Brgy. Darong, Sta. Cruz, Davao del Sur	345.6 kW	Diesel	25	March 2, 2016 – March 1, 2021
COC No. 16-03-S-17272M	Hedcor Sibulan, Inc.	Sibulan A (Tibolo)	Diesel	Sibulan A, Brgy. Tibolo, Sta. Cruz, Davao del Sur	306 kW	Diesel	25	March 2, 2016 – March 1, 2021
COC No. 16-03-S-17269M	Hedcor, Inc.	Talomo 2	Diesel	Talomo 2 HEPP, Proper Mintal, Davao City	20 kW	Diesel	25	March 2, – March 1, 2021
COC No. 16-03-S-17271L	Hedcor, Inc.	La Trinidad (Beckel)	Diesel	214 Ambuklao Road, Beckel, La Trinidad, Benguet	216 kW	Diesel	25	March 2, 2016 – March 1, 2021
COC No. 16-03-S-17270M	Hedcor, Inc.	Talomo 3	Diesel	Talomo 3 HEPP, Brgy. Catalunan, Pequeño, Davao City	20 kW	Diesel	25	March 2, 2016 – March 1, 2021
COC No. 15-04-S-00027L	Hedcor Sabangan, Inc.	N/A	Diesel Engine	Namatec, Sabangan, Mountain Province	80 kW	Diesel	25	April 28, 2015 – April 28, 2020
COC No. 14-1-GXT-19483-20053M	Hedcor Sibulan Inc.	N/A	Diesel	Brgy. Tudaya, Sta. Cruz, Davao Del Sur	80 kW	Diesel	15	January 14, 2014 – January 14, 2019
COC No. 14-02-GXT-19525-20099M	Hedcor Tudaya, Inc.	N/A	Diesel	Brgy. Sibulan, Sta. Cruz, Davao del Sur	140 kW	Diesel	25	February 21, 2014 – February 21, 2019

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
COC No. 17-09-S-19345L	Luzon Hydro Corporation	Alilem	Diesel	Amilongan, Alilem, Ilocos Sur	572 kW	Diesel	September 15, 2017 – September 14, 2022	September 15, 2017
COC No. 17-09-S19346L	Hedcor, Inc.	Beckel	Diesel	214 Ambuklao Road, Beckel, La Trinidad	188 kW	Diesel	September 15, 2017 – September 14, 2022	September 15, 2017
COC No. 15-05-M-56M	Hedcor Sibulan, Inc.	Sibulan A – Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	8.164 MW	Hydro	25	May 18, 2015 – August 9, 2020
		Sibulan A – Unit 2			8.164 MW			
COC No. 15-05-M-54M	Hedcor Sibulan, Inc.	Sibulan A - Unit 1	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro	25	May 18, 2015 – May 24, 2020
		Sibulan A – Unit 2	Hydroelectric Power Plant	Brgy. Sibulan, Sta. Cruz, Davao del Sur	13.128 MW	Hydro		
COC No. 14-03-GN 346-20102M	Hedcor Sibulan, Inc.	Tudaya 1	Hydroelectric Power Plant	Sitio Tudaya, Brgy. Sibulan, Sta. Cruz, Davao del Sur	6.65 MW	Hydro	25	March 10, 2014 – March 10, 2019
COC No. 13-07-GXT 17-0017L	Luzon Hydro Corporation	Bakun AC	Hydroelectric Power Plant	Pilipil, Amilongan, Alilem, Ilocos Sur	74.80 MW	Hydro	25	July 22, 2013
COC No. 15-06-M-00013M	Hedcor Tudaya, Inc.	Tudaya 2	Hydroelectric Power Plant	Sta. Cruz, Davao del Sur	8.13 MW	Hydro	25	June 15, 2015
COC No. 15-09-M-00023L	Hedcor Sabangan, Inc.	Sabangan	Hydroelectric Power Plant	Brgy. Namatec, Sabangan, Mountain Province	14.96 MW	Hydro	20	September 29, 2015
COC No. 15-11-M-13701M	Davao Light & Power, Co.	Bajada Diesel Power Plant	Diesel Power Plant	J.P. Laurel Ave., Bajada, Davao City	58.70 MW	Diesel	20	November 26, 2015 – December 7, 2020
			Blackstart		483.20 kW			
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	January 10, 2017 – January 9, 2022	April 9, 2017
			Blackstart		10 kW	Diesel		
COC No. 13-06-GXT 2-0002V	East Asia Utilities Corporation	N/A	Bunker C-Fired Power Plant	Barrio Ibo, Mactan Export Processing Zone 1 (MEPZ 1), Lapu-Lapu City, Cebu	49.60 MW	Bunker C	16	June 10, 2013 – June 10, 2018

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
COC No. 13-05-GXT 1-0001V	Cebu Private Power Corporation	N/A	Bunker C-Fired Power Plant	Old VECCO Compound, Brgy. Ermita, Cebu City	70.65 MW	Bunker C	25	May 27, 2013 – June 3, 2018
COC No. 13-08-GXT 20-0020M	Western Mindanao Power Corporation	N/A	Bunker C- Fired Power Plant	Malasugat, Sangali, Zamboanga City	112.0 MW	Bunker C	24	August 5, 2013 – August 7, 2018
		N/A	Blackstart		160 kW	Diesel	24	
COC No. 13-08-GXT 21-0021M	Southern Philippines Power Corporation	N/A	Bunker C- Fired Diesel Power Plant	Brgy. Baluntay, Alabel, Sarangani Province	61.72 MW	Bunker C/ Diesel	18	August 5, 2013 – August 7, 2018
COC No. 15-11-M-2860L	SN Aboitiz Power – Magat, Inc.	Magat Hydroelectric Power Plant – Unit 1	Hydroelectric	Ramon, Isabela and A. Lista, Ifugao	90 MW	Hydro	25	November 11, 2015 – November 28, 2020
		Magat Magat Hydroelectric Power Plant – Unit 2			90 MW			
		Magat Magat Hydroelectric Power Plant – Unit 3			90 MW			
		Magat Magat Hydroelectric Power Plant – Unit 4			90 MW			
		Magat Hydroelectric Power Plant	Blackstart		600 kW	Diesel	25	
COC No. 15-04-M-00309L	SN Aboitiz Power – Benguet, Inc.	Binga – Unit 1	Hydroelectric Power Plant	Brgy. Tinongdan, Itogon, Benguet	35.02 MW	Hydro	March 12, 2017 – March 11, 2022	March 9, 2017
		Binga – Unit 2	Hydroelectric Power Plant		35.02 MW			
		Binga – Unit 3	Hydroelectric Power Plant		35.02 MW			
		Binga – Unit 4	Hydroelectric Power Plant		35.02 MW			
		Binga Hydroelectric Power Plant	Blackstart Generator Set		320 KW	Diesel		
		Binga Hydroelectric Power Plant	Auxillary Generator Set		330.40 KW	Diesel		
COC No. 16-08-M-00087L	SN Aboitiz Power – Benguet, Inc.	Ambuklao – Unit 1	Hydroelectric Power Plant	Brgy. Ambuklao, Bokod, Benguet	34.85 MW	Hydro	August 31, 2016 – August 30, 2021	August 18, 2016

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
		Ambuklao – Unit 2	Hydroelectric Power Plant		34.85 MW			
		Ambuklao – Unit 3	Hydroelectric Power Plant		34.85 MW			
		Ambuklao Hydroelectric Power Plant	Auxiliary Generator Set		320 KW	Diesel		
		Ambuklao Hydroelectric Power Plant	Blackstart Generator Set		314 KW	Diesel		
COC No. 16-06-M-00016M	STEAG State Power, Inc.	N/A	Coal Fired	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	232.00 MW	Coal	August 30, 2016 – August 29, 2021	June 13, 2016
			Emergency Generating Set		1.25 MW	Diesel		
COC No. 15-03-S-00013M	STEAG State Power, Inc.	N/A	Diesel Engine	Phividec Industrial Estate, Balacanas, Villanueva, Misamis Oriental	400 kW	Diesel	25	March 25, 2015 – March 25, 2020
COC No. 15-05-M-00007L	AP Renewables, Inc.	Makban – Bay, Plant A	Geothermal Power Plant	Brgy. Bitin, Bay, Laguna	63.2 MW	Geo-thermal Steam	23	May 4, 2015 – May 31, 2020
		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	Geo-thermal Steam	23	May 4, 2015 – May 31, 2020
		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	Geo-thermal Steam	23	May 4, 2015 – May 31, 2020
		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	Geo-thermal Steam	25	November 26, 2015 – December 2, 2020
		Plant A, Unit 2			60 MW			
COC No. 15-11-M-286RL	AP Renewables,	Plant C, Unit 5	Geothermal Power Plant	Brgy. Cale, Tiwi, Albay	57 MW	Geo-thermal	25	November 26, 2015 –

Title of Document	Issued under the name of	Power Plant						Date of Issuance
		Name	Type	Location	Capacity	Fuel	Years of Service/ Term of COC	
	Inc.	Plant C, Unit 6			57 MW	Steam		December 12, 2020
COC No. 17-05-M-00105L	AP Renewables, Inc.	MakBan Binary 1 Geothermal Power Plant	Geothermal Power Plant	Brgy. Sta. Elena, Sto. Tomas, Batangas	7.0 MW	Geo-thermal Brine	N/A	November 7, 2016 – November 6, 2021
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	March 30, 2016 – April 18, 2021
			Blackstart		1.68 MW	Diesel	5	
COC No. 16-03-M-00286bbM	Therma Marine, Inc.	Mobile 2 (M2)	Diesel Power Plant	Brgy. Nasipit, Agusan del Norte	100.33 MW	Diesel	25	March 30, 2016 – April 5, 2021
			Blackstart		1.68 MW	Diesel	5	
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	July 9, 2017 – July 8, 2022	June 22, 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	July 9, 2017 – July 8, 2022	June 22, 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	July 9, 2017 – July 8, 2022	June 22, 2017
COC No. 13-07-GXT 308-19941L	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	July 9, 2017 – July 8, 2022	June 22, 2017
COC No. 15-09-M-00022M	Therma South, Inc.	Unit 1	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25	September 1, 2015 - January 19, 2016
		Unit 2	Coal Fired Power Plant	Brgy. Binugao, Toril District, Davao City	150 MW	Coal	25	January 19, 2016 – August 31, 2020

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 the 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 Philippine 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:

Distribution Company	Expiration Date
VECO	2030
Davao Light	2025
Cotabato Light	2039
SFELAPCO	2035
SEZ	2028

**Pursuant to the Distribution Management Service Agreement (DMSA) with the Subic Bay Metropolitan Authority*

MEZ, BEZ, and LEZ, which operate the power distribution utilities in MEPZ II, WCIP, and LTC, respectively, are duly registered with PEZA as Ecozone Utilities Enterprises. Cotabato Light's franchise was renewed for another twenty-five (25) years upon the signing of RA 10637 on June 16, 2014 by then-President Benigno C. Aquino III.

RETAIL ELECTRICITY SUPPLY BUSINESS

For a time, the business of supplying electricity was being undertaken solely by franchised distribution utilities. On July 26, 2013, the implementation of Open Access commenced in Luzon and Visayas. Like power generation, the business of supplying electricity is not considered a public utility operation under the EPIRA. It is, however, considered a business affected with public interest. As such, the 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 the ERC in accordance with the ERC's rules and regulations. With the implementation of Open Access, AboitizPower's Subsidiaries, AESI, AdventEnergy, SN Aboitiz Power – RES, and Prism Energy, obtained separate licenses to act as RES and Wholesale Aggregator. AESI, AdventEnergy and Prism Energy duly filed the corresponding application for renewal of its RES licenses.

BANKING AND FINANCIAL SERVICES

As banking institutions, the business operations of UnionBank and CitySavings are regulated by BSP, SEC, and Philippine Deposit Insurance Commission (PDIC). CitySavings, as an accredited lender institution under DepEd's APDS, also has to comply with the policies issued by DepEd with regard to the setting of interest rates and other fees on loans to public school teachers.

PETNET, as a company engaged in money remittance, is required to obtain licenses from the BSP for its branches. It is also required to comply with the requirements of the Anti-Money Laundering Act.

Trademarks

AEV 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 which AEV and its Subsidiaries have filed with the Philippine Intellectual Property Office (IP Office).

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
A Better Future (Class Nos. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010- 004383 November 11, 2010	Application for the word mark "A Better Future".	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2021.
Better Solutions (Class Nos. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010- 004384 November 11, 2010	Application for the word mark "A Better Solutions".	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower word mark (Class Nos. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010- 004385 November 11, 2010	Application for the word mark "AboitizPower".	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
AboitizPower Spiral Device (Class Nos. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010- 004380 February 10, 2011	Application for the device mark "AboitizPower Spiral and Device", with color claim. The representation of a spiral rendered in blue.	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on February 10, 2021.
Cleanergy (Class No. 42)	Aboitiz Power Corporation	October 19, 2001	4-2001-07900 January 13, 2006	Application for trademark "Cleanergy"	Original Certificate of Registration was issued on January 13, 2006. The 3rd year Anniversary Declaration of Actual Use (DAU) was filed on November 11, 2004 with the IP Office. The 5th year Anniversary DAU was filed on December 27, 2011 with the IP Office. The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on January 13, 2016. The 15th DAU is due on January 13, 2021.
Cleanergy and Device (with color claim) (Class No. 42)	Aboitiz Power Corporation	July 30, 2002	4-2002-06293 July 16, 2007	Application for trademark "Cleanergy and Device" with the representation of a light with	Original Certificate of Registration was issued on July 16, 2007. The 3rd year Anniversary DAU was filed on June 28,

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				bulb with three leaves attached to it, with the words "CLEANERGY" and a small "ABOITIZ" diamond logo below it.	2005 with the IP Office. The 5th year Anniversary DAU was filed on July 15, 2013 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration were filed on July 16, 2017 with the IP Office. The Renewal DAU is due on July 16, 2018.
Cleanergy Get it and Device (with color claim) (Class No. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004381 November 11, 2010	Application for trademark "Cleanergy Get it and Device". The word "Cleanergy" with 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.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.
Cleanergy Got it and Device (with color claim) (Class No. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004382 November 11, 2010	Application for trademark "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.	Original Certificate of Registration was issued on November 11, 2010. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on October 26, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on November 11, 2020.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Aboitiz Power and Device (Class Nos. 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004379 February 10, 2011	Application for "AboitizPower and Device", with color claim.	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on February 10, 2021.
Alterspace (Class Nos. 9, 39, and 40)	Aboitiz Power Corporation	April 6, 2011	4-2011-003968 February 24, 2012	Application for the word mark "ALTERSPACE".	Original Certificate of Registration was issued on February 24, 2012. The 3rd year Anniversary DAU was filed on May 20, 2014 with the IP Office. The 5th year Anniversary DAU is due for filing on or before February 24, 2018.
AboitizPower Spiral Device (with color claim) (Class 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004380 February 10, 2011	Application for trademark "AboitizPower Spiral and Device" The representation of a spiral rendered in blue.	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary DAU was filed on February 3, 2017 with the IP Office.
AboitizPower and Device (with color claim) (Class 39, 40, and 42)	Aboitiz Power Corporation	April 23, 2010	4-2010-004379 February 10, 2011	Application for trademark "AboitizPower and Device" The words "Aboitiz" and "Power" rendered in two shades of blue	Original Certificate of Registration was issued on February 10, 2011. The 3rd year Anniversary DAU was filed on April 23, 2013 with the IP Office. The 5th year Anniversary

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				with the representation of a spiral above the words "A Better Future" below it.	DAU was filed on February 3, 2017 with the IP Office.
Alterspace and Device (with color claim) (Class 9, 39, and 40)	Aboitiz Power Corporation	May 31, 2011	4-2011-006291 December 22, 2011	Application for trademark "Alterspace and Device". A globe with the words "alter" and "space" inside an arrow circling the globe and separating the words. The globe is rendered in forest green, while the words and arrow are rendered in lime green.	Original Certificate of Registration was issued on December 22, 2011. The 3rd year Anniversary DAU was filed on May 20, 2014 with the IP Office. The 5th year Anniversary DAU is due for filing on or before December 22, 2017.
Subic Enerzone Corporation and Logo (Class No. 39)	Subic Enerzone Corporation	July 6, 2006	4-2006-007306 August 20, 2007	Trademark application for Subic Enerzone Corporation and Logo (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	Original Certificate of Registration was issued on August 20, 2007. The mark was renewed on August 20, 2017. The renewal DAU is due on August 20, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				is likewise rendered in the cobalt medium blue color in a yellow background.	
Subic Enerzone Corporation and Logo (Class No. 39)	Subic Enerzone Corporation	July 6, 2006	4-2006-007305 August 20,2007	Application for Subic Enerzone Corporation wordmark and logo (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.	Original Certificate of Registration was issued on August 20, 2007. The mark was renewed on August 20, 2017. The renewal DAU is due on August 20, 2018.
Subic Enerzone Corporation (Class No. 39)	Subic Enerzone Corporation	July 6, 2006	4-2006-007304 June 4, 2007	Application for the word mark "Subic Enerzone Corporation".	Original Certificate of Registration was issued on June 4, 2007. The 3rd Year Anniversary DAU was filed with the IP Office on July 6, 2009. The 5th year Anniversary DAU was filed with the IP Office on June 4, 2013. The 10th year Anniversary DAU and application for renewal of registration was filed with the IP Office on June 4, 2017. The renewal DAU is due on June 4, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
“Driven to Lead. Driven to Excel. Driven to Serve.” (word mark) (Class No. 30, 36, 37, 39, 40, and 42)	Aboitiz Equity Ventures, Inc.	January 30, 2012	4-2012-001132 June 21, 2012	Application for word mark “Driven to Lead. Driven to Excel. Driven to Serve.”	Original Certificate of Registration was issued on June 21, 2012. The 3rd year Anniversary DAU was filed on January 30, 2015 with the IP Office. The 5th Year Anniversary DAU is due for filing on June 21, 2018 with the IP Office.
“Aboitiz Better World” (word mark) (Class No. 30, 31, 35, 36, 37, 39, 40, and 42)	Aboitiz Equity Ventures, Inc.	December 18, 2013	4-2013-015094 March 27, 2014	Application for word mark “Aboitiz Better World”.	Original Certificate of Registration was issued on March 27, 2014. The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on March 27, 2020 with the IP Office.
ABOITIZLAND GEOMETRIC SYMBOL LOGO (Class No. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	4-2009-005107 March 11, 2010	Application for the device mark ABOITIZLAND GEOMETRIC SYMBOL LOGO, with color claim.	Original Certificate of Registration was issued on March 11, 2010. The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office. The 5th Year Anniversary DAU was filed on March 10, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.
ABOITIZLAND MADE FOR LIFE AND DEVICE (Class No. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	4-2009-005108 March 11, 2010	Application for the device mark ABOITIZLAND MADE FOR LIFE AND DEVICE, with color claim.	Original Certificate of Registration was issued on March 11, 2010. The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>The 5th Year Anniversary DAU was filed on March 10, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.</p>
ABOITIZLAND AND DEVICE (Class No. 35 and 37)	Aboitiz Land, Inc.	May 25, 2009	4-2009-005106 March 11, 2010	Application for the device mark ABOITIZLAND AND DEVICE with color claim.	<p>Original Certificate of Registration was issued on March 11, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.</p> <p>The 5th Year Anniversary DAU was filed on March 10, 2016 with the IP Office.</p> <p>The 10th year Anniversary DAU and application for renewal of registration are due for filing on March 11, 2020.</p>
ABOITIZLAND (Class No. 35 and 37)	Aboitiz Land, Inc.	July 14, 2009	4-2009-006961 April 15, 2010	Application for wordmark "ABOITIZLAND".	<p>Original Certificate of Registration was issued on April 15, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2012 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 10, 2016.</p> <p>The 10th year Anniversary DAU and application for renewal are due for filing on .April 15, 2020.</p>
"THE OUTLETS" (Class No. 16, 35 and 37)	Aboitiz Land, Inc.	April 11, 2014	04-2014-004494 February 26, 2015	Application for word mark "THE OUTLETS".	<p>Original Certificate of Registration was issued on February 26, 2015.</p> <p>The 3rd year Anniversary DAU was filed on March 7, 2017 with the IP Office.</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The 5 th year Anniversary DAU is due for filing on February 26, 2021.
THE OUTLETS AND DEVICE (Class No. 16, 35, and 37)	Aboitiz Land, Inc.	April 11, 2014	4-2014-004493 December 4, 2014	Application for device mark THE OUTLETS AND DEVICE, with color claim.	Original Certificate of Registration was issued on December 4, 2014. The 3rd Year Anniversary DAU was filed on March 7, 2017 with the IP Office. The 5th year Anniversary DAU is due for filing on December 4, 2020.
FILIPINO NEW URBANISM (Class No. 37)	Aboitiz Land, Inc.	February 23, 2015	4-2015-001949 November 5, 2015	Application for the word mark "FILIPINO NEW URBANISM".	Original Certificate of Registration was issued on November 5, 2015. The 3rd year Anniversary DAU is due for filing on February 23, 2018.
AJOYA (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	November 29, 2016	4-2016-506202 March 9, 2017	Application for the word mark "Ajoya"	Original Certificate of Registration was issued on March 9, 2017. The 3rd year Anniversary is due for filing on November 29, 2019.
AJOYA AND DEVICE (Logo) (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 6, 2016	4-2016-506203 March 24, 2017	Application for the device mark "Ajoya"	Original Certificate of Registration was issued on March 24, 2017. The 3rd year Anniversary is due for filing on November 29, 2019.
FORESSA (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 6, 2016	4-2016-506331 June 15, 2017	Application for the word mark "Foressa"	Original Certificate of Registration was issued on March 24, 2017. The 3rd year Anniversary is due for filing on December 6, 2019.
FORESSA MOUNTAIN TOWN AND DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 6, 2016	4-2016-506329 June 15, 2017	Application for the device mark "Foressa"	Original Certificate of Registration was issued on June 15, 2017. The 3rd year DAU is due for filing on December 6, 2019.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
LEKEITIO (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	December 20, 2016	4-2016-506607 April 20, 2017	Application for the word mark "Lekeitio".	Original Certificate of Registration was issued on April 20, 2017. The 3rd year DAU is due for filing on December 20, 2019.
LEKEITIO DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017-5004- 24 June 2, 2017	Application for the device mark "Lekeitio".	Original Certificate of Registration was issued on June 2, 2017. The 3rd year DAU is due for filing on January 30, 2020.
SEAFRONT RESIDENCES (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 26, 2017	4-2017- 500379 July 14, 2017	Application for the word mark "Seafront Residences"	Original Certificate of Registration was issued on July 14, 2017. The 3rd year DAU is due for filing on January 26, 2020.
SEAFRONT RESIDENCES DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017- 500423 August 10, 2017	Application for the device mark "Seafront Residences".	Original Certificate of Registration was issued on August 10, 2017. The 3rd year DAU is due for filing on January 26, 2020.
THE OUTLETS LOGO (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 24, 2017	04-2017- 500324 July 14, 2017	Application for the device mark "The Outlets".	Original Certificate of Registration was issued on July 14, 2017. The 3rd year DAU is due for filing on January 24, 2020.
SEAFRONT VILLAS (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 26, 2017	4-2017- 500378 July 14, 2017	Application for the word mark "Seafront Villas".	Original Certificate of Registration was issued on July 14, 2017. The 3rd year DAU is due for filing on January 26, 2020.
SEAFRONT VILLAS DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	January 30, 2017	4-2017- 500422 August 17, 2017	Application for the device mark "Seafront Villas".	Original Certificate of Registration was issued on August 17, 2017. The 3rd year DAU is due for filing on January 30, 2020.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
LA VILLITA (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017- 500953 July 14, 2017	Application for the word mark "La Villita".	Original Certificate of Registration was issued on July 14, 2017. The 3rd year DAU is due for filing on March 7, 2020.
LA VILLITA DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	March 8, 2017	4-2017- 500968 August 10, 2017	Application for the device mark "La Villita".	Original Certificate of Registration was issued on August 10, 2017. The 3rd year DAU is due for filing on March 8, 2020.
PLAZA KALEA (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017- 500954 September 14, 2017	Application for the word mark "Plaza Kalea".	Original Certificate of Registration was issued on September 14, 2017. The 3rd year DAU is due for filing on March 7, 2020.
PLAZA KALEA DEVICE (Class Nos. 16, 35, and 37)	Aboitiz Land, Inc.	March 7, 2017	4-2017- 500951 July 14, 2017	Application for the device mark "Plaza Kalea".	Original Certificate of Registration was issued on July 14, 2017. The 3rd year DAU is due for filing on March 7, 2020.
LIMA EXCHANGE (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017- 005027-24	Application for the word mark "Lima Exchange".	Pending with the IP Office.
LIMA EXCHANGE DEVICE (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	4-2017-5027- 34	Application for the device mark "Lima Exchange"	Pending with the IP Office.
LIMA LAND, INC. (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017- 00502737	Application for the word mark "Lima Land".	Pending with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
LIMA LAND, INC. LOGO (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 14, 2017	04-2017-00502749	Application for the device mark "Lima Land".	Pending with the IP Office.
LIMA TECHNOLOGY CENTER (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017-005034-66	Application for the word mark "Lima Technology Center".	Pending with the IP Office.
LIMA TECHNOLOGY CENTER DEVICE (Class Nos. 16, 35, 36, 37, and 39)	Aboitiz Land, Inc.	July 13, 2017	04-2017-005027-36	Application for the device mark "Lima Technology Center"	Pending with the IP Office.
PILMICO FOODS CORPORATION DEVICE (Class No. 30)	Pilmico Foods Corporation	October 26, 1998	4-1998- 007886 November 28, 2005	Application for device mark "PILMICO FOODS CORPORATION".	Original Certificate of Registration was issued on November 28, 2005. The mark was renewed on November 28, 2015. The 5th year Renewal DAU is due for filing on November 28, 2021.
SUN-MOON-STAR DEVICE (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002- 100524 October 2, 2006	Application for device mark "SUN-MOON-STAR"	Original Certificate of Registration was issued on October 2, 2006. The mark was renewed on October 2, 2016. The 5th year Renewal DAU is due for filing on October 2, 2022.
GOLD STAR AND DEVICE (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002- 000525 August 17, 2006	Application for the device mark "GOLD STAR AND DEVICE".	Original Certificate of Registration was issued on August 17, 2006. The mark was renewed on August 17, 2016. The 5th year Renewal DAU is due for filing on August 17, 2022.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
SUNSHINE (Class No. 30)	Pilmico Foods Corporation	April 17, 1996	4-1996- 127942 October 15, 2007	Application for the device mark "SUNSHINE".	Original Certificate of Registration was issued on October 15, 2007. The 3rd year Anniversary DAU was filed on November 29, 2001 with the IP Office. The 5th year Anniversary DAU was filed on May 17, 2013 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration are due for filing on October 15, 2018.
GLOWING SUN (Class No. 30)	Pilmico Foods Corporation	November 13, 1998	4-1998- 008409 October 2, 2006	Application for the device mark "GLOWING SUN".	Original Certificate of Registration was issued on October 2, 2006. The mark was renewed on October 2, 2016. The 5th year renewal DAU is due on October 2, 2022.
KUTITAP AND DEVICE (Class No. 30)	Pilmico Foods Corporation	October 26, 2001	4-2001- 008098 January 17, 2005	Application for the device mark "KUTITAP AND DEVICE".	Original Certificate of Registration was issued on January 17, 2005. The mark was renewed on January 17, 2015. The 5th year Renewal DAU is due on January 17, 2021.
KUTITAP (Class No. 30)	Pilmico Foods Corporation	January 22, 2002	4-2002- 000523 December 5, 2004	Application for the device mark "KUTITAP", with color claim.	Original Certificate of Registration was issued on December 5, 2004. The mark was renewed on December 5, 2014. The 5th year Renewal DAU is due on December 5, 2020.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
MEGA STAR AND DEVICE (Class No. 30)	Pilmico Foods Corporation	August 2, 2002	4-2002- 006424 November 28, 2005	Application for the device mark "MEGA STAR AND DEVICE" with color claim.	Original Certificate of Registration was issued on November 28, 2005. The mark was renewed on November 28, 2015. The 5th year Renewal DAU is due for filing on November 28, 2021.
SUNFLOUR AND DESIGN (Class No. 30)	Pilmico Foods Corporation	June 8, 2007	4-2007- 005916 May 5, 2008	Application for the device mark "SUNFLOUR AND DESIGN".	Original Certificate of Registration was issued on May 5, 2008. The 3rd year Anniversary DAU was filed on June 8, 2010 with the IP Office. The 5th year Anniversary DAU was filed on March 7, 2013 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration are due for filing on May 5, 2018.
PILMICO FLOUR (Class No. 30)	Pilmico Foods Corporation	December 19, 2008	4-2008- 015334 July 30, 2009	Application for the device mark "PILMICO FLOUR".	Original Certificate of Registration was issued on July 30, 2009. The 3rd year Anniversary DAU was filed on October 18, 2011 with the IP Office. The 5th year Anniversary DAU was filed on July 23, 2015 with the IP Office. The 10th year Anniversary DAU and application for renewal of registration are due for filing on July 30, 2019.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
PILMICO 'M' handshake (Class No. 30 and 31)	Pilmico Foods Corporation	October 13, 2009	4-2009- 010359 August 12, 2010	Application for the device mark "PILMICO 'M' handshake".	Original Certificate of Registration was issued on August 12, 2010. The 3rd year Anniversary DAU was filed on September 11, 2012 with the IP Office. The 5th year Anniversary DAU was filed on August 1, 2016 with the IP office. The 10th year Anniversary DAU and application for renewal are due for filing on August 12, 2020.
"Silver Star" word mark (Class No. 30)	Pilmico Foods Corporation	August 31, 2011	4-2011- 010284 February 24, 2012	Application for the word mark "Silver Star".	Original Certificate of Registration was issued on February 24, 2012. The 3rd year Anniversary DAU was filed on August 22, 2014 with the IP Office. The 5th year Anniversary DAU is due for filing on February 24, 2018.
Silver Star Logo (Class No. 30)	Pilmico Foods Corporation	September 13, 2011	4-2011- 010919 January 13, 2012	Application for the device mark "Silver Star logo", with color claim.	Original Certificate of Registration was issued on January 13, 2012 The 3rd year Anniversary DAU was filed on August 22, 2014 with the IP Office. The 5th year Anniversary DAU was filed on January 15, 2018.
SUN RAYS HARD WHEAT FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013- 006662 February 20, 2014	Application for the device mark "SUN RAYS HARD WHEAT FLOUR".	Original Certificate of Registration was issued on February 20, 2014. The 3rd year Anniversary DAU was filed on

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 20, 2020.</p>
STAR BEAM SOFT WHEAT FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013- 006658 December 26, 2013	Application for the device mark "STAR BEAM SOFT WHEAT FLOUR".	<p>Original Certificate of Registration was issued on December 26, 2013.</p> <p>The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on December 26, 2019.</p>
STAR BLAZE SOFT WHEAT FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-006663 February 20, 2014	Application for the device mark "STAR BLAZE SOFT WHEAT FLOUR".	<p>Original Certificate of Registration was issued on February 20, 2014.</p> <p>The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 20, 2020.</p>
LUNA CAKE FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013- 006661 February 20, 2014	Application for the device mark "LUNA CAKE FLOUR".	<p>Original Certificate of Registration was issued on February 20, 2014.</p> <p>The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 20, 2020.</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
SUN STREAM HARD WHEAT FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013- 006659 February 20, 2014	Application for the device mark "SUN STREAM HARD WHEAT FLOUR".	Original Certificate of Registration was issued on February 20, 2014. The 3rd year Anniversary DAU was filed on December 12, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on February 20, 2020.
PILMICO (Class No. 31)	Pilmico Foods Corporation	August 7, 2013	4-2013- 00009422 December 26, 2013	Application for the device mark "PILMICO".	Original Certificate of Registration was issued on December 26, 2013. The 3rd year Anniversary DAU was filed on August 1, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on December 26, 2019.
PILMICO FLOUR (Class Nos. 30, 31, and 44)	Pilmico Foods Corporation	August 7, 2013	4-2013- 00009423 February 20, 2014	Application for the device mark "PILMICO FLOUR".	Original Certificate of Registration was issued on February 20, 2014. The 3rd year Anniversary DAU was filed on August 1, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on February 20, 2020.
MAHALIN PAGKAING ATIN LOGO (Class Nos. 29, 30, and 31)	Pilmico Foods Corporation	March 4, 2015	4-2015- 002322 July 2, 2015	Application for the device mark "Mahalin Pagkaing Atin", with color claim. The mark consists of images of two eggs, bread, ham and whole dressed chicken (from left to	Original Certificate of Registration was issued on July 2, 2015. The 3rd year Anniversary DAU is due for filing on March 4, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
				right) in a basket is embraced by a human represented by a heart-shaped figure with a circle on top. The words Mahalin Pagkaing Atin in curvy letter forms are located below the images. The images and words are in WHITE color drawn on a CYAN background.	
ENERBUN (Class Nos. 29, 30, and 31)	Pilmico Foods Corporation	March 4, 2015	4-2015- 002323 July 2, 2015	Application for the word mark "ENERBUN".	Original Certificate of Registration was issued on July 2, 2015. The 3rd year Anniversary DAU is due for filing on March 4, 2018.
ENERBUNNIES (Class Nos. 29, 30, and 31)	Pilmico Foods Corporation	March 4, 2015	4-2015- 002323 July 2, 2015	Application for the word mark "ENERBUNNIES"	Original Certificate of Registration was issued on July 2, 2015. The 3rd year Anniversary DAU is due for filing on March 4, 2018.
SUN BEAM (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015- 013643 April 7, 2016	Application for the word mark "SUN BEAM".	Original Certificate of Registration was issued on April 7, 2016. The 3rd year Anniversary DAU is due for filing on November 27, 2018.
SUNLIGHT (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015- 013644 September 1, 2016	Application for the word mark "SUNLIGHT".	Original Certificate of Registration was issued on September 1, 2016. The 3rd year Anniversary DAU is due for filing on November 27, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
KIRA (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015- 013645 April 7, 2016	Application for the word mark "KIRA".	Original Certificate of Registration was issued on April 7, 2016. The 3rd year Anniversary DAU is due for filing on November 27, 2018.
MOON BEAM (Class No. 30)	Pilmico Foods Corporation	November 27, 2015	4-2015- 013642 April 7, 2016	Application for the word mark "MOON BEAM".	Original Certificate of Registration was issued on April 7, 2016. The 3rd year Anniversary DAU is due for filing on November 27, 2018.
NUTRA BITE word mark (ClassNo. 30)	Pilmico Foods Corporation	August 30, 2016	4-2016- 504397 November 24, 2016	Application for the word mark "Nutra Bite"	Original Certificate of Registration was issued on November 24, 2016. The 3rd year Anniversary DAU is due for filing on August 30, 2019.
NUTRA BITE logo (Class No. 30)	Pilmico Foods Corporation	August 30, 2016	4-2016- 50404401 November 24, 2016	Application for the device mark "Nutra Bite"	Original Certificate of Registration was issued on November 24, 2016. The 3rd year Anniversary DAU is due for filing on August 30, 2019.
THE CARE PACKAGE (Class Nos. 30, 35, 41, 44, and 45)	Pilmico Foods Corporation	August 30, 2016	4-2016- 504398	Application for the word mark "The Care Package"	The application which was filed on August 30, 2016 is pending with the IP Office.
THE CARE PACKAGE (Class Nos. 30, 35, 41, 44, and 45)	Pilmico Foods Corporation	August 30, 2016	4-2016- 504400	Application for the logo "The Care Package".	The application which was filed on August 30, 2016 is pending with the IP Office.
WOODEN SPOON (Class No. 30)	Pilmico Foods Corporation	March 15, 1991	4-1991- 00054399 May 4, 1993	Application for the device mark "WOODEN SPOON".	Original Certificate of Registration was issued on May 4, 1993. The mark was renewed on May 4, 2013. The 5th year Renewal DAU is due for filing on May 4, 2019.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
WOODEN SPOON word mark (additional classes – Class Nos. 35 and 43)	Pilmico Foods Corporation	August 30, 2016	4-2016- 504396	Application for the word mark “WOODEN SPOON” for additional classes Nos. 35 and 43.	The application which was filed on August 30, 2016 is pending with the IP Office.
WOODEN SPOON AND DEVICE (additional classes – Class Nos. 35, and 43)	Pilmico Foods Corporation	August 30, 2016	4-2016- 504399	Application for the device mark “WOODEN SPOON” for additional classes Nos. 35 and 43.	The application which was filed on August 30, 2016 is pending with the IP Office.
PILMICO word mark (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	September 21, 2016	4-2016- 504847 March 24, 2017	Application for the word mark “PILMICO”	Original Certificate of Registration was issued on March 24, 2017. The 3rd year Anniversary DAU is due for filing on September 21, 2019.
Silver 168 (Class No. 30)	Pilmico Foods Corporation	October 24, 2017	4-2017- 017183	Application for the word mark “Silver 168”	The application which was filed on October 24, 2017 is pending with the IP Office.
Yummii (Class No. 30)	Pilmico Foods Corporation	August 25, 2017	4-2017- 0503463	Application for the word mark “Yummii”.	The application which was filed on August 25, 2017 is pending with the IP Office.
Silver Star with Chinese Slogan Device (Class No. 30)	Pilmico Foods Corporation	October 24, 2017	4-2017- 017184	Application for the device mark “Silver Star with Chinese Slogan Device.”	The application which was filed on October 24, 2017 is pending with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
SOLA ALL PURPOSE FLOUR (Class No. 30)	Pilmico Foods Corporation	June 10, 2013	4-2013-00006660 February 20, 2014	Application for the word mark "SOLA ALL PURPOSE FLOUR".	The Original Certificate of Registration was issued on February 20, 2014. The 3rd year Anniversary DAU was filed on December 12, 2016. The 5th year Anniversary DAU is due for filing on February 20, 2020.
PILMICO logo (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	February 21, 2017	4-2017- 500751 June 2, 2017	Application for the device mark "PILMICO".	The Original Certificate of Registration was issued on June 2, 2017. The 3rd year Anniversary DAU is due for filing on February 21, 2020.
"M" handshake mark (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	February 20, 2017	4-2017-500744 August 17, 2017	Application for the "M" handshake mark.	The Original Certificate of Registration was issued on August 17, 2017. The 3rd year Anniversary DAU is due for filing on February 20, 2020.
PIGROW (Logo) (Class Nos. 31 and 34)	Filagri, Inc.	February 28, 2012	4-2012-002465 September 28, 2012	Application for the device mark "PIGROW", with color claim.	Original Certificate of Registration was issued on September 28, 2012. The 3rd year Anniversary DAU was filed on February 28, 2015 with the IP Office. The 5th year Anniversary DAU is due for filing on September 28, 2018.
PIGROW MATERNA word mark (Class Nos. 31 and 44)	Filagri, Inc.	February 28, 2012	4-2012-002463 May 24, 2012	Application for the word mark "PIGROW MATERNA".	Original Certificate of Registration was issued on May 24, 2012. The 3rd year Anniversary DAU was filed on February 27, 2015 with the IP Office. The 5th year Anniversary DAU is due for filing on May 24, 2018.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
PORK SOLUTIONS (Class No. 31)	Pilmico Animal Nutrition Corporation	January 4, 2006	4-2006-000130 August 20, 2007	Application for the word mark "PORK SOLUTIONS".	Original Certificate of Registration was issued on August 20, 2007. The 3rd year Anniversary DAU was filed on January 5, 2009 with the IP Office. The 5th year Anniversary DAU was filed on October 19, 2012 with the IP Office. The request for renewal of registration was filed on August 7, 2017.
POULTRY SOLUTIONS (Class No. 31)	Pilmico Animal Nutrition Corporation	January 4, 2006	4-2006-000132 August 20, 2007	Application for the word mark "POULTRY SOLUTIONS".	Original Certificate of Registration was issued on August 20, 2007. The 3rd year Anniversary DAU was filed on January 5, 2009 with the IP Office. The 5th year Anniversary DAU was filed on October 19, 2012 with the IP Office. The request for renewal of registration was filed on August 7, 2017.
CIVIC (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012- 0000984 June 6, 2013	Application for the device mark "CIVIC".	Original Certificate of Registration was issued on June 6, 2013. The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5th year Anniversary DAU is due for filing on June 6, 2019.
TAMERA (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012- 00009856 June 6, 2013	Application for the word mark "TAMERA".	Original Certificate of Registration was issued on June 6, 2013. The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					The 5th year Anniversary DAU is due for filing on June 6, 2019.
PILMICO ANIMAL NUTRITION (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009849 June 6, 2013	Application for the word mark "PILMICO ANIMAL NUTRITION".	Original Certificate of Registration was issued on June 6, 2013. The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5th year Anniversary DAU is due for filing on June 6, 2019.
AQUAMAX (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009857 June 6, 2013	Application for the word mark "AQUAMAX".	Original Certificate of Registration was issued on June 6, 2013. The 3rd year Anniversary DAU was filed on February 10, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on June 6, 2019.
CLASSIC (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-00009844 April 14, 2013	Application for the word mark "CLASSIC".	Original Certificate of Registration was issued on April 14, 2013. The 3rd year Anniversary DAU was filed on August 5, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 14, 2019.
ULTIMAX (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009845 April 14, 2013	Application for the word mark "ULTIMAX"	Original Certificate of Registration was issued on April 14, 2013. The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5th year Anniversary DAU is due for filing on April 14, 2019.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
POULTRY EXPRESS (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009847 April 14, 2013	Application for the word mark "POULTRY EXPRESS".	Original Certificate of Registration was issued on April 14, 2013. The 3 rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5 th year Anniversary DAU is due for filing on April 14, 2019.
ELITE (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009843 April 14, 2013	Application for the word mark "ELITE".	Original Certificate of Registration was issued on April 14, 2013. The 3 rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5 th year Anniversary DAU is due for filing on April 14, 2019.
ALAS NG SALTO (Class No. 31)	Pilmico Animal Nutrition Corporation	September 25, 2012	4-2012-011803 February 28, 2013	Application for the word mark "ALAS NG SALTO".	Original Certificate of Registration was issued on February 28, 2013. The 3 rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5 th year Anniversary DAU is due for filing on February 28, 2019.
AVE MAX (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009848 February 8, 2013	Application for the word mark "AVE MAX".	Original Certificate of Registration was issued on February 28, 2013. The 3 rd year Anniversary DAU was filed on August 5, 2015 with the IP Office. The 5 th year Anniversary DAU is due for filing on February 8, 2019.
SALTO (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009850 February 8, 2013	Application for the device mark "SALTO".	Original Certificate of Registration was issued on February 8, 2013. The 3 rd year Anniversary

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>DAU was filed on August 5, 2015 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 8, 2019.</p>
ANGAT SARADO (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009852 February 8, 2013	Application for the word mark "ANGATSARADO"	<p>Original Certificate of Registration was issued on February 8, 2013.</p> <p>The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 8, 2019.</p>
BASIC (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009853 February 8, 2013	Application for the word mark "BASIC".	<p>Original Certificate of Registration was issued on February 8, 2013.</p> <p>The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 8, 2019.</p>
LAKAS GATAS (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009842 February 8, 2013	Application for the word mark "LAKAS GATAS".	<p>Original Certificate of Registration was issued on February 8, 2013.</p> <p>The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on February 8, 2019.</p>
GALLIMAX (Class No. 31)	Pilmico Animal Nutrition Corporation	August 10, 2012	4-2012-009846 February 8, 2013	Application for the word mark "GALLIMAX".	<p>Original Certificate of Registration was issued on February 8, 2013.</p> <p>The 3rd year Anniversary DAU was filed on August 5, 2015 with the IP Office.</p> <p>The 5th year Anniversary DAU is due for filing on</p>

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					February 8, 2019.
SUPREMECON (Class No. 31)	Pilmico Animal Nutrition Corporation	March 21, 2011	4-2011-003166 July 22, 2011	Application for the word mark "SUPREMECON".	Original Certificate of Registration was issued on July 22, 2011. The 3rd year Anniversary DAU was filed on March 21, 2014 with the IP Office. The 5th year Anniversary DAU was filed on July 22, 2017 with the IP Office. The 10th year Anniversary DAU is due for filing on July 22, 2021.
POWERMIX (Class No. 31)	Pilmico Animal Nutrition Corporation	June 10, 2011	4-2011-006860 January 13, 2012	Application for the word mark "POWERMIX".	Original Certificate of Registration was issued on January 13, 2012. The 3rd year Anniversary DAU was filed on June 9, 2014 with the IP Office. The 5th year Anniversary DAU is was filed on January 13, 2018. The 10th year Anniversary DAU is due for filing on January 13, 2022.
PILMICO FEEDS (Class No. 31)	Pilmico Animal Nutrition Corporation	September 8, 2011	4-2011-010731 March 8, 2012	Application for the word mark "PILMICO FEEDS".	Original Certificate of Registration was issued on March 8, 2012. The 3rd year Anniversary DAU was filed on September 8, 2014 with the IP Office. The 5th year Anniversary DAU is due for filing on March 8, 2018.
POWERGUARD (Class No. 31)	Pilmico Animal Nutrition Corporation	June 24, 2013	4-2013-007289 December 26, 2013	Application for the word mark "POWERGUARD".	Original Certificate of Registration was issued on December 26, 2013. The extended 3rd Year Anniversary DAU was due on December 24, 2016 but

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					was not filed due to non-use.
INFEEED DEWORMER (Class No. 31)	Pilmico Animal Nutrition Corporation	June 24, 2013	4-2013-007290 March 13, 2014	Application for the word mark "INFEEED DEWORMER".	Original Certificate of Registration was issued on March 13, 2014. The extended 3rd Year Anniversary DAU was due on December 24, 2016 but was not filed due to non-use.
GROW YOUR PROFIT (Class No. 31 and 44)	Pilmico Animal Nutrition Corporation	July 3, 2013	4-2013-007729 December 26, 2013	Application for the word mark "GROW YOUR PROFIT".	Original Certificate of Registration was issued on December 26, 2013. The 3rd year Anniversary DAU was filed on June 22, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on December 26, 2019.
PARTNERS FOR GROWTH (Class No. 31)	Pilmico Animal Nutrition Corporation	January 15, 2010	4-2010-000543 July 16, 2010	Application for the word mark "PARTNERS FOR GROWTH"	Original Certificate of Registration was issued July 16, 2010. The 3rd year Anniversary DAU was filed on September 25, 2012 with the IP Office. The 5th year Anniversary DAU was filed on June 22, 2016 with the IP Office. The 10th year Anniversary DAU and application for renewal are due for filing on July 16, 2020.
P-NOX (Class No. 31)	Pilmico Animal Nutrition Corporation	June 26, 2013	4-2013-0007450 December 26, 2013	Application for the word mark "P-NOX".	Original Certificate of Registration was issued December 26, 2013. The 3rd year Anniversary DAU was due on June 26, 2016 but was not filed due to non-use.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
PILMICO FARMS LOGO (Class No. 31)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009415 April 17, 2014	Application for the device mark "PILMICO FARMS LOGO".	Original Certificate of Registration was issued April 17, 2014. The 3rd year Anniversary DAU was filed on August 7, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
PILMICO FEEDS (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009416 April 17, 2014	Application for the word mark "PILMICO FEEDS".	Original Certificate of Registration was issued April 17, 2014. The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING PIG LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009417 April 17, 2014	Application for the device mark "GROWING PIG LOGO".	Original Certificate of Registration was issued April 17, 2014. The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING CHICKEN LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009418 April 17, 2014	Application for the device mark "GROWING CHICKEN LOGO".	Original Certificate of Registration was issued April 17, 2014. The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING QUAIL LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009419 April 17, 2014	Application for the device mark "GROWING QUAIL LOGO".	Original Certificate of Registration was issued on April 17, 2014. The 3rd year Anniversary

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING PIGEON LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009420 April 17, 2014	Application for the device mark "GROWING PIGEON LOGO".	Original Certificate of Registration was issued on April 17, 2014. The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on April 17, 2020.
GROWING DUCK LOGO (Class Nos. 31 and 44)	Pilmico Animal Nutrition Corporation	August 7, 2013	4-2013-009421 December 26, 2013	Application for the device mark "GROWING DUCK LOGO".	Original Certificate of Registration was issued on December 26, 2013. The 3rd year Anniversary DAU was filed on August 6, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on December 26, 2019.
POWERHEAL (Class Nos. 5 and 31)	Pilmico Animal Nutrition Corporation	December 16, 2013	4-2013-014947	Application for the word mark "POWERHEAL".	A Declaration of Non-Use was filed on June 16, 2017.
POWERBOOST (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505003 December 8, 2016	Application for the word mark "POWERBOOST".	Original Certificate of Registration was issued on December 8, 2016. The 3rd year Anniversary DAU is due on September 29, 2019.
POWERBOOST AND PIG DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505000 December 8, 2016	Application for the device mark "POWERBOOST and PIG".	Original Certificate of Registration was issued on December 8, 2016. The 3rd year Anniversary DAU is due on September 29, 2019.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
POWERBOOST AND ROOSTER DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-504998 July 29, 2017	Application for the device mark "POWERBOOST and ROOSTER".	Original Certificate of Registration was issued on July 29, 2017. The 3rd year Anniversary DAU is due on September 29, 2019.
POWERBOOST DEVICE (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505001 December 8, 2016	Application for the device mark "POWERBOOST" in black and white.	Original Certificate of Registration was issued on December 8, 2016. The 3rd year Anniversary DAU is due on September 29, 2019.
IMMUNODIGEST (Class No. 31)	Pilmico Animal Nutrition Corporation	September 29, 2016	4-2016-505002 December 8, 2016	Application for the word mark "Immunodigest".	Original Certificate of Registration was issued on December 8, 2016. The 3rd year Anniversary DAU is due on September 29, 2019.
AVEMAX (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500952	Application for the word mark "AVEMAX".	Application still pending with the IP Office. The 3rd year Anniversary DAU is due for filing on March 7, 2020.
CIVIC (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500955 June 22, 2017	Application for the word mark "CIVIC".	Original Certificate of Registration was issued on June 22, 2017. The 3rd year Anniversary DAU is due for filing on March 7, 2020.
ELITE (Class No. 31)	Pilmico Animal Nutrition Corporation	March 7, 2017	4-2017-500956 June 22, 2017	Application for the word mark "ELITE".	Original Certificate of Registration was issued on June 22, 2017. The 3rd year Anniversary DAU is due for filing on March 7, 2020.
SALTO (Class No. 31)	Pilmico Animal Nutrition Corporation	March 8, 2017	4-2017-500969 July 29, 2017	Application for the word mark "SALTO".	Original Certificate of Registration was issued on July 29, 2017. The 3rd year Anniversary DAU is due on March 8, 2020.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
Mata ng Bagyo (Class No. 42)	Weather Philippines Foundation, Inc.	April 15, 2013	4-2013-004262 October 31, 2013	Application for the word mark "Mata ng Bagyo".	Original Certificate of Registration was issued on October 31, 2013. The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office.
Weather Philippines and Logo (Class No. 42)	Weather Philippines Foundation, Inc.	March 18, 2013	4-2013-002959 August 13, 2015	Application for the device mark "Weather Philippines and Logo", with color claim.	Original Certificate of Registration was issued on August 13, 2015. The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on August 13, 2021.
My Philippines. My Weather. (Class No. 42)	Weather Philippines Foundation, Inc.	March 18, 2013	4-2013-002961 August 13, 2015	Application for the word mark "My Philippines. My Weather."	Original Certificate of Registration was issued on August 13, 2015. The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on August 13, 2021.
Payong Panahon (Class No. 42)	Weather Philippines Foundation, Inc.	April 15, 2013	4-2013-004261 October 15, 2015	Application for the word mark "Payong Panahon".	Original Certificate of Registration was issued on October 15, 2015. The 3rd year Anniversary DAU was filed on March 18, 2016 with the IP Office. The 5th year Anniversary DAU is due for filing on October 15, 2021.
Weather Philippines #WeatherWiser Nation (Class No. 42)	Weather Philippines Foundation, Inc.	December 15, 2014	4-2014-015257 July 2, 2015	Application for the word mark "WeatherPhilippines #WeatherWiserNation".	Original Certificate of Registration was issued on July 2, 2015. The 3rd year Anniversary DAU was filed on August 25, 2017 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
PERA HUB (Class No. 36)	PETNET, Inc.	February 4, 2016	04-2016-001241 October 6, 2016	Application for the device mark "PERA HUB".	Original Certificate of Registration was issued on October 6, 2016. The 3rd year Anniversary DAU is due for filing on February 4, 2019.
"PETNET FOREX" (Class No. 36)	PETNET, Inc.	February 2, 2017	04-2017-001414	Application for the device mark "PETNET FOREX".	Application is pending with the IP Office.
PETNET (Class No. 36)	PETNET, Inc.	February 2, 2017	04-2017-001415	Application for the device mark "PETNET".	Application is pending with the IP Office.
PERA HUB FOREX (Class No. 36)	PETNET, Inc.	February 2, 2017	04-2017-001416	Application for the device mark "PERA HUB FOREX".	Application is pending with the IP Office.
Betterway (Class Nos. 35 and 36)	PETNET, Inc.	May 22, 2017	04-2017-007849	Application for the device mark "Betterway".	Application is pending with the IP Office.
Aboitiz & Device - Black (Class Nos. 30,36,37,39,40 and 42)	Aboitiz & Co. Inc.	December 19, 2005	4-2005-012408 September 24, 2007	Application for the device mark "Aboitiz (Black)".	Original Certificate of Registration was issued on September 24, 2007. The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office. The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office. The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on September 24, 2017.
Aboitiz & Device - Red (Class Nos. 30,36,37,39,40 and 42)	Aboitiz & Co. Inc.	December 19, 2005	4-2005-012409 September 24, 2007	Application for the device mark "Aboitiz (Red)".	Original Certificate of Registration was issued on September 24, 2007. The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office.

Trademarks	Applicant	Date Filed	Registration No./Date Issued	Certificate of Description	Status
					<p>The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office.</p> <p>The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on September 24, 2017.</p>
<p>Passion for better ways (Class Nos. 30,36,37,39,40 and 42)</p>	Aboitiz & Co. Inc.	December 19, 2005	<p>4-2005-012413 September 24, 2007</p>	<p>Application for the word mark "Passion for better ways".</p>	<p>Original Certificate of Registration was issued on September 24, 2007.</p> <p>The 3rd year Anniversary DAU was filed on December 19, 2008 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on September 24, 2013 with the IP Office.</p> <p>The 10th year Anniversary DAU and renewal of registration were filed with the IP Office on June 23, 2017.</p>
<p>Metaphil Logo (Class Nos. 37, 40 and 42)</p>	Aboitiz Construction Group, Inc.	May 21, 2010	<p>4-2010-005424 November 26, 2010</p>	<p>Application for the device mark "Metaphil Logo", with color claim.</p>	<p>Original Certificate of Registration was issued on November 26, 2010.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2013 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on October 7, 2016 with the IP Office.</p>
<p>Metaphil (Class Nos. 37, 40 and 42)</p>	Aboitiz Construction Group, Inc.	July 16, 2010	<p>4-2010-007798 March 24, 2011</p>	<p>Application for the word mark "Metaphil".</p>	<p>Original Certificate of Registration was issued on October 15, 2015.</p> <p>The 3rd year Anniversary DAU was filed on May 21, 2013 with the IP Office.</p> <p>The 5th year Anniversary DAU was filed on March 9, 2017 with the IP Office.</p>

International Trademarks Application (Madrid Protocol)

Trademarks	Applicant	Date Filed	Country of Application	Status
Cleanergy (Agenda Nos. J00.2015.02.7275-77) (Class Nos. 39, 40 & 42)	Aboitiz Power Corporation	June 24, 2015	Indonesia	The trademark application was filed with the Indonesia Trademark Office on June 24, 2015. The application is still pending.
Star Beam Soft Wheat Flour (#1171572) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	Singapore	On October 20, 2014, the Intellectual Property Office of Singapore (IPOS) issued a Statement of Grant of Protection approving the trademark application effective July 9, 2013 and valid for ten (10) years.
			Turkey	On March 10, 2015, the Turkey Patent Institute Trademarks Department issued a statement granting protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
			South Korea	On May 15, 2014, the Korean Intellectual Property Office (KIPO) issued a Statement of Grant of Protection dated approving Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
		December 16, 2015	China	Subsequent designation was published in WIPO Gazette on June 2, 2016. On September 29, 2017, China issued a Notification of <i>Ex Officio</i> Refusal refusing to grant protection to the mark due to similarity with other marks belonging to third parties. Pilmico Foods Corporation has decided not to contest the refusal.
Sun Stream Hard Wheat Flour (#1173340) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	Singapore	On October 20, 2014, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
			Turkey	On September 10, 2014, the Turkey Patent Institute Trademarks Department issued a statement granting protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
			South Korea	On May 15, 2014, the Korean Intellectual Property Office (KIPO) issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.

		December 16, 2015	China	Subsequent designation was published in WIPO Gazette on June 2, 2016. On September 29, 2017, China issued a Notification of <i>Ex Officio</i> Refusal refusing to grant protection to the mark due to similarity with other marks belonging to third parties. Pilmico Foods Corporation has decided not to contest the refusal.
Star Blaze Soft Wheat Flour (#1173338) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	Singapore	On September 16, 2014, the IPOS issued a Statement of Grant of Protection to the subject mark until July 9, 2023.
			Turkey	The Turkish Patent Institute Trademarks Department in its Statement dated September 10, 2014 granted protection to the subject mark.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval of the trademark application effective July 9, 2013 and valid for ten (10) years.
			South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving the trademark application effective July 9, 2013 and valid for ten (10) years.
		December 16, 2015	China	On September 29, 2017, China issued a Notification of <i>Ex Officio</i> Refusal refusing to grant protection to the mark due to similarity with other marks belonging to third parties. Pilmico Foods Corporation has decided not to contest the refusal.
Sun Rays Hard Wheat Flour (#1173337) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	Singapore	On October 20, 2014, the IPOS issued a Statement of Grant of Protection to the subject mark until July 9, 2023.
			Turkey	The Turkish Patent Institute Trademarks Department in its Statement dated September 10, 2014 granted protection to the trademark application effective July 9, 2013 and valid for ten (10) years.
			Vietnam	The IP Office's International Bureau was notified by the Office of Vietnam of its approval for Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
			South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 9, 2013 and valid for ten (10) years.
		December 16, 2015	China	In December 2017, Pilmico Foods Corporation received notice that China issued a notice provisionally refusing to grant protection to the mark. Pilmico Foods Corporation has decided not to contest the refusal.
Luna Cake Flour (#1173339) (Class No. 30)	Pilmico Foods Corporation	July 9, 2013	South Korea	On May 15, 2014, the KIPO issued a Statement of Grant of Protection approving Pilmico's trademark application effective July 09, 2013 and valid for ten years.
		December 16, 2015	China	On September 29, 2017, the Trademark Office of China issued a Statement of Grant of Protection

Sola All Purpose Flour (#1341959) (Class No. 30)	Pilmico Foods Corporation	February 12, 2016	Singapore	On September 22, 2017, the Intellectual Property Office of Singapore issued a Statement of Grant of Protection.
			Turkey	The Turkish Patent and Trademark Office issued a statement to the effect that it has found no grounds for provisional refusal of the registration of the mark but the protection of the mark is still subject to opposition by third parties from June 27, 2017 to August 27, 2017.
			Vietnam	Application is still pending.
			South Korea	On December 4, 2017, the KIPO issued a Statement of Grant of Protection approving the trademark application effective February 12, 2016.
			China	Application is still pending.
PILMICO word mark (Class Nos. 5, 29, 30, 31, 35, 43, and 45)	Pilmico Foods Corporation	March 16, 2017	USA (Guam)	Application is still pending.
			Ghana	Application is still pending.
			Cambodia	Application is still pending.
			Singapore	Application is still pending.

International Trademarks Application (Non-Madrid Protocol)

Trademarks	Applicant	Date Filed	Country of Application	Status
PILMICO (304120550) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	April 25, 2017	Hong Kong	The mark was published for opposition on August 4, 2017. On November 9, 2017, the Trade Marks Registry Intellectual Property Department issued a Certificate of Registration for the trade mark PILMICO valid until April 24, 2027.
PILMICO (180100375) (Class Nos. 5, 29, 30, 31, 35, 43, and 44)	Pilmico Foods Corporation	January 8, 2018	Thailand	The application is still pending.
PILMICO (Class No. 5) (2017060367)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 29) (2017060366)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 30) (2017060365)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 31) (2017060362)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 35) (2017060361)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 43) (2017060360)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.
PILMICO (Class No. 44) (2017060357)	Pilmico Foods Corporation	June 7, 2017	Malaysia	The application is still pending.

(x) Government Approvals

The discussion on the need for any government approval of principal products or services of the Company and its Subsidiaries, including COCs obtained by the Generation Companies and franchises obtained by the Distribution Utilities, is included in Item (ix) Patents, Copyrights and Franchises of this Information Statement.

(xi) Effect of Existing or Probable Governmental Regulations

1. The Tax Reform for Acceleration and Inclusion (TRAIN Law)

The TRAIN Law was signed into law by President Rodrigo Roa Duterte on December 19, 2017 and took effect on January 1, 2018. Its declared policies are: (a) to enhance the progressivity of the tax system through the rationalization of the Philippine internal revenue tax system, thereby promoting sustainable and inclusive economic growth; (b) to provide, as much as possible, an equitable relief to a greater number of taxpayers and their families in order to improve levels of disposable income and increase economic activity; and (c) to ensure that the government is able to provide for the needs of those under its jurisdiction and care through the provision of better infrastructure, health, education, jobs, and social protection for the people.

One of the major provisions of the tax reform is the staggered increase in oil and coal excise taxes. Under the TRAIN Law, rates will be adjusted gradually between 2018 and 2020. For coal, the rates will increase from ₱10 per metric ton to ₱50, ₱100, and ₱150 per metric ton, respectively, in 2018, 2019, and 2020, covering both domestic and imported coal.

Further, with the repeal of Section 9 of Republic Act No. 9511 or the National Grid Corporation of the Philippines Act, which removes the VAT exemptions on transmission charges and on the sale of electricity by cooperatives duly registered under the Cooperative Development Authority (CDA), the estimated impact on the cost of electricity are as follows:

Additional cost

All figures in ₱

	kWh consumption	Current cost per kWh	Current Generation Transmission					Total	Estimated new total cost	Percent increase	
			Coal	Diesel/Bunker	Distribution	UCME					
Grid (Meralco)	100	7.80	780.00	2.00	4.40	8.18	0.00	0.38	14.96	794.96	1.92
Grid (non-Meralco, NEA)	100	8.80	880.00	2.00	4.40	5.91	0.00	0.38	12.69	892.69	0.44
Grid (non-Meralco, CDA)	00	8.80	880.00	2.00	4.40	5.91	7.18	0.38	19.87	899.87	2.26
SPUG (NEA, coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	0.00	0.38	4.38	1,134.38	0.39
SPUG (CDA, coal powered)	00	11.30	1,130.00	4.00	0.00	0.00	10.17	0.38	14.55	1,144.55	1.29
SPUG (NEA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	7 1.00	0.00	0.00	0.00	71.00	1,201.00	6.28
SPUG (CDA, diesel/bunker powered, full pass-through)	00	11.30	1,130.00	0.00	7 1.00	0.00	10.17	0.00	8.7	2.70	7.8
SPUG (NEA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	0.00	0.38	0.38	30.38	0.03
SPUG (CDA, diesel/bunker powered, subsidized)	00	11.30	1,130.00	0.00	0.00	0.00	10.17	0.38	0.55	40.55	0.93

Sources: Department of Energy (DOE), Kuryente.org, and DOF staff estimates

Notes: Estimates are based on the following assumptions:

- An additional PHP 2.50 per liter increase in the excise tax of diesel and bunker fuel.
- An average increase to PHP 1.00 in excise tax per metric ton of coal.

Another major change introduced by the TRAIN Law is the refund mechanism of zero-rated sales and services under the enhanced VAT refund system. Upon the successful establishment and implementation of an enhanced VAT refund system, refunds of creditable input tax shall be granted by the Bureau of Internal Revenue (BIR) within ninety (90) days from filing of the VAT refund application with the BIR, provided that all pending VAT refund claims of the taxpayer as of December 31, 2017 shall be fully paid in cash by December 31, 2019. The zero-rated transactions covered by this refund mechanism are the following:

- (a) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise;
- (b) Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed seventy percent (70%) of total annual production;
- (c) Those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and other special laws;
- (d) Services performed by subcontractors and/or contractors in processing, converting, of manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of total annual production; and
- (e) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of Bangko Sentral ng Pilipinas.

Finally, the TRAIN Law doubled the documentary stamp tax (DST) on almost all covered instruments, except debt instruments where the increase is 50%. Only the DST on instruments pertaining to property insurance, fidelity bonds, other insurance, indemnity bonds, and deeds of sale and conveyance remain unchanged.

2. Data Privacy Act of 2012

The Data Privacy Act of 2012 is a comprehensive and strict privacy legislation aimed to protect the fundamental human right of privacy by: (a) protecting the privacy of individuals while ensuring free flow of information; (b) regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data; and (c) ensuring that the Philippines complies with international standards set for data protection through National Privacy Commission (NPC).

Intended to protect the privacy of individuals, it mandates companies to inform the individuals about how their personal information are collected and processed. It also ensures that all personal information must be (a) collected and processed with lawful basis, which includes consent, and only for reasons that are specified, legitimate, and reasonable; (b) handled properly, ensuring its accuracy and retention only for as long as reasonably needed; and (c) discarded properly to avoid access by unauthorized third parties.

Its Implementing Rules and Regulations took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) creation of a privacy knowledge management program; (d) implement a privacy and data protection policy; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to the personal and identifiable information of at least 1,000 individuals are required to register their data processing systems with the National Privacy Commission.

In 2017, AEV started rolling out of its data privacy compliance program which includes the implementation of ISMS for the whole Aboitiz Group. This is an 18-month project that will be completed in 2018.

3. The Philippine Competition Act

The Philippine Competition Act (R.A. 10667) is aimed to promote and protect fair market competition. It is intended to improve consumer protection and preserve the efficiency of market competition by establishing the Philippine Competition Commission (PCC) to implement the following: (a) prohibition against entities from entering into anti-competitive horizontal and vertical agreements that substantially

prevent, restrict, or lessen competition; (b) proscription on abuse of dominant position, which refers to conduct by dominant players that substantially prevents, restricts, or lessens competition (e.g., predatory pricing, tying and bundling, or imposing barriers to entry by new player, etc); (c) regulation or prevention of anti-competitive mergers and acquisitions; and (d) imposition of fines and criminal penalties.

Recently, the PCC issued Memorandum Circular No. 18-001, which adjusted the thresholds for the compulsory notification of mergers and acquisitions from ₱1 bn for both the Size of Person and Size of Transaction tests to ₱5 bn for the Size of Person and ₱2 bn for the Size of Transaction as defined in the Implementing Rules and Regulations.

Adjusted Thresholds to be Implemented		
Test	Old Threshold	New Threshold
Size of Person Test	₱1 bn	₱5 bn
Size of Transaction Test	₱1 bn	₱2 bn

This means that the value of the assets or revenues of the Ultimate Parent Entity (UPE) of at least one of the parties must exceed ₱5 bn instead of ₱1 bn. The UPE is the entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity. In addition, the value of the assets or revenues of the acquired entity must exceed ₱2 bn instead of ₱1 bn. Both thresholds must be breached in order for the compulsory notification requirement to apply.

The Aboitiz Group, in its effort to create shareholder value by growing its businesses and in the conduct of its business practices, closely monitors its compliance with the Philippine Competition Act.

Banking and Financial Services

4. General Banking Law of 2000 and the Issuances of Bangko Sentral ng Pilipinas

AEV's banking and financial services group adhere to the provisions of the General Banking Law of 2000 (Republic Act No. 8791) and the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended. Rules and regulations issued by the BSP in the forms of circulars, circular letters, and memoranda relevant to the business of AEV are compiled together in the (a) Manual of Regulations for Banks, and (b) the Manual of Regulations for Foreign Exchange Transactions. These manuals are updated by the BSP through issuances of supervisory and regulatory policies, which AEV's banking and financial services group regularly monitor.

5. Anti-Money Laundering Laws and Know Your Customer Procedures

UnionBank and its subsidiaries comply with the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended, its Implementing Rules and Regulations, and regulatory issuances of the BSP. The Bank adheres to the Know Your Customer (KYC) rules and customer due diligence requirements of both the law and regulations from the start of bank-client relationship until its termination.

Since June 2015, UnionBank and its subsidiaries has put in place a new AML System equipped with monitoring tools and reporting capabilities. Beginning September 2016, UnionBank has likewise implemented a real-time sanctions screening system to screen transactions that pass through the SWIFT network. Since 2017, Unionbank has also implemented monitoring processes for transactions within a certain threshold. KYC process remains to be robust through documentation of client information, determination of acceptable IDs for transactions, and senior management approval, where warranted.

Finally, on an annual basis, UnionBank, through its Compliance and Corporate Governance Office, provides annual formal AML trainings to the members of the Board of Directors, Senior Management and its Branches. Senior Management, branches and other units are also required to take the annual electronic AML refresher module in coordination with HR Group and the Compliance and Corporate Governance Office.

Power Generation, Generation, and Retail Electricity Supply

6. Electric Power Industry Reform Act of 2001 (EPIRA)

Since the enactment of the Electric Power Industry Reform Act of 2001 (EPIRA), the Philippine power industry has undergone and continues to undergo significant restructuring. Among the provisions of the EPIRA which have had or will have considerable impact on AboitizPower's businesses relate to the following:

(a) Wholesale Electricity Spot Market (WESM)

The WESM is a mechanism established by the EPIRA to facilitate competition in the production and consumption of electricity. It aims to provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity by: (a) establishing the merit order dispatch instructions for specific time periods; (b) determining the market clearing price for such time periods; (c) reflecting accepted economic principles; and (d) providing a level playing field to all electric power industry participants.

The WESM provides an avenue whereby generators may sell power and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. Where there are such bilateral contracts, these contracts are nevertheless declared in the market but only to determine the appropriate merit order of generators. Settlement for bilateral contracts between the contracting parties will, however, occur outside the market. Traded electricity not covered by bilateral contracts will be settled through the market on the basis of the market clearing prices for each of the trading periods.

An amended Joint Resolution No. 2 was issued by the DOE, ERC, and PEMC on December 27, 2013 adjusting the WESM Offer Price Cap. In this resolution, the Offer Price Ceiling of ₱62,000.00 per MWh as set by the WESM Tripartite Committee was reduced to ₱32,000.00 per MWh. This price cap is provisional in nature and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, the ERC issued an urgent resolution which established a mechanism to impose an interim secondary price cap of ₱6,245.00 per MWh in the WESM. In December 2014, the ERC adopted a permanent pre-emptive mitigation measure, where the price cap of ₱6,245.00 per MWh would be imposed in the event the average spot price in WESM would exceed ₱9,000.00 per MWh over a rolling seven (7)-day period.

The Philippine Independent Power Producers Association, Inc. (PIPPA) filed a petition for declaratory relief with the Regional Trial Court (RTC) of Pasig City on the ground that the resolutions establishing the interim secondary price cap and the permanent pre-emptive mitigation measure are invalid and void.

In 2015, DOE Circular 2015-10-0015 entitled "Providing Policies for Further Enhancement of the Wholesale Electricity Spot Market (WESM) Design and Operations" was issued. The enhancements to the WESM Design are summarized below:

- (a) Removal of Pmin constraint in the Market Dispatch Optimization Model;
- (b) Five minutes dispatch intervals from one hour;
- (c) Ex-ante pricing only;
- (d) Maintaining the one hour settlement interval for settlement purposes;
- (e) Automated pricing corrections;
- (f) Mandatory integration of distribution utilities' sub-transmission network (with material effect) into the Market Network Model (MNM);
- (g) Changing the values and priorities of some of the Constraint Violation Coefficients (CVCs);
- (h) Imposition of WESM offer cap and floor for energy and reserve as determined through joint study by the DOE, ERC, and PEMC;

- (i) Implementation of hourly Day-Ahead Projection (DAP) with sensitivities and Hour-Ahead Dispatch (HAD);
- (j) Implementation of nodal-based short-term demand forecasting;
- (k) Enhanced training of WESM participants; and
- (l) Any other enhancements as may be deemed necessary and issued by the DOE.

On May 17, 2017, PEMC filed an application docketed as ERC Case No. 2017-042 RC for the approval of the Price Determination Methodology for the WESM, which includes, inter alia, (i) scheduling and pricing of energy and reserves, and (ii) revised settlement formula. The application was last heard for expository presentation on November 22, 2017. No Order or pronouncement from the ERC as to the next incident of this case was released as of December 31, 2017.

(b) Interim Mindanao Electricity Market (IMEM) and WESM Mindanao

On January 9, 2013, the DOE issued Department Circular No. 2013-01-0001 establishing the Interim Mindanao Electricity Market (IMEM). The IMEM intends to address the supply shortage in Mindanao through transparent and efficient utilization of available capacities. However, there were some deficiencies on the processes of the IMEM that led to its inability to collect from customers and to pay the generators. Though the IMEM started in December 2013, it has been suspended indefinitely after three (3) months of operation.

(c) Retail Competition and Open Access (Open Access)

The EPIRA provides for a system of Open Access to transmission and distribution wires, whereby Transco, its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. Conditions for the commencement of Open Access are as follows:

- (a) Establishment of the WESM;
- (b) Approval of unbundled transmission and distribution wheeling charges;
- (c) Initial implementation of the cross subsidy removal scheme;
- (d) Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- (e) Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

As provided in the EPIRA, Open Access shall be implemented in phases. The WESM began operations in Luzon in June 2006 and in Visayas in December 2010.

In 2011, the ERC *motu proprio* initiated proceedings to determine whether Open Access may already be declared in Luzon and Visayas. Following various public hearings, the ERC declared December 26, 2011 as the Open Access Date when full operations of the Competitive Retail Electricity Market (CREM) in Luzon and Visayas should commence. All electricity end-users with an average monthly peak demand of 1 MW for the twelve (12) months preceding December 26, 2011, as certified by the ERC to be Contestable Customers, were given the right to choose their own electricity suppliers. However, on October 24, 2011, upon the request of MERALCO, the Private Electric Power Operators Association and the Philippine Rural Electric Cooperatives Association, Inc. for re-evaluation of the feasibility of the December 26, 2011 Open Access Date, the ERC declared the deferment of the implementation of Open Access in Luzon and Visayas by reason of the inadequacy of rules, systems, preparations, and infrastructure required therefore.

In 2012, the ERC, together with the DOE and PEMC, worked on the development of the Transitory Rules to govern the initial implementation of Open Access, which rules were finalized and issued by the ERC in December 2012. Under the said rules, the ERC declared December 26, 2012 as the Open Access Date, while the period from December 26, 2012 to June 25, 2013 was declared as the transition period during which the required systems, processes, and information technology structure relating to Open Access would be developed and finalized, and registration of retail electricity suppliers and Contestable

Customers into the WESM database would be instituted. The period from June 26, 2013 to December 25, 2013 would cover the initial commercial operation of Open Access. From December 26, 2013 onwards, full retail competition was implemented, with PEMC assigned to perform the functions of the Central Registration Body tasked to undertake the development and management of the required systems, processes, information technology structure, and the settlement of transactions in the WESM relating to Open Access.

In Mindanao, a truly competitive environment required by Open Access is not expected in the near future because the largest generating asset owned by NPC in Mindanao has yet to be privatized. In December 2013, however, the IMEM commenced operations to address the supply shortfall in the Grid through the utilization of available resources such that all registered generating facilities are mandated to fully account for their capacities in the market.

In December 2013, ERC issued revised licensing regulations for RES operating in the retail supply segment. In the ERC revised rules, no RES licenses would be issued to generating companies, IPPA and affiliates of distribution utilities during a transition period or until the ERC deems appropriate in consideration of market conditions. Additional restrictions were provided such as: (a) including the contracted capacity of the RES in the grid limitations imposed on the total capacity controlled by its affiliate generation companies; (b) limiting the supply by a RES to its affiliate end-users up to 50% of the RES' capacity; and (c) limiting the supply by a generation company to its affiliate RES up to 50% of the generation requirements of such RES. The Retail Electricity Suppliers Association of the Philippines, Inc. has a petition for declaratory relief with an urgent application for an injunction with the RTC of Pasig on the ground that the revised rules are unconstitutional and invalid.

On October 22, 2014, the ERC issued Resolution No. 17, Series of 2014, which holds in abeyance the evaluation of RES license applications and suspends the issuance of RES licenses pending the ERC's promulgation of the amended RES License Rules. Currently, ERC is reviewing the RES Licensing Rules and Rules for Contestability.

On May 12, 2016, the ERC issued Resolution No. 11, Series of 2016, which disallows distribution utilities from engaging in the supply of electricity to end-users in the Contestable Market unless it is a Supplier of Last Resort. Local RES are also mandated to wind down business within three years from the effectivity of ERC Resolution No. 11-16. Retail Supply Contracts (RSC) executed by Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provides that no RES are allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the CREM. Further, RES are not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability, which establishes the conditions and eligibility requirements for end-users to be part of the Contestable Market.

On May 27, 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No. 4149-PSG, with a prayer for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction to: (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3 of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the revised rules for contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void. On July 13, 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailing the jurisdiction of the RTC, separately filed Petitions for Certiorari and Prohibition before the Supreme Court on July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 2016, the Supreme Court, acting on the Petition filed by DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions, and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo de Manila University, and Riverbanks Development Corporation filed a new petition before the Supreme Court to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On February 21, 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

In a letter to MEZ dated November 7, 2017, the ERC through Commissioner Alfredo J. Non, stated that:

"Distribution Utilities are reminded to facilitate the switch of contestable customers as the said TRO did not operate to suspend the implementation of RCOA. The RCOA scheme is still effective and the rules governing the same, except for those covered by the TRO, are valid and enforceable."

In this letter, the ERC also reminded MEZ to refrain from any action which would prevent the implementation of the contestability of 1 MW and above in the CREM and the voluntary switch of Contestable Customer to and/or from RES.

On November 29, 2017, the DOE promulgated DC2017-12-0013 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippine Electric Power Industry." The circular provides, *inter alia*, that: (a) upon the effectivity of Circular, all Contestable Customers with a monthly average peak demand of 750 kW and above, for the preceding twelve (12) months, may participate in the Contestable Market; (b) by June 26, 2018 or on an earlier date specified by the ERC, all eligible electricity end-users to become Contestable Customers with a monthly average peak demand of 500 kW to 749 kW for the preceding twelve months may voluntarily participate in the Contestable Market; and (c) by December 26, 2018 or on an earlier date specified by the ERC, electricity end-users within a contiguous area whose aggregate average peak demand is not less than 500 kW for the preceding twelve (12)-month period may aggregate their demand to be part of the Contestable Market and may voluntarily enter into RSC with the Aggregators.

On November 29, 2017, the DOE promulgated DC2017-12-0014 entitled "Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Retail Electricity Suppliers (RES) Philippine Electric Power Industry." The circular provides the list of entities that may become Retail Electricity Suppliers. The circular also stipulates that distribution utilities may provide electricity services to Contestable Customers within its franchise area as a Local RES upon authorization from the ERC.

(d) Unbundling of Rates and Removal of Subsidies

The EPIRA mandated the unbundling of distribution and wheeling charges from retail rates, with such unbundled rates reflecting the respective costs of providing each service. It also mandated the removal of cross subsidies other than the lifeline rate for marginalized end-users which shall subsist for a period of twenty (20) years, unless extended by law. The lifeline rate is a socialized pricing mechanism set by ERC for low-income, captive electricity consumers who cannot afford to pay the full cost of electricity.

(e) Reduction of Taxes and Royalties on Indigenous Energy Resources

EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel, and other imported fuels. Following the promulgation of the implementing rules and regulations, former President Gloria Macapagal-Arroyo enacted Executive Order No. 100 to equalize the taxes among fuels used for power generation.

(f) Proposed Amendments to the EPIRA

Since the enactment of the EPIRA, members of Congress have proposed various amendments to the law and its implementing rules and regulations. A summary of the significant proposed amendments are as follows:

- (a) Classification of power projects as one of national significance and imbued with public interest;
- (b) Exemption from VAT on the sale of electricity by generation companies;
- (c) Modification of the definition of the term "Aggregator," which is proposed to refer to a person or entity engaged in consolidating electric power demands of end-users of electricity in the contestable market, for the purpose of purchasing, reselling, managing for optimum utilization of the aggregated demand, or simply pooling the tendering process in looking for a supply of electricity on a group basis;
- (d) Requirement for distribution utilities to conduct public and competitive selection processes or Swiss challenges for the supply of electricity and to fully or adequately contract their future and current energy and demand requirements;
- (e) Grant of access to electric cooperatives over the missionary electrification fund collected through universal charges;
- (f) Exclusion of the following items from the rate base charged by Transco and distribution utilities to the public: corporate income tax, value of the franchise, value of real or personal property held for possible future growth, costs of over-adequate assets and facilities, and amount of all deposits as a condition for rendition and continuation of service;
- (g) Regulation of generation, transmission, distribution, and supply rates to allow RORB up to 12%;
- (h) Classification of power generation and supply sectors as public utilities, which would be required to secure legislative franchises;
- (i) Prohibition of cross-ownership between generation companies and distribution utilities or any of their subsidiaries, affiliates, stockholders, officials or directors, or the officials, directors, or other stockholders of such subsidiaries or affiliates, including the relatives of such stockholders, officials or directors within the fourth civil degree of consanguinity;
- (j) Prohibition against or restriction on distribution utilities from sourcing electric power supply requirements, under bilateral electric power supply contracts, from a single generation company or from a group of generating companies wholly-owned or controlled by the same interests;
- (k) Lowering of the allowable extent of ownership, operation and control of a company or related groups as determined from the installed generating capacity of the grid and/or nationally installed generating capacity;
- (l) Exemption or deferral of the privatization of some assets of NPC, such as the Unified Leyte (Tongonan) Geothermal Complexes, Agus and Polangui Complexes, and Angat Dam;
- (m) Expansion of the definition of host communities to include all barangays, municipalities, cities, and provinces or regions where hydro generation facilities are located and where waterways or water systems that supply water to the dam or hydroelectric power generating facility are located;
- (n) Prohibition on distribution utilities, except rural electric cooperatives to recover systems losses and placing a 5% cap on recoverable system loss;
- (o) Imposition of a uniform franchise tax for distribution utilities equivalent to 3% of gross income in lieu of all taxes;
- (p) Grant of authority for NPC to generate and sell electricity from remaining assets;
- (q) Removal of the requirement of a joint congressional resolution before the President may establish additional power generating capacity in case of imminent shortage of supply of electricity; and
- (r) Creation of a consumer advocacy office under the organizational structure of the ERC.

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

On December 13, 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) for privately-owned distribution utilities entering PBR for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the Return-on-Rate Base (RORB) mechanism, which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a four (4)-year regulatory period is set by reference to projected revenues which are reviewed and approved by ERC and used by ERC to determine the distribution utility's efficiency factor. For each year during the regulatory period, the distribution utility's distribution-related charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

The ERC has also implemented a PIS whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by ERC, such as the: (a) average duration of power outages; (b) average time of restoration to customers; and (c) average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

The second regulatory period of Cotabato Light ended on March 31, 2013, while that of VECO and Davao Light ended on June 30, 2014. In addition, the second regulatory period of SEZ and SFELAPCO ended on September 30, 2015. A reset process should have been initiated eighteen (18) months prior to the start of the third regulatory period of April 1, 2013 to March 31, 2017 for Cotabato Light, July 1, 2014 to June 30, 2018 for VECO and Davao Light, and October 1, 2015 to September 30, 2019 for SEZ and SFELAPCO. The reset process, however, has been delayed due to the issuance by the ERC in 2013 of an Issues Paper on the Implementation of PBR for distribution utilities under RSDWR. Said paper aims to revisit various matters relating to the reset process. The ERC has solicited comments from industry participants and has been holding public consultations on the Issues Paper.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- (a) Cotabato Light: April 1, 2017 to March 31, 2021
- (b) Davao Light and VECO: July 1, 2018 to June 30, 2022
- (c) SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted for comments the draft Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila, respectively.

On December 22, 2015, Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) filed a petition proposing a modified RORB methodology or a modified PBR methodology, wherein the distribution utilities' capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only commence after the investments have actually been made and validated by ERC auditors. Public consultations were set by the ERC on March 17 and April 10 in its main office, and on March 22 and 24 in its field offices in Cebu and Davao, respectively.

The reset process for the fourth regulatory period has not started for all private distribution utilities as the abovementioned ERC rules have not been published yet for its effectivity. Due to the rules change on PBR, AboitizPower Distribution Utilities have not undergone the third regulatory period.

8. Philippine Distribution Code and the Philippine Grid Code

Each of AboitizPower's Distribution Utilities has submitted to ERC a Compliance Monitoring Report based on a self-assessment of a distribution utility's compliance with the Philippine Distribution Code. These Compliance Monitoring Reports were accompanied by Compliance Plans, which outline the activities and projects to be undertaken by a distribution utility to fully comply with the prescribed technical, performance and financial standards of the Philippine Distribution Code.

Similarly, APRI, TMI, and Hedcor have submitted to the ERC their respective Grid Compliance Monitoring Reports based on self-assessments of their compliance with all prescribed technical specifications and performance standards of the Philippine Grid Code. Reliable and attainable compliance plans accompanied these reports to outline the activities and projects that will cause compliance by a generation company with the requirements of the Philippine Grid Code.

On October 5, 2016, the ERC approved the 2016 Edition of the Philippine Grid Code in Resolution No. 22, Series of 2016. Pertinent revisions are as follows:

- (a) Redefinition of various reserves;
- (b) Inclusion of Run-of-River power plants requirements;
- (c) Amendments to Variable Renewable Energy (VRE) requirements;
- (d) Changes on definition of Large Generating Plant; and
- (e) Inclusion of Must-Run Unit (MRU), Constrained Off and Constrained On.

9. The Renewable Energy Act of 2008 (RE Law)

The RE Law was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and became effective in January 2009. One of the RE Law's declared policies is to accelerate and develop the use of the country's renewable energy resources to: (a) reduce the country's dependence on fossil fuels, thereby minimizing exposure to price fluctuations in the international markets, and (b) reduce or prevent harmful emissions and promote a healthy and sustainable environment.

The RE Law imposes a government share on existing and new renewable energy development projects at a rate of 1% of the gross income from the sale of renewable energy and other incidental income from generation, transmission and sale of electric power, except for indigenous geothermal energy which shall be at a rate of 1.50% of gross income. Proceeds from micro-scale projects for communal purposes and non-commercial operations, not exceeding 100 kW, and proceeds from the development of biomass resources will not be subject to the said government share.

The RE Law offers fiscal and non-fiscal incentives to renewable energy developers, including developers of hybrid systems, subject to certification by the DOE in consultation with the BOI. These incentives include an ITH for the first seven (7) years of commercial operations; duty-free importations of renewable energy machinery, equipment and materials effective within ten (10) years upon issuance of certification, provided, said machinery, equipment and materials are directly and actually needed and exclusively used in renewable energy facilities; special realty tax rates on civil works, equipment, machinery and other improvements of a registered renewable energy developer not exceeding 1.50% of the net book value; net operating loss carry-over; corporate tax rate of 10% after the seventh year; accelerated depreciation; zero-percent VAT on sale of fuel or power generated from renewable energy sources and other emerging sources using technologies such as fuel cells and hydrogen fuels and on purchases of local supply of goods, properties and services needed for the development, construction and installation of renewable energy facilities; cash incentives for missionary electrification; tax exemption on the sale of carbon emission credits; and tax credit on domestic purchases of capital equipment and services.

All fiscal incentives apply to all renewable energy capacities upon the effectivity of the RE Law. Renewable energy producers from intermittent renewable energy resources are given the option to pay transmission and wheeling charges on a per kilowatt-hour basis at a cost equivalent to the average per kilowatt-hour rate of all other electricity transmitted through the Grid. Qualified and registered renewable energy generators with intermittent renewable energy resources shall be considered "must dispatch" based on

available energy and shall enjoy the benefit of priority dispatch. Electricity generated from renewable energy resources for the generator's own consumption and/or for free distribution to off-grid areas is exempt from the universal charge. The RE Law further provides financial assistance from government financial institutions for the development, utilization and commercialization of renewable energy projects, as may be recommended and endorsed by the DOE.

Pursuant to Department Circular No. DO2009-05-008 dated May 25, 2009 (Rules and Regulations Implementing the Renewable Energy Act of 2008), the DOE, the BIR, and the Department of Finance shall, within six (6) months from its issuance, formulate the necessary mechanism and/or guidelines to implement the entitlement to the general incentives and privileges of qualified renewable energy developers. However, as of this date, no specific guidelines or regulations have been issued by the relevant implementing agencies. Such being the case, the renewable energy companies of AboitizPower, such as APRI, LHC, Hedcor Sibulan, Hedcor Tamugan, SN Aboitiz Power-Magat, and SN Aboitiz Power-Benguet filed, on August 6, 2010, a request before the BIR Law Division for a ruling on the application of zero-rated VAT on all its local purchases of goods and services needed for the development of renewable energy plant facilities, exploration and development of renewable energy sources and their conversion into power. To date, the said request is still pending with the BIR Law Division.

In Resolution No. 10, Series of 2012, the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar, and wind resources:

Renewable Energy Source	FIT Rate (PhP/kWh)	Degression Rate
Wind	8.53	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

In line with the increase in installation target for solar energy from 50 MW to 500 MW and wind energy from 200 MW to 400 MW, the ERC issued Resolution No. 6 Series of 2015 approving the Solar FIT2 rate of ₱8.69/kWh for the second set of installation target. On October 6, 2015, the ERC issued Resolution No. 14, Series of 2015 adopting the Wind FIT2 rate of ₱7.40/kWh. On September 29, 2016, a Petition for Rule Making was filed by Alternergy Wind One Corporation, Petrowind Energy, Inc., and Trans-Asia Renewable Energy Corporation seeking to amend Resolution No. 14, Series of 2015, and praying to increase the Wind FIT2 rate of ₱7.40/kWh to ₱7.93/kWh. A public consultation was held on the Petition for Rule Making on January 6, 2017.

Acting upon the application of Transco as Fund Administrator of the FIT Allowance (FIT-All), the ERC issued its final approval for the FIT-All of ₱0.0406 per kWh, for calendar years 2014 and 2015. Subsequently, Transco filed an application for approval of the FIT-All for calendar year 2016. In an Order dated February 16, 2016, the ERC provisionally approved a FIT-All of ₱0.1240 per kWh. In a Decision dated May 9, 2017, the ERC authorized Transco to collect an additional FIT-All of ₱0.0590 per kWh, thereby bringing the FIT-All to ₱0.1830 per kWh.

In 2013, the ERC had issued the rules enabling the net metering program for renewable energy. The rules, among others, seek to encourage end-users to participate in renewable energy generation by requiring distribution utilities, upon the request of a distribution end-user with an installed renewable energy system, to enter into a net metering agreement with such end-user, subject to technical considerations and without discrimination.

In early 2014, the ERC issued the guidelines on the collection of the FIT-All and the disbursement of the FIT-All Fund by Transco. The FIT-All shall be a uniform charge to be collected for the guaranteed payment of the FIT for electricity generator from emerging renewable energy technologies and actually delivered to the transmission and/ or distribution network by RE developers. The distribution utilities and RES entities started collecting the FIT-All from their respective customers in February 2015.

On December 22, 2017, the DOE promulgated the "Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas" or the "RPS On-Grid Rules," which: (a) requires

mandated electric power industry participants to source or produce portion of their electricity requirements from eligible renewable energy resources, (b) establishes a minimum annual incremental RE percentage, (c) prescribes the eligible renewable energy facilities and the compliance mechanism, (d) monitor the compliance of mandated electric power industry participants, and (e) provide penalties for non-compliance.

On January 15, 2018, the DOE released a draft circular prescribing the guidelines to govern the establishment of the Green Energy Option Program (GEOP). Under the RE Law, the GEOP will provide end-users the option to choose renewable energy resources as their sources of energy. The DOE is still in the process of finalizing the DOE circular establishing the GEOP.

10. ERC Regulation on Systems Loss Cap Reduction

Under ERC Resolution No. 17, Series of 2008, the actual recoverable systems losses of distribution utilities was reduced from 9.50% to 8.50%. The new systems loss cap was implemented in January 2010. Under this regulation, actual company use of electricity shall be treated as an expense of the distribution utilities, particularly, as an operations and maintenance (O&M) expense in the PBR applications.

On December 5, 2017, the ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency. This rules adjusted the manner on which system losses shall be set by private distribution utilities and electric cooperatives. Public consultations were held on various dates in different locations in the country. Also, there are proposed Senate and House bills seeking to revisit the level of allowable system losses passed on to end-users. Information gathering is currently being done to study the proposed bills further.

11. Proposed Power Supply Agreement (PSA) Rules

In October 2013, ERC introduced the draft “Rules Governing the Execution, Review and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market”. In the proposed rules, a distribution utility is required to undertake a competitive selection process before contracting for supply of electricity to its captive market, and ERC shall establish a benchmark rate that shall serve as reference price to assess the price that a generation company may offer. The draft rules also provide that the ERC’s decision on a power supply agreement shall be binding on the parties and any termination or “walk-away” clause shall not be allowed. AboitizPower submitted its position paper to the ERC stating that the proposed rules will violate the equal protection clause of the 1987 Philippine Constitution and the mandate and intent of the EPIRA in connection with the ERC’s regulatory power. To date, public consultations on the proposed rules were concluded and AboitizPower is still awaiting the final rules from the ERC.

On October 20, 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.” 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 Competitive Supply Process (CSP). ERC Resolution 13-2015 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 further clarified that automatic renewal clauses or extension of PSAs will no longer be permitted. However, PSAs approved by the ERC or filed with the ERC before the effectivity of this Resolution may have one automatic renewal or extension for a period of one (1) year from the end of their respective terms.

On February 9, 2018, the DOE issued Department Circular No. DC2018-02-0003, modifying the existing policy on CSP of power supply contracting, followed by all distribution utilities. Distribution utilities are now mandated by the DOE to undertake the creation of an independent, five-man third-party bids and awards committee (TPBAC) that will manage the CSP. The circular also allows the distribution utilities to conduct CSP through an accredited third-party auctioneer.

12. Pricing and Cost Recovery Mechanism (PCRM)

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.

As provided in the WESM rules, when reasonably feasible, the WESM Market Operator, in coordination with the WESM System Operator, shall establish and administer a spot market for the purchase of certain reserve categories.

The reserve categories that shall be traded in the WESM are regulating, contingency and dispatchable reserves as well as interruptible loads in lieu of reserves.

The WESM Reserve PCRM is intended to supplement the WESM Price Determination Methodology for purposes of providing the details of formula and procedures by which reserve trading amounts and reserve cost recovery charges for the categories of reserve that will be traded in the WESM are calculated. Once approved by the ERC, this Reserve PCRM will apply to all reserve categories traded in the WESM and will supersede, to this extent, the Ancillary Services Cost Recovery Mechanism of the Transco.

The Reserve PCRM covers the determination of: (a) reserve trading amounts of reserve providers; (b) reserve cost recovery charges; and (c) administered reserve prices and reserve cost recovery charges. To date, the Reserve PCRM is the subject of an application by the WESM Market Operator, which is pending the approval of the ERC.

On December 2, 2014, DOE Circular No. 2014-12-0022, otherwise known as the Central Scheduling and Dispatch of Energy and Contracted Reserves, was issued. 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.

13. Proposed Joint Resolution for the Establishment of Additional Generating Capacity

On September 12, 2014, former President Benigno C. Aquino III requested the House of Representatives and the Senate for authority to establish additional generating capacity. The President cited the DOE's report and projection of a critical electricity situation in the summer of 2015 in Luzon arising from the expected effects of the El Niño phenomenon, the 2015 Malampaya turnaround, increased and continuing outages of power plants, and anticipated delays in the commissioning of committed power projects.

After due deliberation, the Philippine House of Representatives ("House") approved House Joint Resolution No. 21, entitled "A Joint Resolution Authorizing the President of the Philippines, His Excellency Benigno S. Aquino III, to Provide for the Establishment of Additional Generating Capacity as Mandated by Republic Act No. 9136, also known as the 'Electric Power Industry Reform Act (EPIRA)', to Effectively Address the Projected Electricity Shortage in the Luzon Grid from March 1, 2015 to July 31, 2015." On the other hand, the Philippine Senate ("Senate") approved Senate Joint Resolution No. 12, entitled "A Joint Resolution Authorizing the President of the Philippines, His Excellency Benigno S. Aquino III, to Address the Projected Electricity Imbalance in the Luzon Grid and Providing the Terms and Conditions Therefor." A bicameral conference committee was constituted to reconcile the provisions of said House and Senate versions of the Joint Resolution. No bicameral conference committee version has been approved as of the date of submission of this Information Statement.

The Joint Resolution aims to address the projected critical power supply situation in Luzon through the expansion of the Interruptible Load Program (ILP), acceleration of power projects and implementation of energy efficiency programs. On the other hand, the ERC has issued its Resolution No. 5, Series of 2015, which would enable the implementation of the ILP with respect to Contestable Customers, customers directly-connected to the Grid, ecozone locators, and ecozone utility enterprises. Prior to ERC Resolution No. 5, the ILP could only be implemented by distribution utilities which enter into an agreement with their captive customers.

14. DOE Circular Directing All Power Generation Companies, the Transmission Service Provider, and All Distribution Utilities to Ensure Adequate and Reliable Electric Power Supply in the Country

Under DOE Department Circular No. 2010-03-0003 dated February 26, 2010, generation companies are enjoined to ensure the availability of their generation facilities at all times subject only to technical constraints duly communicated to the WESM System Operator in accordance with existing rules and procedures. For this purpose, generation companies shall have, among others, the following responsibilities:

- (a) All generation companies shall operate in accordance with their maximum available capacity which shall be equal to the registered maximum capacity of the (aggregate) unit less: (1) forced unit outages, (2) scheduled unit outages, and (3) de-rated capacity due to technical constraints which include: (i) plant equipment related failure and ambient temperature, (ii) hydro constraints which pertain to limitation on the water elevation/ turbine discharge and megawatt output of the plant, and (iii) geothermal constraints which pertain to capacity limitation due to steam quality, steam pressure and temperature variation, well blockage and limitation on steam and brine collection and disposal system;
- (b) Oil-based generation companies shall maintain an adequate in-country stocks of fuel equivalent to at least fifteen (15) days of running inventory which includes shipments in transit;
- (c) Coal power plants shall ensure the required thirty (30) day coal running inventory which includes shipments in transit;
- (d) During scheduled maintenance of the Malampaya natural gas facilities, all affected generation companies shall maintain at least fifteen (15) days of running inventory of alternative fuel and shall operate at full capacity;
- (e) All generation companies with natural gas-fired, geothermal and hydroelectric generating plants shall submit to the DOE a monthly report on the current status and forecast of the energy sources of its generating plants;
- (f) All generation companies must notify and coordinate with the WESM System Operator of any planned activity such as the shutdown of its equipment;
- (g) All generation companies must immediately inform the DOE of any unexpected shutdown or de-rating of the generating facility or unit thereof; and
- (h) Generation companies shall seek prior clearance from the DOE regarding any plans for deactivation or mothballing of existing generating units or facilities critical to the reliable operation of the Grid.

(xii) Amount Spent on Research and Development Activities

AEV and its Subsidiaries do not allocate specific amounts or fixed percentages for research and development. All research and developmental activities are done by its Subsidiaries and Affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

(xiii) Costs and Effects of Compliance with Environmental Laws

AEV's Subsidiaries and Affiliates are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations, such as the RA 8749 or the Philippine Clean Air Act (Clean Air Act), address, among other things, air emissions, wastewater discharges, the generation, handling, storage, transportation, treatment and disposal of toxic and hazardous chemicals, materials and waste, workplace conditions, and employee exposure to hazardous substances. The Business Units have incurred and are expected to continuously incur operating costs to comply with the above laws and regulations. However, these costs and expenses cannot be segregated or itemized as these are embedded in, and are part and parcel of, the Business Units' overall system in compliance with both industry standards and the government's regulatory requirements.

Standard regulations that govern business operations other than the Clean Air Act are Ecological Solid Waste Management Act (RA 9003), Clean Water Act (RA 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA 6969), and Philippine Environmental Impact Statement System

(Presidential Decree No. 1586). Designated pollution control officers in the different Business Units closely monitor compliance with the requirements of these regulations.

AboitizPower's generation and distribution operations are subject to extensive, evolving, and increasingly stringent environment, safety and health laws and regulations. These laws and regulations address concerns relating to, among other things, 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. Laws and regulations that govern business operations include, among others, the Clean Air Act (RA 8749), Ecological Solid Waste Management Act (RA 9003), Clean Water Act (RA 9275), Toxic Chemical Substances and Hazardous and Nuclear Wastes Control Act (RA 6969), and Philippine Environmental Impact Statement System (Presidential Decree No. 1586). The RE Law added new and evolving measures that must be complied with. These laws usher in new opportunities for the Company and set competitive challenges for businesses covered by these laws. Additional regulations such as Energy Regulation No. 1-94 require companies to allocate funds for the benefit of host communities for the protection of the natural environment and also 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.

AboitizPower and its Subsidiaries have allocated budgets for environmental expenditures covering costs for waste disposal, remediation, pollution control, environmental initiatives and programs in 2017, as follows: ₱3,427,174.00 for APRI's environmental management programs; ₱11,404,498.00 for the Hedcor Group to environmentally manage its renewable energy operations; ₱4,871,565.00 for TSI; ₱4,528,714 for the Oil Group; and ₱4,696,684 for the SN Aboitiz Power Group, representing a fourfold increase of program cost from previous years.

The environmental footprint of all AboitizPower facilities is compliant to standards, thus noting zero expenditure for remediation costs.

The alignment to international best practices in all power plants is exemplified with a 100% achievement of ISO certification for the management systems of Quality, Environment, Occupational Health and Safety. To edge even further, Hedcor continues to maintain its ISO certification for Information Security and Asset Management Systems.

DENR-EMB Region IV-A conferred a Plaque of Recognition to APRI's Makban Plant for its best practice in the implementation of Solid Waste Management and participation to Adopt-a-River Program. APRI's Tiwi Plant received the Special Environmental Achievement Award from EMB-Region V; while TMI's Mobile 2 Plant received a Certificate of Appreciation as a Partner Private Stakeholder of Philippine Coast Guard – Northern Mindanao.

The DOE's Safety & Health Association of the Philippines Energy Sector (SHAPES) Inc. has recognized APRI's Tiwi Plant and the SN Aboitiz Power Group's Ambuklao and Binga Plants as 2017 Hall of Famers for Corporate Safety and Health Excellence Award, with their respective focal points: Hollis Fernandez, Jessie Palma, Clifford Dailay, Rachele Severo, Jillan Jacinto, Eliseo Ingles, Cesar Vicente, and Cheryl Ragsac individually receiving awards for Outstanding Safety Professionals.

The Safety Organization of the Philippines, Inc. (SOPPI) awarded APRI's Makban and Tiwi Plants with the Award of Excellence for its continued no lost time injury for the past five (5) years.

Workplace Advocates on Safety in the Philippines Inc. (WASPI) recognized TSI as a Safety Excellence Awardee.

In 2017, AboitizPower and its Subsidiaries did not incur any major sanctions for violation of environmental standards and law. Moreover, 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.

Beyond Compliance

AEV's brand promise of advancing business and communities extends beyond compliance to government laws and regulations. The Aboitiz Group is committed to stakeholder-focused environmental management projects like the A-Park nationwide reforestation partnership with the Department of Environment and Natural Resources (DENR), Philippine Business for Social Progress (PBSP), and RAFI; the Race to Reduce (R2R) resource efficiency initiative with the National Youth Commission, Globe Telecoms, and the active participation of Aboitiz team members (employees); the Aboitiz Cleanergy Park with DENR and local government in Davao City; and the Cleanergy Center in Laguna.

AEV's partnership with the DENR for the National Greening Program targets to plant 9 million trees by 2020. As of yearend 2017, we have planted 5.7 mn trees. By October 2017, the Company has forged a ₱46-mn partnership with PBSP and RAFI to fulfill our 9 mn target.

On resource efficiency, the Company continuously monitors its consumption of power, water, and paper together with its Business Units. To bring the resource efficiency mindset to the Team Members, the Company ran its version of the No Impact Project global initiative titled Aboitiz No Impact Challenge, which displaced a total of 205 mn grams of carbon equivalent by voluntarily participating in simple lifestyle choices that promote wellness while reducing carbon footprint.

AEV's waste management campaign, in partnership with the National Youth Commission, allowed young stakeholders to come up with green design solutions through the inter-school competition "Aboitiz Green Fashion Revolution". In 2017, this was held in Cebu and Manila with University of the Philippines-Cebu and School of Fashion and the Arts (SoFA Institute), respectively. Each school were awarded ₱50,000 each and another ₱50,000 to implement a corporate social responsibility project.

The year 2017 was an auspicious one for the pawikans as the Aboitiz Cleanergy Park (the "Park") saw the highest number of discovered nests and hatchlings released ever since the Park started its conservation efforts in 2014.

From the 11 (eleven) nests found in 2017, a total of 1,450 pawikans have been released, beating the record of 1,301 hatchlings released in 2014. The Aboitiz Cleanergy Park is an eight-hectare ecological preserve located in Sitio Punta Dumalag, Matina Aplaya, Davao City. Home to the critically endangered Hawksbill turtle (*Eretmochelys imbricata*), various species of endemic and migratory birds, as well as numerous plant species, it showcases urban-based habitat conservation and biodiversity management.

Lastly, in its four (4) years of operation, the Cleanergy Center located in the compound of the Tiwi-Makban geothermal facilities in Laguna and Batangas has welcomed more than 37,558 visitors who discovered how AboitizPower contributes to the Philippines' renewable energy program. Visitors, mostly students, government executives, and representatives of foreign institutions, enjoy interactive displays and learning materials devoted to sustainable ways of generating and consuming energy.

The 650-square meter Cleanergy Center is the first energy education facility of AboitizPower, which is focused 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 Earth's climate and its limited resources.

(xiv) Employees

On the parent company level, as of March 31, 2018, AEV has a total of 297 employees composed of executives, managers, supervisors, rank and file and contractual employees. There is no existing collective bargaining agreement (CBA) covering AEV employees.

The following table provides a breakdown of total employee headcount per strategic Business Unit, divided by function, as of March 31, 2018:

Employees							
Number of Employees	AEV	UnionBank and Subsidiaries	Pilmico and Subsidiaries	AboitizLand and Subsidiaries	PETNET	RCBM and Subsidiaries	AboitizPower and Subsidiaries
Executives	57	174	29	23	14	6	150
Managers	71	1,282	72	46	53	140	293
Supervisors	55	1,238	191	139	159	358	775
Rank & File	102	788	397	113	1,041	440	2,449
Fixed Term Employees	12	0	46	74	6	N/A	200
TOTAL	297	3,482	735	395	1,273	944	3,835
Unionized Employees	N/A	788	26	N/A	N/A	721	622
Expiry of CBA	N/A	2020	May 31, 2020	N/A	N/A	N/A	N/A

The Company does not anticipate any increase in manpower within the next 12 months unless new development projects and acquisitions would materially require an increase.

(xv) Major Risk/s Involved in the Business of AEV and its Significant Subsidiaries

An integral part of AEV's Enterprise Risk Management efforts is to anticipate, understand and address the risks that the company may encounter in the businesses it is involved in.

1. Cybersecurity risks

AEV is cognizant to the recent cybersecurity breach events happening globally and the increasingly complex challenges of digital transformation. As the range of traditional crimes are now being perpetrated through cyberspace, AEV's management understands that information security threats should be addressed in order to avoid instances of cybersecurity breach, which can have catastrophic implications on the organization's bottom line and reputation.

With the Group's core businesses of power generation and distribution, banking and financial services, food, land, and infrastructure, there is an increased risk for high-impact events that could disrupt operations and services. In light of the risk and potential consequences of cyber events, strengthening the security and resilience of the organization's network has become an important goal of the Aboitiz Group.

In 2017, the Company has started with the roll out and implementation of ISMS for the whole Aboitiz Group. This is an eighteen (18)-month project that will be completed in 2018. AEV and its subsidiaries will implement an ISMS using the ISO 27001:2015 framework. The goal is to build a strategy to make information security part of the corporate culture, permeating from the Board and senior management down to the team members. AEV management empowers its cybersecurity programs to succeed by integrating privacy protections from the onset, embedding as part of business processes. To support this, the Company has developed and cascaded IT Security Policies and Standards across the Aboitiz Group. AEV is also working on achieving an information security risk-aware culture to further strengthen prevention, detection and comprehensive response process to keep pace with the growing cybersecurity threat landscape.

2. Regulatory Risks

For AEV and its Subsidiaries, regulatory risk arising from new or existing regulation is considered as one of the critical areas in the overall business management. A significant amount of attention is given to regulatory risk due to the type of industries the Group is engaged in – power, food, banking, construction, and infrastructure. Where each industry may have specific regulatory risks, one thing is common, regulations are challenging and changing all the time and the Company has to keep up with the demands for regulation compliance.

AEV management fully understands that complex regulations may affect other risk areas which could lead to undesired business consequences. AEV therefore takes a proactive approach to minimize the disruption that may be caused by new or changing regulations. Its primary approach is through the adoption of best practices, whether required by current regulations or not, as a result of which AEV saves a significant amount of company resources. Another proactive approach is through maintaining regular communications with regulators to ensure a good understanding of the regulators' perspective and compliance can be effectively planned ahead. One good example is that when the Food business expanded its jurisdictions in Vietnam, AEV engaged local experts who understand Vietnam's regulatory environment to ensure compliance with the general and business specific regulatory requirements.

With relevant teams consistently analyzing and monitoring the existing legal, regulatory, and business requirements alongside people, process, and technology aspects, gaps are identified in the performance of different functions within the organization. This practice increased AEV's governance in ways which conform to the new compliance requirements, efficiency, and effectiveness of company processes, the compliance with laws and regulations, the Company By-Laws, and internal procedures.

In 2017, the Board and senior management approved the Compliance Management Framework and Governance. The Aboitiz group is currently formulating the procedures and guidelines to support the compliance policy that would lead to automation of Compliance Management.

3. Competition Risk

As the impact of oversupply of power in the Philippines becomes more evident, AboitizPower and its subsidiaries continue efforts to market and contract ahead of time, all projected capacities from investments, as well as expiring contracts from existing capacities. This mitigating strategy is to ensure that plant operations are optimized, and that revenue and cash flow streams are protected.

4. Open Access and Retail Competition

With Open Access, eligible Contestable Customers are given the option to source their electricity from eligible suppliers that have secured a RES license from the ERC. This may adversely affect the distribution franchises of the AboitizPower Group when supply contracts have to be reduced, as customers switch from being captive customers to Open Access-eligible customers. The Distribution Utilities have to adjust the supply obtained from its contracted power generators at a minimal cost impact to customers.

At the same time, AboitizPower's generation assets that have uncontracted capacities will have indirect access to Open Access eligible customers through the Company's licensed RES entities, specifically AESI and AdventEnergy.

5. Electricity Trading Risks

In the face of a more dynamic trading environment, lower electricity market prices due to oversupply, anticipated shortened trading and dispatch interval of five (5) minutes, and the impending take-off of WESM in Mindanao, AboitizPower continues to enhance its trading capabilities by continuing its efforts to upgrade its trading software, infrastructure, processes, and manpower.

6. Project Risks

With an established Aboitiz Group Risk Management Framework, risk management is an embedded concept in project management to ensure project stability and success. Each significant and potential project is evaluated by the Project Management Team to gain a more rigorous understanding of the risks that the organization will take. While known risks are identified and managed throughout the project life cycle, the Project Management Team is also constantly looking into other categories of risks that may arise as a result of unexpected turns but could have a positive impact on the project. Risk management is highly relevant and recognized as a crucial part in all projects.

One of the best practices adopted by the Aboitiz Group in project management is the conduct of a “*lessons learned*” session in each major project milestone. This exercise does not only allow the management and the project team to celebrate quick wins but also learn from the past and current challenges and seize emerging opportunities from the project. This practice enhances the company’s ability to capture the opportunities that helps define the future of the organization.

Audit plays a major role in projects being the third line of defense. Audit validates the existence of risk treatment plans during construction and validation of operational readiness during the transition from construction to operations.

As AboitizPower continues the construction of its ongoing projects in TVI, Pag3, and Hedcor Manolo Fortich, regular reviews of project risk management plans are conducted, in order to monitor implementation of risk control measures. Efforts to monitor performance of selected partners and reputable contractors and third-party suppliers are in place. Careful review is also done to ensure that appropriate insurance coverage is obtained.

In anticipation of commercial operations of the TVI, Pag3, and Hedcor Manolo Fortich plants in 2018, operational readiness reviews are also performed.

7. Business Interruption Due to Natural and Man-made Calamities

A significant portion of AEV’s risk management program is dedicated to address business interruption exposures of the Aboitiz Group. In addition to standard perils such as fire, lightning or wind storm, typhoons, and floods, AEV also highly recognizes the emerging man-made calamities such as cyberattacks and acts of terrorism.

In the recent years, AEV and its Subsidiaries are taking a step further in addressing the potential interruptions in business operations by partnering with insurance providers in conducting trainings and engineering surveys to realistically align the exposures with the best-fit insurance solutions. A strong partnership with Weather Philippines Foundation, Inc. (WPF) also helps AEV and its Subsidiaries better prepare for weather related business disruptions and minimize the impact of these events to operations. A communication process across all business units have been institutionalized for inter-business support and back-up system.

Existing business interruption scenarios and continuity plans for each of these scenarios are constantly reviewed, evaluated, and updated through “table top exercises” and “lessons learned” sessions to ensure that they remain relevant with the current business conditions. For emerging risks, new scenarios are created and deliberated, and continuity plans are communicated to business units. In addition, teams are prepared for emergencies through mandatory trainings and drills while testing and improving procedures are performed on an ongoing basis.

In 2017, the Company have engaged a third party to conduct Business Continuity Audit which aims to assess the Business Continuity Management (BCM) Maturity of the Aboitiz Group and its Business Units (BUs) and their conformity to ISO 22301:2012. Similar to the ISMS initiative, the output of the audit is a Business Continuity Roadmap which will be the basis of our subsequent BCM initiatives for the next three (3) years.

The Company have also continued with its BCM maintenance activities including the regular testing of Business Continuity Plans (BCP) as well as the review and revisions of BCP documentation. In 2017, the Company continued crafting regional business continuity plans which is vital for the provision of mutual aid and location specific support in our widely dispersed business locations.

8. Reputation Risk

AEV recognizes that the Company’s reputation is its single most valuable asset, a competitive advantage that has enabled it to earn the trust of its stakeholders. Likewise, the Company is aware that the reputation it has today took generations to strengthen and is, therefore, something the Company wants to protect, build, and enhance continuously. In today’s world of higher corporate governance standards, heightened

public consciousness brought on by social media, and greater scrutiny from key stakeholders, the Company finds itself operating in a new environment where corporate reputation has become a differentiating asset as well as the number one risk.

AEV continues to manage its reputational risk, which could be the effect of an occurrence of another risk, through the following:

- (a) Building organization capability through a formalized governance structure and intelligence process across the Group;
- (b) Assessing and mitigating risks;
- (c) Identifying and engaging all stakeholders through information, education campaigns, and relationship building programs;
- (d) Anticipating, resolving, and proactively managing issues;
- (e) Conducting regular “*table top exercise*” for emergency response and incident management and business recovery plans;
- (f) Developing and implementing a Group-wide social media policy, strategy, and social media listening;
- (g) Developing brand champions and brand advocates through effective corporate communication and engagement programs;
- (h) Enhancing the Company's crisis communication protocol and continued to train stakeholder-facing team leaders who have been designated as spokespersons;
- (i) Ensuring brand integrity by establishing reputation metrics and conducting reputation surveys; and
- (j) Integrating sustainable practices across the value chain to promote inclusive growth and shared value.

Ultimately, managing AEV's reputation requires an understanding of our reputational terrain, which includes all its stakeholders.

9. Financial Risks

In the course of its operations, AEV is exposed to the following financial risks:

- (a) Interest rate risks resulting from movements in interest rates that may have an impact on outstanding long-term debt;
- (b) Credit risks involving possible exposure to counter-party default on its cash and cash equivalents, available-for-sale investments and trade and other receivables;
- (c) Refinancing and liquidity risks in terms of the proper matching of the type of financing required for specific investments as well as maturity of these loans; and
- (d) Foreign exchange (forex) risks in terms of forex fluctuations that may significantly affect its foreign currency-denominated placements, transactions and borrowings.

10. Fuel Supply and Price Risk

AboitizPower's thermal plants - TLI, TSI, and TVI (which is currently in construction phase) utilize coal; while CPPC, EAUC, TMI, and TMO utilize Bunker-C fuel. These fuel types are exposed to global market price movements and supply challenges.

In 2017, coal prices in the global market temporarily spiked due to policy changes made by and demand from China that affected supply.

For its coal-fired power plants, AboitizPower has put in place a Fuel Committee and a Coal Supply and Freight Contracting strategy to better manage high price volatility of coal, freight prices, and counterparty risk. This includes diversifying to other sources of coal to ensure security of energy supply at competitive prices.

For its diesel-fired generation plants, CPPC, EAUC, TMI, and TMO, AboitizPower pursues the strategy on the fuel supply side of entering into or renewing their medium-term supply contracts with the leading oil companies in the country.

AboitizPower's exposure to fuel supply and price risk is limited as a result of the utilization of capacity-based contracts for approximately half of its PSAs. Such contracts come with a provision for the pass-through of fuel costs, where fuel prices are indexed versus the commodity markets for oil and coal for the energy generated by the AboitizPower's Business Units.

(xvi) Requirements as to Certain Issues or Issuers

(i) Debt Issued

(a) Ten Billion Fixed Rate Retail Bonds Issued in November 2013

On September 26, 2013, the Board of Directors of AEV approved the issuance of fixed-rate retail bonds up to the aggregate amount of ₱10 bn with tenors of seven (7) and ten (10) years (the "2013 Bonds"). AEV appointed First Metro Investment Corporation (FMIC) as Issue Manager and Lead Underwriter, Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group as the Trustee, China Banking Corporation as Co-Manager and Philippine Depository & Trust Corporation (PDTC) as the Registry and Paying Agent for the transaction. The bonds received the highest possible rating of PRS "Aaa" from Philippine Rating Services Corporation (PhilRatings).

SEC issued the Order of Registration and a Certificate of Permit to Sell Securities on November 11, 2013, and were offered to the public on the same day until November 15, 2013. The 2013 Bonds were issued in two series, the seven-year bonds with a fixed interest rate of 4.4125% per annum, and the ten-year bonds with a fixed interest rate of 4.6188% per annum. Interest is paid quarterly in arrears every May 21, August 21, November 21, and February 21 of each year for each subsequent interest payment date at which the bonds are outstanding. Of the aggregate amount of ₱10 bn, ₱8 bn were subsequently listed with the Philippine Dealing & Exchange Corporation (PDEX) on November 21, 2013.

The Company has the option, but not the obligation, to redeem in whole any series of the outstanding bonds, on the following dates or the immediately succeeding banking day if such date is not a banking day: (i) for the seven (7)-year bonds on the fifth year and one quarter, and on the sixth year from the issue date; and (ii) for the ten (10)-year bonds on the seventh year, on the eighth year, and on the ninth year from the issue date.

AEV has been paying interest to its bond holders since February 21, 2014.

(b) Twenty Five Billion Fixed Rate Retail Bonds Issued in July 2015

On March 26, 2015, AEV's Board of Directors approved the issuance of fixed-rate retail bonds in the aggregate amount of up to ₱25 bn, inclusive of oversubscription (the "2015 Bonds"). SEC issued the Order of Registration and Certificate of Permit to Offer Securities for Sale on July 27, 2015. The 2015 Bonds were then offered to the public on July 28, 2015 until July 31, 2015.

The first tranche, equivalent to ₱24, bn was issued in 2015 in three (3) series, as follows:

Series	Maturity Date	Interest Rate Per Annum
Series A	Five Years and three months	4.4722%
Series B	Seven Years	5.0056%
Series C	Twelve Years	6.0169%

Same as the 2013 Bonds, PhilRatings gave the bonds the highest possible rating of "PRS Aaa". AEV engaged BPI Capital Corporation (BPI Capital) as the Issue Manager, BPI Asset Management and

Trust Group as the Trustee, and PDTC as the Registrar of the Bonds. BPI Capital and FMIC are the Joint Lead Underwriters for the transaction. BDO Capital and Investment Corporation, China Banking Corporation and Development Bank of the Philippines are the Co-Lead Underwriters, while Land Bank of the Philippines, RCBC Capital Corporation and United Coconut Planters Bank were also appointed as Participating Underwriters.

The bonds were listed with PDEX on August 5, 2015 for secondary market trading.

Interest on the bonds is paid quarterly in arrears every August 6, November 6, February 6, and May 6 of each year for each subsequent interest payment date at which the bonds are outstanding. AEV has been paying interests to its bond holders since November 6, 2015.

Use of Proceeds

AEV received the aggregate [net] proceeds of ₱8 bn from the offer and sale of 2013 bonds and ₱24 bn from the offer and sale of 2015 bonds. The proceeds of these bond issuances were fully utilized as of December 31, 2016. The breakdown of the use of proceeds is set out below:

₱8 bn Retail Bonds

	Projected Usage (Per Prospectus)	Actual Usage
AboitizLand - JV with Ayala Land, Inc.	₱1,499,600,000.00	₱1,350,000,000.00
AboitizLand - Additional landbank purchases	500,000,000.00	590,000,000.00
AboitizLand - Purchase of Lima Land Shares	1,545,500,000.00	1,546,000,000.00
AboitizLand - Purchase of Lima Land Shares	-	985,000,000.00
Sub-total	3,545,100,000.00	4,471,000,000.00
Payment of Existing Short-term Debt to Finance:		
Capital Infusion into AEV Aviation	500,000,000.00	500,000,000.00
Purchase of UnionBank shares in 2012	1,030,000,000.00	1,030,000,000.00
Purchase of UnionBank shares in 2013	1,768,000,000.00	1,768,000,000.00
Sub-total	3,298,000,000.00	3,298,000,000.00
Aseagas - Liquid Bio Methane Project	622,437,041.00	295,472,520.00
Bond Issuance Costs	79,603,125.00	86,113,658.00
Warchest	454,859,834.00	-
TOTAL	₱8,000,000,000.00	₱8,150,586,178.00

₱24 bn Retail Bonds

	Projected Usage (Per Prospectus)	Actual Usage*
Capital Infusion into Aboitiz Land, Inc.	₱9,892,000,000.00	₱10,000,000.00
Capital Infusion into Apo Agua Infraestructura, Inc.	2,055,000,000.00	14,000.00
Capital Infusion into Aseagas Corporation	311,000,000.00	222,500,000.00
Capital Infusion into PETNET, Inc.	765,000,000.00	125,000,000.00
Full repayment of existing long-term debt to fund purchase of UBP shares in 2010 & 2011	1,188,000,000.00	1,188,000,000.00
Bond Issuance Costs	214,076,625.00	219,925,521.28
Acquisition of a stake in the Philippine business of Lafarge S.A.	9,574,923,375.00	22,234,560,478.72
TOTAL	₱24,000,000,000.00	₱24,000,000,000.00

* The actual amount spent for the above projects in 2015 reached ₱25.5 bn. The funding came from the ₱24 bn retail bond proceeds and the ₱1.5 bn balance from internally-generated funds.

Item 2. Properties

The office space occupied by AEV is leased from a third party.

On a consolidated basis, the property, plant and equipment of the Group were valued at ₱201.9 bn and ₱144.0 bn as of December 31, 2017 and 2016, respectively. Breakdown of these assets is as follows:

PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31	2017	2016
Power, Plant & Equipment	₱141,329,134	₱137,519,744
Construction in progress	54,384,896	44,469,763
Buildings, warehouses and Improvements	26,193,431	25,605,389
Transmission & Distribution Equipment	17,438,847	16,043,761
Machinery & Equipment	6,723,759	5,997,681
Office Furniture, Fixtures and Equipment	6,890,220	4,498,864
Leasehold Improvements	3,612,022	3,562,062
Land	2,262,109	2,054,603
Transportation Equipment	2,288,531	1,893,622
Flight Equipment	713,675	1,021,263
Handling Equipment	255,589	255,589
Others	1,660,612	1,575,679
	263,752,825	244,498,020
Less: Accumulated Depreciation and Amortization	50,520,285	42,260,409
TOTALS	₱213,232,540	₱202,237,611

Note: Values for the above table are in thousand Philippine Pesos.

*2016 Property, Plant and Equipment account has been restated to effect the adjustments arising from the finalization in 2017 of the purchase price allocation on the acquisition of GMCP in 2016.

*2016 Total Assets and other Balance Sheet accounts have been restated to effect the adjustments arising from the finalization in 2017 of the purchase price allocation on the acquisition of GMCP in 2016.

Property, plant and equipment with carrying amounts of ₱125.4 billion and ₱117.0 billion as of December 31, 2017 and 2016, respectively, are used to secure the Group's long-term debts. For further details, refer to Note 19 (disclosure on Long-term Debts) of the attached AEV 2017 consolidated financial statements.

Locations of Principal Properties and Equipment of AEV Subsidiaries are as follows:

SUBSIDIARY	DESCRIPTION	LOCATION	CONDITION
Cotabato Light	Industrial buildings/plants, equipment and machineries	land, Sinsuat Avenue, Cotabato City	In use for operations
Davao Light	Industrial buildings/plants, equipment and machineries	land, P. Reyes Street, Davao City and Bajada, Davao City	In use for operations
VECO	Industrial buildings/plants, equipment and machineries	land, Jakosalem Street, Cebu City and J. Panis Street, Cebu City	In use for operations
Pilmico	Industrial buildings/plants, equipment and machineries	land, Kiwalan Cove, Dalipuga, Iligan City	In use for operations

SUBSIDIARY	DESCRIPTION	LOCATION	CONDITION
Hedcor	Hydropower plants	Kivas, Banengneng, Benguet; Beckel, La Trinidad, Benguet; Bineng, La Trinidad, Benguet Sal-angan, Ampucao, Itogon, Benguet; 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
APRI	Geothermal power plants	Tiwi, Albay; Caluan, Laguna; Sto. Tomas, Batangas	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
PANC	Industrial land, buildings/plants, eqpt. & machineries	Barangay Sto. Domingo II, Capas, Tarlac	In use for operations
TMO	Barge-mounted diesel power plants	Navotas Fishport, Manila	In use for operations
GNPower Mariveles	Coal-fired thermal power plants	Mariveles, Bataan	In use for operations
TVI	Land	Bato, Toledo, Cebu	For plant site
LEZ	Industrial land, buildings/plants, equipment and machineries	Lipa City and Malvar, Batangas	In use for operations
BEZ	Industrial land, buildings/plants, equipment and machineries	Balamban, Cebu	In use for operations
TSI	Coal-fired thermal power plants	Davao City and Davao del Sur	In use for operations
AboitizLand	Raw land and improvements	Metro Cebu, Balamban, Cordova, Mactan, Liloan, Samar, Misamis Oriental, Davao	Existing or undergoing development; for future use
Lima Land	Raw land and improvements	Lipa and Malvar, Batangas	Existing or undergoing development: for future use
Aseagas	Raw land and improvements	Lian, Batangas	Ceased operations
PETNET	Raw land and improvements	Better Living Subdivision, Parañaque City	In use for operations
PETNET	Raw land and improvements	J. Catolico Avenue cor. Matco Road, Lagao, General Santos City	In use for operations
RCBM	Cement manufacturing plants	Barangay Minuyan, Norzagaray, Bulacan; Bo. Bigte, Norzagaray, Bulacan; Bo. Mapulo, Taysan, Batangas; Barangay Dulumbayan, Teresa, Rizal	In use for operations
RCBM	Cement grinding station	Bo. Dungo-an, Danao, Cebu	In use for operations
RCII	Cement manufacturing plant	Barangay Kiwalan, Iligan City, Iligan	In use for operations

Item 3. Legal Proceedings

AEV and its Subsidiaries are currently involved in various legal proceedings in the ordinary conduct of their businesses. The Company believes that the results of these actions will not have a material effect on the Company's financial position and results of operations.

The material pending legal proceedings involving the Company and its Subsidiaries are as follows:

G.R. No. 210245 entitled "Bayan Muna Representative Neri Javier Colmenares, et al. vs. Energy Regulatory Commission, et al.", Supreme Court; December 19, 2013

G.R. No. 210255 entitled "National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.", Supreme Court; December 20, 2013

G.R. No. 210502 entitled "Manila Electric Company, et al. v Philippine Electricity Market Corporation, et al.", Supreme Court; January 8, 2014

On December 19, 2013, Bayan Muna representatives filed a Petition for Certiorari against ERC and the MERALCO with the Supreme Court, questioning the alleged substantial increase in MERALCO's power rates for the billing period of November 2013.

These cases raised, among others: (a) the legality of Section 6, 29 and 45 of the EPIRA; (b) the failure of ERC to protect consumers from high prices of electricity; and (c) the 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 Supreme Court for another sixty (60) days, or until April 22, 2014. On April 22, 2014, the Supreme Court 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. The Supreme Court also ordered all power industry participants (the DOE, ERC, PEMC, PSALM and the generation companies) to respond to MERALCO's counter-petition.

The Supreme Court set the consolidated cases for oral arguments last January 21, 2014, February 4 and 11, 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, the PEMC withheld settlement of the power purchases during the covered period.

The cases before the Supreme Court are pending resolution.

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. v. 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 August 4, 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 October 26, 2013 to December 25, 2013.

PEMC-ECO concluded that TMO was non-compliant with the MOR for 3,578 intervals and recommended a penalty of ₱234.9 mn.

TMO filed its letter request for reconsideration on September 5, 2014, contending that it did not violate the MOR 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.

In its letter dated January 30, 2015, the PEMC Board of Directors (PEMC Board) denied TMO's request for reconsideration and confirmed its earlier findings of breach of 3,578 counts under the MOR and sustained the imposition of financial penalties amounting to ₱234.9 mn on TMO. According to the PEMC Board, the penalties will be collected from TMO through the WESM settlement process.

TMO maintains that there is no basis for the PEMC decision. TMO did not withhold any capacity for the period covered, as it was physically impossible for TMO to transmit more than 100 MW to MERALCO. 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 November 21, 2013. At this period, TMO's engines and transmission lines were still undergoing rehabilitation after having been non-operational for the last five (5) years.

On February 13, 2015, TMO filed a Notice of Dispute with the PEMC to refer the matter to dispute resolution under the WESM Rules, WESM Dispute Resolution Market Manual and the ERC-PEMC Protocol.

On February 16, 2015, TMO filed an Urgent Petition for the Issuance of Interim Measures of Protection for the Issuance of a Writ of Preliminary Injunction with prayer for Temporary Order of Protection before the Pasig City RTC. In its Order dated February 24, 2015, the RTC granted TMO a 20-day temporary order of protection and directed PEMC to: (a) refrain from demanding or collecting the amount of ₱234.9 mn as financial penalty; (b) refrain from charging interest on the financial penalty and having the same accrue; and (c) 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 April 1, 2015, the RTC rendered a Decision in favor of TMO. PEMC filed a Petition for Review with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction before the Court of Appeals (CA) which sought to reverse and set aside the Decision of the RTC.

On December 14, 2015, the CA rendered a Decision denying PEMC's Petition for Review and affirming the April 1, 2015 Decision of RTC in favor of TMO.

On June 6, 2016, PEMC filed a Petition for Review on Certiorari with the Supreme Court to assail the December 14, 2015 CA Decision. On November 14, 2016, TMO filed its Comment to PEMC's Petition for Review. In its Motion for Leave to File Reply to Comment dated December 9, 2016, PEMC prayed with the Supreme Court that it be granted leave to file its Reply. On June 1, 2017, TMO received the Supreme Court Notice dated March 29, 2017 with an attached Resolution. In the Resolution, the Supreme Court noted TMO's Comment and PEMC's Reply.

PEMC's Petition is still pending before the 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"

March 28, 2014

The ERC conducted an investigation on the alleged collusion by the generation companies to raise the WESM prices. Subsequently, the ERC issued an Order in ERC Case No. 2014-021 MC dated March 3, 2014 (the "ERC Order"), declaring as void the Luzon WESM prices during the November and December 2013

supply months. The ERC also declared the imposition of regulated prices for such billing periods and directed the 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 Supreme Court.

The ERC also ordered the PEMC, through its Enforcement and Compliance Office (ECO) to conduct an investigation, within a period of no less than ninety (90) days, on the alleged violation of the Must-Offer-Rule.

Pursuant to the ERC Order, on March 18, 2014, the 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. In its March 27, 2014 Order, the ERC ordered deferral of PEMC's implementation of the adjusted billing statements for 45 days. This was subsequently extended with no clear timeline by the ERC in its order dated June 6, 2014.

The ERC, in its Order dated October 15, 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 Court of Appeals on November 19, 24, December 1, and 4, 2014, respectively. The Court of Appeals ordered the consolidation of the Petitions on October 9, 2015.

On November 7, 2017, the Court of Appeals granted the Petitions. The ERC's March 3, 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. To date, the motions for reconsideration and motions to intervene are still pending resolution with the Court of Appeals.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters

(1) Market Information

AEV’s common shares are traded in the Philippine Stock Exchange, Inc.

The high and low stock prices of AEV’s common shares for each quarter for the past two (2) years and first quarter of 2018 were as follows:

	2018		2017		2016	
	High	Low	High	Low	High	Low
First Quarter	79.00	67.50	75.30	70.55	65.00	54.40
Second Quarter	N/A	N/A	77.65	72.75	79.00	63.70
Third Quarter	N/A	N/A	75.95	72.50	84.40	72.85
Fourth Quarter	N/A	N/A	75.75	67.50	66.95	80.00

The closing price of AEV common shares, as of March 31, 2018 is ₱67.50 per share.

(2) Holders

As of March 28, 2018, AEV has 8,892 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). Common shares outstanding as of same date were 5,633,792,557 shares.

The top 20 stockholders of AEV as of March 28, 2018 are as follows:

	STOCKHOLDER	NATIONALITY	COMMON SHARES	% OF TOTAL COMMON SHARES ISSUED
1	Aboitiz & Company, Inc.	Filipino	2,735,600,915	48.56%
2	PCD Nominee Corporation (Filipino)	Filipino	758,375,561	13.46%
3	PCD Nominee Corporation (Foreign)	Non-Filipino	557,763,421	9.90%
4	Ramon Aboitiz Foundation, Inc.	Filipino	424,538,863	7.54%
5	Sanfil Management Corporation	Filipino	120,790,211	2.14%
6	Chanton Management & Development Corporation	Filipino	62,118,484	1.10%
7	Windemere Management & Development Corporation Filipino	Filipino	49,666,352	0.88%
8	Donya 1 Management & Development Corporation	Filipino	41,054,511	0.73%
9	Morefund Management & Development Corporation	Filipino	37,918,115	0.67%
10	Bauhinia Management Inc.	Filipino	34,683,799	0.62%
11	Anso Management Corporation	Filipino	30,369,707	0.54%
12	MYA Management & Development Corporation	Filipino	22,494,414	0.40%
13	Luis Miguel O. Aboitiz	Filipino	20,092,133	0.36%
14	Guada Valley Holdings Corporation	Filipino	17,688,445	0.31%
15	Parraz Development Corporation	Filipino	14,483,067	0.26%
16	Annabelle O. Aboitiz	Filipino	13,975,834	0.25%
17	Ma. Cristina; Jaime Jose Aboitiz; Luis Alfonso Aboitiz	Filipino	13,605,767	0.24%
18	Mary Anne Aboitiz Arculli	Filipino	10,767,556	0.19%
19	Arrayanes Corporation	Filipino	10,650,070	0.19%

	STOCKHOLDER	NATIONALITY	COMMON SHARES	% OF TOTAL COMMON SHARES ISSUED
20	UnionBank TISG For IMA#PH3Q201	Filipino	8,709,900	0.15%
	SUB-TOTAL		4,985,347,125	88.49%
	Other Stockholders		648,445,432	11.51%
	TOTAL SHARES		5,633,792,557	100.00%
	NET ISSUED AND OUTSTANDING SHARES		5,633,792,557	100.00%

(3) Dividends

The cash dividends declared by AEV to common stockholders from fiscal year 2015 to the first quarter of 2018 are shown in the table below:

Year	Cash Dividend Per Share	Declaration Date	Total Declared	Record Date	Payment Date
2018 (regular)	₱1.28	03/08/2017	₱7.21 bn	03/22/2018	04/12/2017
2017 (regular)	₱1.33	03/07/2017	₱7.49 bn	03/21/2017	04/10/2017
2016 (regular)	₱1.06	03/08/2016	₱5.89 bn	03/22/2016	04/19/2016
2015 (regular)	₱1.11	03/10/2015	₱6.15 bn	03/24/2015	04/20/2015

In a special meeting held on January 11, 2007, the AEV Board of Directors approved the policy of distributing at least one-third (1/3) of its previous year's earnings as cash dividends to its stockholders for subsequent years.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

AEV does not have any recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Action

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF ACTION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of Aboitiz Equity Ventures, Inc. ("AEV or the "Company" or the "Parent Company") and its subsidiaries should be read in conjunction with the audited consolidated financial statements and accompanying disclosures set forth elsewhere in this report.

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of the registrant and its subsidiaries:

1. EQUITY IN NET EARNINGS OF INVESTEEES

Equity in net earnings (losses) of investees represents the group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to acquisition of said investment. This account reflects the result of the operating performance of an associate or a joint venture and indicates its contribution to the group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

The Company computes EBITDA as earnings before extra-ordinary 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 and to finance its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED

Using the 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 debt by stockholders' equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-DEC 2017	JAN-DEC 2016
EQUITY IN NET EARNINGS OF INVESTEES	9,053,733	9,651,787
EBITDA	56,977,228	48,127,754
CASH FLOW GENERATED:		
Net cash flows from operating activities	32,682,219	32,013,422
Net cash flows used in investing activities	(11,749,681)	(84,668,374)
Net cash flows from financing activities	(19,458,941)	52,848,445
Net Increase in Cash & Cash Equivalents	1,473,597	193,493
Cash & Cash Equivalents, Beginning	63,857,528	63,581,884
Cash & Cash Equivalents, End	64,870,214	63,857,528
	DEC. 31, 2017	DEC. 31, 2016
CURRENT RATIO	1.56	2.51
DEBT-TO-EQUITY RATIO	1.56	1.68

DISCUSSION OF KEY PERFORMANCE INDICATORS:

All the KPI values were within management's expectation during the year in review.

Management teams of the different business units continued to effectively handle their respective operations and financial requirements. As a result, profitability was sustained and the Group's financial position remained strong and liquid.

Associates continued to generate substantial earnings and enhance the Group's consolidated bottomline despite the 6% decline in their income contribution to the Group during the period in review. Consolidated EBITDA, which increased by 18% during 2017, translated into additional cash inflows coming from subsidiaries' operations and from dividend payments of associates. These internally-generated funds were then used to partially finance capital expenditures, settle maturing financial obligations, and pay cash dividends.

With substantial long-term debt prepayments and growth in equity during 2017, debt-to-equity ratio moved down to 1.56x (versus end-2016's 1.68x). Meanwhile, the end-2017 current ratio stood at 1.56x (versus end-2016's 2.51x) as current liabilities grew more than current assets.

REVIEW OF JAN-DEC 2017 OPERATIONS VERSUS JAN-DEC 2016

RESULTS OF OPERATIONS

For the year ended December 31, 2017, AEV and its subsidiaries posted a consolidated net income of ₱21.61 billion, a 4% year-on-year (YoY) decrease. This translates to an earnings per share of ₱3.84 for the year in review. In terms of income contribution, Power Group still accounted for the bulk at 69%, followed by the Banking and Financial Services, Food, Real Estate and Infrastructure Groups at 18%, 7%, 3% and 3%, respectively.

The Group generated a non-recurring net loss of ₱2.30 billion during 2017 (versus a ₱347 million loss in 2016) mainly from the Power Group's asset impairment and debt prepayment costs, which were partially reduced by a one-off recognition of lower interest expense from an acquired loan. Stripping out these one-off items, the Group's core net income for the year amounted to ₱23.91 billion, 5% higher than last year. AEV recorded an 18% increase during 2017 in consolidated earnings before interest, tax, depreciation and amortization (EBITDA), from ₱48.13 billion to ₱56.98 billion.

BUSINESS SEGMENTS

The following discussion describes the performance of the major business segments for 2017.

Power

Aboitiz Power Corporation's (AP) income contribution for 2017 was ₱15.70 billion, a 2% increase from 2016's ₱15.38 billion. Netting out impairment costs on its Aseagas Corporation (Aseagas) investment, pretermination costs on the refinancing made by its subsidiary, GNPowder Mariveles Coal Plant Ltd. Co. (GMCP), and a one-off recognition of lower interest expense from an acquired loan, AP's contribution to core net income grew by 13% from ₱15.85 billion in 2016 to ₱17.95 billion in 2017.

Power Generation Group's bottomline contribution to AEV grew 9% during 2017 from ₱12.05 billion to ₱13.12 billion. Adjusted for non-recurring items, Generation Group's core net income contribution increased by 19% YoY to ₱15.51 billion. This improvement was substantially attributed to the strong performance of the Power Generation Group's hydro units and the full-period income contributed by GMCP, which was acquired in December 2016.

The Power Generation Group's capacity sold during 2017 increased by 41% YoY, from 2,223 megawatts (MW) to 3,124 MW, mainly driven by the additional capacity of GMCP, higher generation of its hydro units, and an increase in capacities contracted.

Power Distribution Group's earnings contribution to AEV increased by 16% during 2017 from ₱2.82 billion to ₱3.29 billion. Attributable electricity sales of 5,288 GWh increased by 4% during 2017. Gross margin per kilowatt-hour (kWh) for 2017 increased to ₱1.73 from ₱1.59 in 2016. The improved margins resulted from adequate power supply, better supply mix, and recoveries on purchased power costs.

Banking & Financial Services

Income contribution from this industry group declined by 16%, from ₱4.91 billion in 2016 to ₱4.12 billion in 2017.

On a stand-alone basis, Union Bank of the Philippines (UBP) and its subsidiaries recorded a net income of ₱8.4 billion for 2017, 17% lower compared to the ₱10.1 billion earned in 2016. The decline was primarily due to a ₱3.8 billion one-off trading gain booked in the third quarter of 2016. UBP's net income excluding securities trading gains, however, grew by 31% to ₱8.2 billion in 2017 from ₱6.2 billion in 2016.

PETNET Inc. contributed ₱20 million during 2017 from a loss of ₱2 million in 2016.

Food

Income contribution from Pilmico Foods Corporation (PILMICO) and its subsidiaries decreased by 2% during 2017 to ₱1.7 billion from ₱1.73 billion the previous year. For 2017, Feeds Philippines and Flour both reported decreases in income contribution while Farms and Feeds Vietnam both showed increases. The decline in net earnings of Feeds Philippines and Flour was largely due to higher raw material and operating costs. On the other hand, Feeds Vietnam reported an increase in bottomline during 2017 due to growth of commercial and export product lines and some foreign exchange gains. For Farms, the recovery during 2017 in live hog selling prices resulted in improved profits.

Real Estate

Income contribution of Aboitiz Land, Inc. (AboitizLand) during 2017 amounted to ₱744 million, up 295% from ₱188 million in 2016. This growth was mainly attributed to higher industrial lot sales, improved construction progress by the residential business unit, and healthy occupancy levels from the commercial business unit. AboitizLand also recognized fair valuation gains on investment properties in 2017.

Infrastructure

Republic Cement and Building Materials, Inc. (Republic) posted an income contribution of ₱671 million in 2017, down 57% from 2016's ₱1.55 billion. Cement demand grew modestly in 2017, offset by lower prices and increased fuel and power costs.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

For the year ended December 31, 2017, AEV and its subsidiaries posted a consolidated net income of ₱21.61 billion, a 4% YoY decrease.

Operating profit for 2017 totalled ₱36.58 billion, a 26% increase YoY, as the ₱34.01 billion increase in revenues surpassed the ₱26.35 billion rise in costs and expenses. The increase in revenue was mainly attributed to the performance of the Power Group.

Power subsidiaries reported a 30% YoY increase in operating profit during 2017, from ₱26.31 billion to ₱34.17 billion, mainly due to the full-year earnings before interest and taxes (EBIT) contribution from GMCP.

Share in net earnings of associates for 2017 declined by 6% YoY (₱9.05 billion vs ₱9.65 billion in 2016) largely due to the decrease in UBP's income from the sale of securities and to RCBM's income decline for 2017 resulting from lower selling prices and higher production costs. This is partly offset by growth in the net income of SN AboitizPower-Magat (SNAP-Magat) and SN AboitizPower-Benguet (SNAP-Benguet) for 2017 due to higher volume sold and ancillary revenue resulting from better hydrology.

The growth in net interest expense and other charges during 2017, coupled with the decrease in equity earnings, more than offset the increase in operating profit, and as a result, pulled down the Group's overall profitability. Net interest expense in 2017 increased by ₱3.61 billion YoY as debt level increased following the consolidation of GMCP debt in December 2016, and the full year impact of interest expense incurred on additional debts availed of after December 2016.

Other charges of ₱26 million were incurred in 2017 versus ₱2.05 billion other income in 2016. This was mainly due to Power Group's impairment of its investment in Aseagas and refinancing costs during 2017, versus 2016's unrealized forex gains and Therma South, Inc.'s (TSI) collection of settlements with suppliers.

Net income attributable to non-controlling interests increased to ₱7.67 billion in 2017 from ₱6.18 billion in 2016, substantially due to the full-period recognition of the net income after tax (NIAT) share of GMCP's minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders increased by 2% from ₱22.07 billion in 2016 to ₱22.56 billion in 2017. The 4% decrease in consolidated net income was offset by the combined surge in AEV's share of an associate's unrealized mark-to-market (MTM) gains on its available-for-sale (AFS) investments and cumulative translation adjustments.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Compared to year-end 2016 level, consolidated assets increased 6% to ₱492.24 billion as of December 31, 2017, due to the following:

- a. Trade and other receivables, inclusive of noncurrent portion, increased by 13% (₱24.77 billion end-2017 vs ₱22.01 billion as of December 31, 2016) mainly due to higher level of receivables of the Power and Food Groups.
- b. Inventories increased by 22% (₱12.45 billion as of end-2017 vs ₱10.22 billion as of December 31, 2016) mainly due to increase in raw materials inventory of the Food Group and coal inventory of the Power Group.
- c. Gross of depreciation expense, the combined growth in Property Plant and Equipment (PPE), Investment Properties (IP), and Land and Improvements (LI) as of December 31, 2017 was mainly due to the following:
 - (i) ₱12.70 billion for on-going construction of AP's power plants;
 - (ii) ₱6.07 billion in various capital expenditures of Power, Food and Real Estate Groups,
 - (iii) ₱2.99 billion first-time consolidation of San Carlos Sun Power, Inc. (Sacason) assets; and
 - (iv) ₱862 million gain recognized on the re-appraisal of certain

investment properties. This was partly reduced by the ₱2.66 billion impairment of Aseagas' biomass plant during 2017.

- d. Investments in and Advances to Associates as of December 31, 2017 increased by 6% (₱91.92 billion vs ₱86.95 billion as of December 31, 2016) mainly due to AP's ₱1.25 billion capital infusion into GN Power Dinginin Ltd. Co. (GNPD) and ₱244 million capital infusion into RP Energy, the ₱275 million acquisition of Balibago Waterworks System, Inc. (BWSI) shares by Aboitiz Infracapital, Inc. (AIC), the recording of ₱9.05 billion share in net earnings of associates, and the ₱703 million share of a banking associate's MTM gains on its AFS investments during the year. This increase was partially offset by the ₱6.16 billion cash dividends received from associates during 2017.
- e. Other current assets increased by 30% as of December 31, 2017 (₱12.44 billion vs ₱9.58 billion as of December 31, 2016) mainly due to the rise in prepaid insurance and prepaid taxes of the Power Group.
- f. Available-for-sale (AFS) Investments increased by 37% (₱773 million as of December 31, 2017 vs ₱564 million as of December 31, 2016) mainly due to additional acquisitions made during the year.
- g. Held-to-maturity (HTM) Investments increased to ₱189 million as of December 31, 2017 from nil as of December 31, 2016. This was mainly due to new acquisitions made of this type of financial product during the year.
- h. Derivative Assets (current and non-current) increased by 17% (₱342 million as of December 31, 2017 vs ₱292 million as of December 31, 2016) mainly due to MTM gains recognized on existing forward contracts of the Power Group.

The above increases during 2017 were offset by the 19% decrease in Deferred Income Tax Assets (DTA), (₱1.52 billion as of December 31, 2017 vs ₱1.89 billion as of December 31, 2016), mainly due to the reversal of DTA set up in previous periods on the unrealized forex losses on loan restatement related to the prepayment of GMCP's loan.

Liabilities

Consolidated short-term bank loans increased by 187% as of end-2017 (₱23.70 billion vs ₱8.26 billion as of December 31, 2016) mainly due to availments made by Food Group, Power Group, PETNET, and AboitizLand to fund working capital requirements. On the other hand, long-term debt decreased by 4% (₱238.84 billion as of December 31, 2017 vs ₱249.46 billion as of December 31, 2016) substantially due to the prepayment of ₱15.93 billion in Therma Power, Inc. and ₱2.43 billion in Aseagas loans, and the ₱6.72 billion settlement of maturing loans and finance lease amortization. This was partly offset by the following: (a) AP's ₱3.0 billion bond issuance; (b) GMCP's ₱3.17 billion loan; (c) the combined ₱8.29 billion additional loan availment of Therma Visayas, Inc., Hedcor Bukidnon, and Pagbilao Electric Corporation (PEC) to finance on-going plant constructions; and (d) the ₱1.38 billion non-cash movement from foreign exchange differential and deferred financing costs.

Trade and other payables, inclusive of noncurrent portion, increased by 12%, from ₱22.67 billion as of end-2016 to ₱25.42 billion as of end-2017, mainly due to higher level of payables to suppliers and contractors resulting from the on-going plant construction by the Power Group.

Customers deposits decreased by 11%, from ₱7.04 billion as of end-2016 to ₱6.27 billion as of end-2017 as special deposits were refunded by distribution utilities to its customers during 2017.

Asset retirement obligation (ARO) increased by 62% from ₱1.82 billion as of end-2016 to ₱2.96 billion as of end-2017 due to incremental provisions recorded during 2017.

Derivative liabilities (current and non-current) decreased by 87% as of end-2017 (₱48 million vs ₱361 million as of December 31, 2016) mainly due to the derecognition of the derivative liability related to GMCP's loan, which was prepaid during 2017.

Equity

Equity attributable to equity holders of the parent increased by 11% from the year-end 2016 level of ₱140.28 billion to ₱155.01 billion as of end-2017 mainly due to the ₱21.61 billion net income recorded during 2017 and AEV's ₱709 million share in UBP's unrealized MTM gains recognized on its AFS investments, reduced by ₱7.49 billion cash dividends paid.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the year ended December 31, 2017, the Group continued to support its liquidity mainly from cash generated from operations, additional short-term loan availments, and dividends received from associates.

Compared to 2016, consolidated cash generated from operating activities in 2017 increased by ₱669 million to ₱32.68 billion, mainly due to the growth in earnings before interest, depreciation and amortization (EBIDA) recorded by subsidiaries during the year.

AEV ended 2017 with ₱11.75 billion net cash used in investing activities versus ₱84.67 billion in 2016. This was mainly due to lower amounts spent for ongoing plant construction and investments in associates.

Net cash used in financing activities in 2017 was ₱19.46 billion versus ₱52.85 billion generated in 2016. This was largely attributed to long-term loan repayments made during 2017 versus higher loan availments and the sale of treasury shares during 2016.

For 2017, net cash inflows surpassed cash outflows, resulting in a 2% increase in cash and cash equivalents from ₱63.86 billion as of year-end 2016 to ₱64.87 billion as of December 30, 2017.

FINANCIAL RATIOS

Backed by strong operating cash inflows, liquidity was adequately preserved. Current ratio stood at 1.56x as of end-2017 from 2.51x at the start of the year, since current liabilities grew more than current assets. Debt-to-Equity ratio stood at 1.56:1 as of end-2017 (versus year-end 2016's 1.68:1). This was mainly due to the growth in total equity coupled with substantial prepayment of long-term debt during 2017.

Outlook for the Upcoming Year/ Known Trends, Events, Uncertainties which may have Material Impact on Registrant

Based on the information provided by Unionbank's Economic Research Unit, AEV expects the Philippines to outperform its peers in 2018, with a projected 7% Philippine GDP growth rate compared to 6.5% for Developing Asia. AEV believes that it, along with its Strategic Business Units (SBUs) are in a position to take advantage of opportunities emerging from a fast-growing economy, and will continue to sustain the growth of its SBUs over the long-term.

Power SBU

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial condition will give it the agility to create or acquire additional generating capacity over the next few years.

I. Power Generation Business

Despite increased competition in the power generation market, AboitizPower believes it has built the foundation to sustain growth over the long term. In line with its growth target of reaching 4,000 MW in net attributable capacity by 2020 from its capacity of 2,999 MW as of December 31, 2017. AboitizPower expects to expand its portfolio of generation assets by implementing the projects described below:

A. Greenfield and Brownfield Developments

AboitizPower, together with its Subsidiaries and Associates, is in various stages of construction or completion of the following Greenfield and Brownfield projects.

1. **8.5-MW Maris Canal Hydropower Plant Project in Ramon, Isabela.** This project, undertaken by SN Aboitiz Power-Magat, was inaugurated in January 2018.
2. **420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon.** This project is undertaken by PEC, a partnership between TPI, a wholly-owned Subsidiary of AboitizPower, and TPEC Holdings Corporation. PEC started commercial operations in March 2018.
3. **340-MW CFB Coal-Fired Project in Toledo City, Cebu.** This project is undertaken by TVI, a partnership between AboitizPower and the Vivant Group. The project involves the construction of a 2x170-MW coal-fired power plant. TVI is targeting commercial operations in May 2018 for Unit 1 and in August 2018 for Unit 2.
4. **68.8-MW Manolo Fortich Hydropower Plant in Manolo Fortich, Bukidnon.** The project is undertaken by Hedcor Bukidnon. The completion of Unit 1 (43.4-MW) and Unit 2 (25.4-MW) is expected in April 2018 and in July 2018, respectively.
5. **19-MW La Trinidad Hydropower Plant in La Trinidad, Benguet.** This project is undertaken by Hedcor. It is currently under construction and targeted commercial operation date is in the second half of 2019.
6. **2x668-MW Dinginin Supercritical Coal-Fired Power Plant in Mariveles, Bataan.** This project is undertaken by GNPowder Mariveles, a partnership composed of TPI, AC Energy Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation, and Power Partners Ltd. Co. Both Unit 1 and Unit 2, each of 668-MW, are under construction, with targeted commercial operations expected in June 2019 and July 2020, respectively.

B. Alimit Hydropower Complex

This project, undertaken by SN Aboitiz Power-Ifugao, involves the construction of the 120-MW Alimit hydropower plant, the 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant in the municipalities of Aguinaldo, Lagawe, Lamut, and Mayoyao in Ifugao. SN AboitizPower-Ifugao is currently completing the feasibility study phase of the project. The company is also progressing in the permitting process, and is expected to continue working with the government, indigenous peoples' representatives, and industry partners. An important component of the feasibility review for this project is the Free Prior and Informed Consent from the indigenous peoples.

C. Naga Power Plant

Senator Sergio R. Osmeña III filed a petition for certiorari with the Supreme Court to nullify the right-to-top granted by PSALM to SPC in relation to the 153.1 MW NPPC bidding, and to enjoin the award on the ground that SPC's right-to-top is against public policy.

On February 14, 2017, TPVI, thru counsel, received a copy of the Entry of Judgment from the Supreme Court dated January 9, 2017, stating that its September 28, 2015 Decision declaring the right-to-top as null and void and October 5, 2016 Resolution reinstating the Notice of Award in favor of TPVI, have become final and executory and have been recorded in the Book of Entries of Judgment. With regard to the Motion for Leave to File and Admit the attached Motion for Reconsideration dated December 9, 2016, and the Supplemental Motion/Petition for Referral to the En Banc dated January 16, 2017 filed by SPC, these were denied by the Supreme Court in a Resolution dated April 26, 2017.

D. RP Energy PSA

The 660-MW CFB coal-fired power plant located in Redondo Peninsula, Subic, Zambales, is a project undertaken by RP Energy, a joint venture among MPGC, TPI, and TCIC.

On April 20, 2016, RP Energy entered into a PSA with Meralco for a contracted capacity of 225MW within a 20-year term. This PSA was filed for approval with the ERC on April 29, 2016. Public hearings were subsequently held, and were concluded on January 6, 2017. To date, RPE is still awaiting the ERC's PSA approval.

E. Expansion of Existing Net Attributable Capacity

AboitizPower is focused on addressing the needs of its markets, including reliable supply, reasonable cost, and minimal impact on the environment and communities. AboitizPower recognizes that there is no single technology that can address the country's energy requirements. Thus, AboitizPower believes that a mix of power generation technologies is necessary to address the country's needs. AboitizPower will continue to pursue both renewable projects and thermal technologies, where and when it makes sense.

II. Power Distribution Business

AboitizPower 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.

A. Performance-Based Rate-Setting

Performance-Based Rate-setting Regulation (PBR) replaced the Return on Rate Base (RORB) mechanism, that had historically determined the distribution charges paid by customers. Under PBR, distribution utilities can collect rates from customers over a four-year regulatory period.

The ERC has implemented a Performance Incentive Scheme (PIS) whereby annual rate adjustments under PBR are made. The annual rate adjustments take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as: (i) the average duration of power outages; (ii) the average time of restoration to customers; and (iii) the average time to respond to customer calls. The distribution utilities are either rewarded or penalized, depending on their ability to meet these performance targets.

In April 2016, the ERC posted on its website the following documents: (1) Draft Rules for Setting Distribution Wheeling Rates or "RDWR" for Privately Owned Distribution Utilities Operating under Performance Based Regulation, First Entry Group, Fourth Regulatory Period; (2) Draft Position Paper: Regulatory Reset for the July 1, 2015 to June 30, 2019, Fourth Regulatory Period for the First Entry Group of Privately-Owned Distribution Utilities Subject to Performance Based Regulation; and (3) Draft Commission Resolution on the Issues on the Implementation of PBR for Privately Owned DUs under the RDWR. Comments on the said draft documents were submitted to the ERC on May 13, 2016.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the "Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR)". Based on this Resolution, the Fourth Regulatory Period shall be as follows:

- (i) Cotabato Light: April 1, 2017 to March 31, 2021
- (ii) Davao Light and VECO: July 1, 2018 to June 30, 2022
- (iii) SEZ and SFELAPCO: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted the draft "Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities" for comments. Public consultations were conducted on January 6 and 9, 2017 in Cebu City and Metro Manila, respectively.

In December 2015, a Petition was filed by Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) with the ERC wherein MSK proposed a modified RORB methodology or even a modified PBR methodology, in which the distribution utilities' capital expenditures and rate recovery thereon are approved in advance but

the charges to the customers will only start after the investments have actually been made and validated by ERC auditors. Public consultations were set by the ERC on March 17 and April 10, 2017 in its main office, and on March 22 and 24, 2017, in its field offices in Cebu City and Davao City, respectively.

The reset process for the Fourth Regulatory Period has not started for all private distribution utilities as the abovementioned ERC rules have not been published, which is a condition for their effectivity. Due to the rules change on PBR, all Distribution Utilities of AboitizPower have not undergone the Third Regulatory Period.

B. Policy on Competitive Selection Process in Securing Power Supply Agreements

In 2015, the DOE issued Department Circular No. DC2015-06-0008, entitled "Mandating all Distribution Utilities to Undergo Competitive Selection Process (CSP) in securing Power Supply Agreements (PSA)." The DOE recognizes that CSP in the procurement of PSAs by the distribution utilities ensures long term security and certainty of electricity prices of electric power to end-users.

On November 4, 2015, the ERC issued Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of their Supply in the Captive Market".

The adoption and implementation of the CSP is expected to increase transparency and competition in power supply contracting. The impact of CPS is prospective and, as such, its effectivity will not affect AboitizPower's existing contracts.

On February 9, 2018, the DOE issued Department Circular No. DC2018-02-0003, essentially modifying the existing policy on CSP of power supply contracting, applicable to both electric cooperatives and private distribution utilities. Distribution utilities are now mandated to create either an independent five-man third party bids and awards committee (TPBAC) that will manage their CSP supply procurements, or have a third party auctioneer (TPA). The TPBAC and the TPA shall be accountable to its decision in the conduct of the CSP.

If a TPBAC is established, it shall be comprised of five (5) members, three (3) of whom shall be officers and/or employees of the distribution utility, and two (2) members shall be captive customers that are not directly or indirectly connected/ affiliated with the distribution utility.

If the relevant distribution utility opts to have a TPA to undertake CSP in its procurement of power supply, the TPA shall be composed of a team of private individuals or a private corporation duly recognized in the Philippines with expertise on competitive bidding and with sufficient knowledge of the electric power industry. The TPA should not be connected/ affiliated either directly or indirectly with the relevant distribution utility. The accreditation of potential TPAs is handled by the ERC.

C. Renewable Portfolio Standards

On December 30, 2017, the DOE issued Department Circular No. DC2017-12-0015, or the "Renewable Portfolio Standards (RPS) On-Grid Rules." The new policy mandates distribution utilities, RES, generation companies supplying directly connected customers, and other mandated energy sector participants (each, a "Mandated Participant") to source or produce a certain percentage share of their energy mix from eligible renewable energy (RE) facilities. Under the new policy, eligible RE facilities include the following technologies: biomass, waste-to-energy technology, wind, solar, hydro, ocean, geothermal, and such other RE technologies that may be later identified by the DOE.

The new policy mandates identified energy sector participants to comply with minimum annual RPS requirement in order to meet an "aspirational target" of 35% renewable energy supply in the generation mix by the year 2030. The RPS guidelines will implement a Minimum Annual Increment RE Percentage to be sold to mandated participants, initially set at 1% of the net electricity sales of the mandated participant for the previous year. Furthermore, this Minimum Annual Increment RE Percentage will be used to determine the current year's requirement for RE Certificates (RECs) of the Mandated Participant. RE sourcing shall be

enforced on the third year from the issuance of the DOE Circular in the year 2020, with the period 2018-2019 considered as the transition phases to project developments.

The RPS On-Grid Rules, which shall be implemented nationwide, also envisions the creation of a RE market where mandated participants comply with the Minimum Annual RPS Requirement through the allocation, generation, purchase or acquisition, or generation from net-metering arrangements, of RE Certificates. The RE Certificates will represent 1 MWh of generation produced from an eligible RE facility. Furthermore, all Mandated Participants must undertake a CSP in sourcing RE generation supply for its customers.

D. System Loss Caps

In February 2018, the ERC issued Resolution No. 20, Series of 2017 (ERC Resolution No. 20-2017) entitled “A Resolution Adopting the ERC Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency”. 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. Private distribution utilities shall charge a 6.50% DSL cap for 2018, which shall be reduced gradually on an annual basis until a DSL cap level of 5.50% is achieved by the year 2021. The aforementioned caps are exclusive of sub-transmission and substation losses.

Thereafter, the Private Electric Power Operators Association (PEPOA) wrote a letter to the ERC seeking for a one year delay of the effectivity of the recoverable rate under the new DSL cap, to the May 2019 billing period. With the additional year, the member distribution utilities could make the appropriate upgrades to their distribution systems for cost-effective system loss reduction measures, and ultimately, achieve efficient operation of their utilities. These capital expenditure projects such as upgrading transformers or primary and secondary voltage distribution lines, require careful planning, implementation, and ERC approval. These material and physical changes to distribution systems cannot be achieved in two months.

AboitizPower is considering the filing of individualized system loss applications to the ERC, where justifiable for a particular Distribution Utility. The foregoing ERC Resolution 20-2017 provides that a distribution utility may elect to use an alternative method in determining its applicable individualized DSL cap. AboitizPower believes that costs and benefits must be analyzed from the viewpoint of the customer determining the reasonable level of individualized DSL cap.

In February 2018, the Philippine Senate passed a bill setting the recoverable system loss rate for the private distribution utilities at 5%. Meanwhile, the Philippine House of Representatives is conducting technical working group meetings to gather inputs from industry stakeholders.

III. Market and Industry Developments

A. Retail Competition and Open Access (Open Access)

DOE Circular No. 2015-06-0010 and ERC Resolutions 5, 10 and 11 Series of 2016 are all subject of a Petition for Declaratory Relief filed by Meralco with the Regional Trial Court of Pasig (the “Pasig RTC”) in June 2016 (the “Petition”). On July 13, 2016, the Pasig RTC has issued a writ of preliminary injunction enjoining the DOE and ERC from implementing the aforementioned Circular and Resolutions, insofar as relating to the prohibition on distribution utilities from engaging in the supply business, and the imposition of restrictions, contract term limits, mandatory contestability, and market caps.

On September 21, 2016, the DOE filed a Petition for Certiorari and Prohibition to the Supreme Court praying, among others, for the nullification of all Orders and Decisions issued by the Pasig RTC. The Supreme Court issued a Resolution on October 10, 2016 granting a Temporary Restraining Order enjoining the Pasig RTC from enforcing its decisions, orders, and resolutions related to the Petition until its final resolution.

On November 15, 2016, the ERC issued Resolution No. 28, Series of 2016, revising the timeframe of mandatory contestability from December 26, 2016 to February 26, 2017.

On February 21, 2017, the Supreme Court issued a TRO in relation to the petition to stop the implementation of the new regulations imposing mandatory contestability filed by Philippine Chamber of Commerce and Industry, San Beda College Alabang Inc., Ateneo de Manila University, and Riverbanks Development Corporation before the Supreme Court in December 2016. The TRO enjoined the ERC and the DOE from implementing ERC Resolutions No. 5, 10, 11, and 28, Series of 2016, and DOE Circular No. 2015-06-0010.

B. Possibility of the Mindanao Wholesale Electricity Spot Market (WESM)

On May 4, 2017, the DOE issued DC 2017-05-0009 entitled “Declaring the Launch of WESM in Mindanao and Providing Transition Guidelines.” This DOE Circular took effect on June 7, 2017, with the following pertinent provisions:

1. Establishment of Mindanao WESM Transition Committee, which will be one of the committees under the Philippine Electricity Market Corporation (PEMC) Board;
2. Launch of WESM in Mindanao on June 26, 2017, with the commencement of full commercial operations dependent on various conditions precedent, including installation of metering facilities, approval of the Price Determination Methodology by the ERC, and trial operations of the WESM, among others;
3. Conduct of the Trial Operation Program for the WESM;
4. Automatic termination of IMEM; and
5. Implementation of an Interim Protocol to govern the dispatch and scheduling of power generation plants, while the WESM is still not operational.

C. Reserve Market

On December 2, 2013, the DOE issued Department Circular No. DC2013-12-0027 entitled: “Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market”. This DOE Circular sets the responsibility of the PEMC, National Grid Corporation of the Philippines (NGCP), National Electrification Administration, and all WESM members in relation to the operation of the Reserve Market (market that basically provides back-up power that could be tapped by the NGCP). As of this writing, no date has been set for the launch of the Reserve Market.

Pending the ERC’s approval of the Price Determination Methodology of the Reserve Market, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM starting January 2016. The protocol follows that of the Reserve Market, with participants being only be those contracted with NGCP, and that no settlement amount will come from the WESM.

D. Feed-in-Tariff (FIT) scheme

On May 2017, the DOE approved the new FIT-All rate for 2016 at ₱0.1830/kWh. The new FIT-All rate for 2016 took effect in the immediately succeeding billing period following the receipt by National Transmission Corporation of the aforementioned decision.

In March 2017, the ERC issued Resolution No. 01, Series of 2017 entitled “Resolution Setting the Degressed Feed-In Tariff Rates for Run-of-River Hydro and Biomass, as provided in Section 2.11 of the Feed-In-Tariff Rules (FIT Rules)”. The degressed rates will be applied for run-of-river hydro and biomass plants which commenced commercial operations in the period January to December 2017. The degressed rate for hydro is ₱5.8705/kWh, and ₱6.5969/kWh for biomass.

E. Maintaining the Share of RE in the Installed Capacity

The DOE, through the National Renewable Energy Board (NREB), aims to release the final rules for the Green Energy Option (GEOP) in 2018. The NREB has conducted several public consultations nationwide as part of the requirements for the approval of the policy.

Under the GEOP, electricity end-customers will be allowed to access renewable energy resources through their distribution utility, electric cooperatives, or electricity suppliers. The NREB is expected to submit its output on the policy to the DOE for the latter's review and eventual promulgation.

Capital Expenditure for 2018

AboitizPower is allotting ₱62 bn for capital expenditure in 2018, of which 82% is for new thermal projects, 3% for new renewable projects, and 15% for exploratory and operating activities.

Banking & Financial Services SBU

I. UnionBank of the Philippines, Inc. (UnionBank)

UnionBank continues to progress with its 10-year business transformation roadmap called FOCUS 2020, with its vision of becoming one of the top 3 universal banks in the Philippines. This vision is not merely in terms of asset size or branch network, but rather in terms of metrics of financial value to stakeholders, operational excellence, customer franchise/ share of wallet, unique customer experience, and delivering superior and innovative products and services.

Furthermore, the UnionBank's primary objective is to become a premier retail bank. This means that it needs to increase its core earning asset base, attain a balanced source of revenue, and shift towards a recurring income business model as it fortifies its balance sheet.

Now that UnionBank is reaching the end-point of its FOCUS 2020 strategic plan, the shift has become more evident, with UnionBank showing progress in terms of reaching its objective. A significant portion of its revenues are already recurring in nature. More importantly, the growth in recurring revenue can now cover for the gap that trading income used to fill. Likewise, more than half of UnionBank's revenues are already coming from the retail segment.

Amid these milestones, UnionBank will continue to leverage the core strengths that drive its performance:

1. It leverages on Capital, which prompts UnionBank to shift from trading to building recurring income to provide stable returns and predictability in the growth of shareholder value.
2. It leverages on Transforming its Branches and establishing competence of its sales force, rather than expanding its brick-and-mortar network, in order to cater to changing customer expectations.
3. It leverages on Corporate Relationships, by providing superior cash management solutions to anchor clients and, in the process, penetrate their entire ecosystem.
4. It leverages on Processes, which is about building the foundation of the Bank's automation and digital transformation initiatives.
5. It leverages on Partners, to build synergies for the expansion of products and services, as well as customer reach.
6. It leverages on having a unique UnionBank DNA, focused on building the right culture and organizational capabilities.
7. Last but not the least, it leverages on its subsidiaries, such as CitySavings, which is the Bank's avenue to expand its reach towards underserved customer segments for inclusive prosperity.

On top of this, UnionBank is also embarking on a Digital Transformation Strategy which aims to enhance its competitive advantage beyond 2020. This is comprised of three major plans:

1. Plan A is to digitize the bank by building the necessary infrastructure to support digital initiatives, by including having 24/7 availability, 6sigma reliability, T+0 processes, and secured banking transactions;
2. Plan B is to launch a digital bank, which will deliver a fully digital customer experience through the EON brand; and
3. Plan C is to engage fintechs, in order to expand UnionBank's platform partnership base and fast track customer acquisition. All these plans are deemed crucial in sustaining its level of efficiency as it scales up its business operations.

The combined financial and technological capabilities of UnionBank and CitySavings, driven by the purpose to deliver smart banking solutions and promote inclusive prosperity, are expected to catapult UnionBank and its Subsidiaries to greater heights and towards elevating the lives of its stakeholders and the communities they serve.

UnionBank is allotting ₱2 bn for capital expenditure in 2018.

II. PETNET, Inc. (PETNET)

PETNET will continue to face an environment that is more competitive in business trends and more stringent in regulation. Thus, PETNET has and will continue to put in place IT, risk management, and compliance systems and processes, to respond to these challenges. As testament to this commitment, PETNET secured ISO 9001:2015 (Quality Management System) Certification with Zero Non-Conformance in December 2017. PETNET intends to continue improving its business operations to adapt and better respond to the ever-growing needs of the market.

Strengthening its retail brand, PERA HUB, will remain as one of PETNET's priorities as they explore new and better ways to heighten customer delight. As part of its digital initiatives to be more accessible and convenient for customers, PETNET introduced the PERA HUB Mobile Application in January of 2017, the first of its kind in the financial services industry. Through the simple click of a button, customers will be able to locate the nearest PERA HUB branch, view the list of loan requirements, and monitor PERA HUB Rewards Card points. In addition, the mobile app users can also check the latest PERA HUB promos and rewards, and explore its other products and services. Through future PERA HUB version updates with added functionalities, customers will soon be able to conduct transactions through this mobile application.

PETNET shall continue to support the CSR activities of the Aboitiz Group to complement its own continuing efforts to develop more purposive CSR activities. PETNET remains steadfast in its commitment to provide as much value as it can to all its stakeholders. As such, it intends to be fully aligned with the Aboitiz Group's level of corporate governance as it remains true to its core values as an organization.

UnionBank's subsidiaries, City Savings Bank and Union Properties, Inc., agreed to purchase AEV's shares in PETNET on February 9, 2018. The sale is subject to approvals by the Philippine Competition Commission and the Bangko Sentral ng Pilipinas.

Food SBU

Pilmico remains aggressive in growing its core businesses in the Philippines while building new ones in the ASEAN region. True to its brand promise of being its customer's Partners for Growth, Pilmico will continue to strive for business excellence by providing solutions and building partnerships for growth.

Pilmico intends to continue to spread its reach in the ASEAN region, with plan of effectively increasing its customer base from 100 million to 600 million. Through diversification and integration, Pilmico expects to grow domestically and internationally as it aims to increase shareholder value.

For its Flour business, Pilmico plans to expand its market reach in the ASEAN region with the export of its flour products and by exploring production capabilities in the region. Likewise, Pilmico expects to broaden its flour product portfolio offering for both local and international distribution.

The Farms business plans to proceed to the next sow level ramp up of 20,000 sows, and integrate the business further through the value chain with a new meat processing plant. It expects to likewise grow its current monthly egg production from 4 million in 2017 to 15 million by quadrupling its current layers' capacity.

To further grow and strengthen its Feeds business in the Philippines, Pilmico plans to expand its feed mill capacity in both Iligan and Tarlac. Also, investments in the improvement of warehousing and logistics will be put in place to cater to ever-evolving customer needs. These enhancements should enable Pilmico to serve its growing animal feeds-related businesses in the Philippines by increasing its foothold in the industry.

Internationally, Pilmico will continue to practice operational excellence in its existing aqua feed mill in Dong Thap, Vietnam, and expand its market reach both locally and regionally. At the same time, Pilmico will start operationalizing its newly acquired animal feed mill in Binh Duong, Vietnam while aggressively penetrating the local animal feed mill industry.

Pilmico plans to replicate the success of its feed-milling business in the Philippines in Vietnam. Its acquisitions in Vietnam are a strategic entry point to explore new markets in the Indochina region and be a true ASEAN Feeds player. Furthermore, Pilmico will continue to actively pursue other opportunities in the region through expansion, as well as via mergers and acquisitions.

2018 will be complex, volatile, and uncertain, but Pilmico sees this as more opportunities to advance business and communities. Pilmico will leverage its continuing strategies of building an agile culture, people development and digital transformation in order to deliver solutions to customers as it expands its market reach in the ASEAN region. Through an agile workforce enabled by technology, Pilmico is confident that it is well-positioned to capitalize on market volatility and still deliver its brand promise of being its customer's partner for growth.

Pilmico is allotting ₱5 bn for capital expenditure in 2018.

Infrastructure SBU

I. Aboitiz InfraCapital (AIC)

AIC remains committed to participating in the Philippine infrastructure space and contributing to the nation's development.

It will use Apo Agua Infraestructura, Inc. (Apo Agua) and Lima Water as strategic platforms to build up the Group's water business. It also continues to look into unserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country. Apo Agua, the project company between AEV and J.V. Angeles Construction Corp. (JVACC), will design, construct, and operate a hydroelectric powered-raw water treatment facility and a conveyance system which will deliver a minimum contracted annual volume of 109.5 mn cubic meters (equivalent to 300 million liters per day) of treated bulk water to Davao City over a 30-year period.

On March 17, 2015, Apo Agua signed the Contractual Joint Venture Agreement and Bulk Water Purchase Agreement (BWPA) with Davao City Water District (DCWD) for the financing, design, construction, and operations of the Tamugan Surface Water Development Project.

On March 1, 2016, Apo Agua secured the project endorsement and approval from the Council Members of the Davao City Government.

On October 9, 2017, Apo Agua received approval for the allowable use of land from the Sangguniang Panlungsod. Other key permits obtained in 2017 include the Environmental Compliance Certificate and tree cutting permit from the DENR.

Apo Agua continues to work on obtaining the final permits necessary to begin construction. In parallel, Apo Agua continues to work on finalizing the design of the facility and continually engaging with our stakeholders to set the stage for the commencement of construction in 2018.

AIC is allotting ₱4 bn for capital expenditure in 2018.

II. Republic Cement and Building Materials, Inc. (RCBM)

Overall cement demand grew modestly in 2017. Market demand in residential and non-residential markets remained steady and public-sector infrastructure projects started to accelerate. However, RCBM faced strong headwinds during 2017 from imports, cost inflation and competitive pressures.

The sector is expected to remain highly competitive with new local capacity and continued imports.

RCBM remains focused on serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs to best adapt to the challenging environment. RCBM believes that the long-term outlook for the Philippine construction industry remains strong.

Land SBU

By securing land in strategic areas, crafting unique project designs, and focusing on lucrative niches, AboitizLand is firmly committed to building and nurturing communities. Focused on growth, AboitizLand looks forward to the addition of new projects to its residential and commercial business, whilst expanding its industrial portfolio.

In 2018, AboitizLand expects to launch three (3) residential projects, as well as its largest commercial project to date, The Outlets at Lipa. AboitizLand is confident that these new projects launching in Luzon will be key in driving and sustaining the company's growth towards becoming a competitive player in the national real estate industry.

The Outlets at Lipa demonstrated early signs of success through the Holiday Wonderfair preview event, which took place in December 2017. In addition, as residential sales remain on a firm uptrend with the launch of new projects, AboitizLand also continues to better its construction rhythm, priming the residential business unit for growth opportunities.

Based on an internal assessment of other top performing industrial parks in the Calabarzon region, AboitizLand ranked 1st in industrial lot sales (hectares) for 2017. AboitizLand's industrial business unit will continue to be a key performer in the years ahead. The industrial business unit has been outperforming its prior years and has consistently exceeded sales targets, whilst sustaining its business through additional land acquisitions and the development of its existing land portfolio.

AboitizLand is allotting ₱5 bn for capital expenditure in 2018.

REVIEW OF JAN-DEC 2016 OPERATIONS VERSUS JAN-DEC 2015

RESULTS OF OPERATIONS

For the year ended December 2016, AEV and its subsidiaries posted a consolidated net income of ₱22.47 billion, a 27% YoY increase. This translated to an earnings per share of ₱4.02 for 2016. In terms of income contribution, Power Group still accounted for the bulk at 65%, followed by the Banking and Financial Services, Food, Infrastructure and Real Estate Groups at 21%, 7%, 7% and 1%, respectively.

The Group generated a non-recurring net loss of ₱347 million (versus a ₱602 million loss in 2015) mainly from the Power unit's refinancing costs and goodwill impairment, which were partly offset by the net foreign exchange gains from revaluation of dollar-denominated assets and liabilities. Stripping out these one-off items, the Group's core net income for 2016 amounted to ₱22.82 billion, up 25% YoY.

BUSINESS SEGMENTS

The individual performance of the major business segments is discussed as follows:

Power

Aboitiz Power Corporation (AboitizPower) ended 2016 with an income contribution of ₱15.38 billion, a 14% increase from 2015's ₱13.53 billion.

Power generation group's bottomline contribution to AEV increased by 17% in 2016 to ₱12.50 billion from ₱10.70 billion in 2015. This was substantially attributed to the full-year income contribution of Therma South, Inc. (TSI), which started to generate earnings in September 2015.

AboitizPower's attributable energy sold for 2016 grew by 8% YoY, from 12,550 gigawatt hours (GWh) to 13,495 GWh, mainly due to the 8% YoY growth in power sales through bilateral contracts. In line with the group's efforts to reduce its exposure to spot market sales, bilateral sales constitute 91% of total power sold. Spot market sales likewise increased by 4% YoY to 1,216 GWh.

As of year-end 2016, AboitizPower's net sellable capacity stood at 2,975 MW after the PCC approval of the acquisition of GNPowder Mariveles Coal Plant Ltd. Co. (GMCP).

On the other hand, AboitizPower's distribution group's earnings contribution to AEV decreased by 4% from ₱2.92 billion to ₱2.82 billion. Attributable electricity sales rose by 7% to 5,105 GWh in 2016 from 4,759 GWh in 2015 as energy sales grew across all customer segments. However, gross margin per kWh in 2016 decreased to ₱1.59 from ₱1.61 in 2015. The decline mostly came from the under-recoveries as a result of a shift in supply mix.

Banking and Financial Services

Income contribution from this industry group grew 93%, from ₱2.54 billion to ₱4.91 billion for 2016. Union Bank of the Philippines (UBP) income contribution rose 94% from ₱2.53 billion to ₱4.91 billion mainly due to profits from the sale of securities, coupled with higher net interest income and fees posted during 2016. Net interest income surged by 24% to ₱14.8 billion as UBP continued the build-up of its earning asset portfolio. Fee income likewise increased by 19% to ₱4.4 billion attributed to the increasing customer base in both loans and deposits.

Food

Income contribution from Pilmico Foods Corporation (Pilmico) and its subsidiaries increased slightly by 1% in 2016 to ₱1.73 billion from ₱1.71 billion in 2015. Feeds Philippines and Flour reported an increase in income contributions, while Feeds Vietnam and Farms both showed a decrease. Feeds Philippines income contribution increase was due to strong volume growth while Flour's improvement was a result of better performance of its by-products. On the other hand, Feeds Vietnam reported a decline in income contribution mainly due to lower selling prices and volume. For Farms, the significant drop in live hog prices more than offset the rise in volume on account of sow level expansion.

Real Estate

Income contribution of AboitizLand in 2016 amounted to ₱188 million, 65% down from the ₱536 million in 2015. Revenue at ₱2.4 billion posted a 7% decline from 2015 mainly due to deferred industrial business unit revenue recognition. The decline in net income was mainly due to the increase in opex spending to strengthen the organization and to support entry into the national real estate scene. In addition, AboitizLand recognized a fair valuation gain on investment properties in 2015, which did not recur in 2016.

Infrastructure

Newly-acquired infrastructure companies started contributing in mid-September 2015 and posted a combined income contribution of ₱1.55 billion for 2016, up 700% from ₱194 billion in 2015.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

For the year ended December 31, 2016, consolidated net income allocable to the equity holders of AEV registered a 27% YoY increase, reaching ₱22.47 billion from ₱17.68 billion posted in 2015.

Operating profit for 2016 amounted to ₱28.9 billion, a 5% increase YoY, as the ₱5.16 billion increase in revenues surpassed the ₱3.65 billion rise in costs and expenses. This increase was mainly attributed to the performance of the Power Group.

Power subsidiaries reported a 7% YoY increase in operating profit from ₱24.69 billion to ₱26.31 billion mainly due to the growth in Earnings Before Income and Taxes (EBIT) of the Therma Power subsidiaries attributed to the full-year EBIT contribution from TSI.

Share in net earnings of associates rose by 46% YoY (₱9.65 billion vs ₱6.59 billion in 2015) largely due to the growth of UBP's net income during 2016, which resulted from higher net interest income and substantial gains from sale of securities, as well as, and full-year equity earnings contribution of infrastructure group.

The growth in equity earnings and other income, coupled with an increase in operating profit, more than offset the increase in net interest expense, and as a result, pulled up the Group's overall profitability. Net interest expense increased by ₱1.38 billion YoY resulting from higher level of debt.

Other Income reached ₱2.50 billion in 2016, from ₱224 million in 2015, mainly due to TSI's collection of insurance proceeds from settlement of liquidated damages, AP's gain on step acquisition of EAUC, and lower foreign exchange losses.

Net income attributable to non-controlling interests increased to ₱6.18 billion from ₱5.48 billion in 2015, substantially due to the increase in AP's net income, 23% of which belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders correspondingly increased by 42% from ₱15.54 billion in 2015 to ₱22.07 billion in 2016. The 27% increase in consolidated net income, combined with the 92% drop in AEV's share of an associate's unrealized mark-to-market losses on its available-for-sale (AFS) investments, accounted for this growth.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Compared to year-end 2015 level, consolidated assets increased 36% to ₱464.08 billion as of December 31, 2016, due to the following:

- a. Trade and other receivables, inclusive of noncurrent portion, rose by 16% (₱22.01 billion vs ₱19.05 billion as of December 31, 2015) mainly due to the first-time consolidation of ₱2.15 billion receivable accounts of newly-acquired subsidiary, GMCP, and higher receivables of the real estate group.
- b. Inventories increased by 29% (₱10.22 billion vs ₱7.95 billion as of December 31, 2015) mainly due to the increase in power group's coal inventory as a result of the first-time consolidation of GMCP's accounts.
- c. Derivative Assets, net of derivative liabilities (current and non-current) shifted from a net derivative asset of ₱563 million as of end-2015 to a net derivative liability of ₱69 million as of end-2016. This movement is a result of combined mark-to-market and realized swap losses on existing derivatives.
- d. Other Current Assets increased by 48% (₱9.58 billion vs ₱6.49 billion as of December 31, 2015) substantially due to the recording of TSI's ₱2.10 billion restricted cash to comply with its project debt covenant and the ₱679 million prepaid accounts of GMCP.

- e. Gross of depreciation expense, the resulting ₱65.82 billion combined growth in Property Plant and Equipment (PPE), Investment Properties (IP), and Land and Improvements (LI) in 2016 was mainly due to the following: 1.) ₱28.4 billion construction of AP's power plants and Food Group's swine farms and plant facilities; 2.) ₱1.4 billion acquisition of AP generation and distribution assets; 3.) ₱34.7 billion first-time consolidation of EAUC and GMCP assets; and 4.) ₱917 million additional lot purchases by Real Property Group.
- f. Investments in and Advances to Associates increased by 18% (₱86.95 billion vs ₱73.43 billion as of December 31, 2015) mainly due to the ₱11.2 billion acquisition of GNPower Dinginin Ltd. Co. (GNPD) by AP, ₱587 million purchase of UBP shares, ₱596 million capital infusion into San Carlos Sun Power, Inc. (Sacasun), Maaraw Holdings San Carlos, Inc. and RP Energy by AP, and recording of ₱9.65 billion share in net earnings of associates for 2016. This increase was partially reduced by the ₱8.04 billion cash dividends received from associates, ₱232 million de-equitized investment in EAUC, and ₱190 million share of a banking associate's mark-to-market loss on its AFS investments for the year 2016.
- g. Available-for-Sale (AFS) Investments increased by 53% (₱564 million vs ₱368 million as of December 31, 2015) mainly due to additional acquisitions made during 2016.
- h. Deferred Income Tax Assets increased by 171% (₱1.89 billion vs ₱700 million as of December 31, 2015) mainly due to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses, actuarial losses on defined benefit plans and impairment provisions of the Group during 2016.
- i. Goodwill increased by 1889% (₱41.25 billion vs ₱2.07 billion as of December 31, 2015) due to the ₱39.34 billion positive goodwill generated from AP's acquisition of GMCP, partly offset by the impairment of goodwill amounting to ₱169 million on the investment in MEZ.
- j. Other Noncurrent Assets increased by 46% (₱15.22 billion vs ₱10.43 billion as of December 31, 2015) primarily due to the build-up of deferred input VAT by Power Group in 2016 due to the ongoing construction of its power plants, and the ₱2.88 billion loan extended by ARI to Sacasun.

Liabilities

Consolidated short-term bank loans decreased by 7% (₱8.26 billion vs ₱8.88 billion as of December 31, 2015) mainly due to loan repayments made by Power Group in 2016. On the other hand, long-term debt increased by 64% (₱249.46 billion vs ₱152.46 billion as of December 31, 2015) substantially due to the ₱31.0 billion bridge financing availed by TPI to fund GMCP acquisition, ₱28.02 billion combined additional loan availment by TVI, PEC, Hedcor Bukidnon and Aseagas to finance plant constructions, ₱28.12 billion first-time consolidation of GMCP debt, and ₱15.98 billion loan availment by APRI and Hedcor Sibulan. This was reduced by ₱6.12 billion payment of finance lease and loan amortizations, and financing costs on new loan availments.

Trade and other payables, inclusive of noncurrent portion, increased by 22%, from ₱18.87 billion to ₱23.02 billion, mainly due to the increase in payables to suppliers and contractors of certain power subsidiaries and a joint operation investee as a result of ongoing plant construction in 2016, and first-time consolidation of GMCP's ₱1.81 billion accounts.

Income tax payable decreased by 28% in 2016 from ₱957 million to ₱685 million due to recording of lower income tax liability of Power and Food Groups for the year.

Customers deposits increased in 2016 by 7%, from ₱6.58 billion to ₱7.04 billion, mainly due to the growth in the customer base of power distribution subsidiaries and additional deposits from retail electricity supply (RES) customers.

Asset retirement obligation (ARO) decreased by 40% in 2016 from ₱3.02 billion to ₱1.82 billion, as a result of the change in the estimated future costs.

Pension liability, net of pension asset, decreased by 64%, from ₱649 million to ₱232 million, mainly on account of retirement contributions made by AEV, AP and the majority of the subsidiaries in 2016.

Equity

Equity attributable to equity holders of the parent increased by 19% in 2016 from year-end 2015 level of ₱118.22 billion to ₱140.28 billion, mainly due to the following: 1.) ₱16.59 billion increase in Retained Earnings resulting from the ₱22.47 billion net income recorded during 2016, reduced by the ₱5.89 billion cash dividends paid, and 2.) ₱5.87 billion sale of treasury shares. This was partly offset by the ₱368 million additional share in UBP's unrealized mark-to-market losses on its AFS investments and actuarial losses on its defined benefit plans.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the year ended December 2016, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in 2015, consolidated cash generated from operating activities in 2016 increased by ₱4.75 billion to ₱32.01 billion mainly due to the significant growth in earnings before interest, depreciation and amortization (EBIDA) recorded by subsidiaries in 2016 despite higher income taxes paid.

As of December 31, 2016 ended up with ₱84.67 billion net cash used in investing activities versus ₱36.59 billion in 2015. This was mainly due to higher funds spent on the ongoing plant constructions, acquisition of GMCP and GNPD, and step acquisition of EAUC.

Net cash from financing activities was ₱52.85 billion as of end-2016 versus ₱22.39 billion in 2015. This was largely attributed to the Group's higher level of long-term loan availments during the current year, coupled with higher cash generated from the sale of treasury shares.

For the period ended December 31, 2016, net cash inflows surpassed cash outflows, resulting in a 0.4% increase in cash and cash equivalents from ₱63.58 billion as of year-end 2015 to ₱63.86 billion in 2016.

FINANCIAL RATIOS

Backed by strong operating cash inflows, liquidity was adequately preserved. Current ratio as of end-2016 stood at 2.51x from 2.84x at the start of the year, since current liabilities grew stronger than current assets. Debt-to-equity ratio climbed to 1.68:1 (versus year-end 2015's 1.31:1). This was mainly due to the growth in total liabilities which outpaced the increase in equity.

REVIEW OF JAN-DEC 2015 OPERATIONS VERSUS JAN-DEC 2014 RESULTS OF OPERATIONS

For the year ended December 2015, AEV and its subsidiaries posted a consolidated net income of ₱17.68 billion, a 4% YoY decrease. This translated to an earnings per share of ₱3.18 in 2015. In terms of income contribution, Power Group accounted for the bulk at 73%, followed by the Financial Services, Food, Real Estate and Infrastructure Groups at 14%, 9%, 3%, and 1%, respectively.

The Group generated a non-recurring net loss of ₱602 million (versus a ₱436 million gain in 2014) mainly from the foreign exchange loss on the revaluation of dollar-denominated loans and placements of the Power business units. Stripping out these one-off items, the Group's core net income for 2015 amounted to ₱18.28 billion, up 2% YoY.

BUSINESS SEGMENTS

The individual performance of the major business segments is discussed as follows:

Power

Aboitiz Power Corporation (AboitizPower) ended 2015 with an income contribution of ₱13.53 billion, a 6% increase from 2014's ₱12.75 billion. Power generation group's bottomline contribution to AEV increased by 3%

in 2016 to ₱10.70 billion from ₱10.36 billion in 2014. This was substantially attributed to the following: a.) higher sales volume from the coal and large hydro groups, b.) lower financing cost of the large hydro group, and c.) lower operating expenses of the geothermal and oil groups. This was partly offset by the decrease in geothermal group's revenue due to steam decline and the increase in income tax provisions owing to the income tax holiday (ITH) expiration of Magat, Binga and Therma Marine plants that occurred.

AboitizPower's attributable net generation for 2015 grew by 11% YoY, from 11,272 gigawatthours (GWh) to 12,550 GWh, due to the 18% YoY growth in power sales through bilateral contracts. In line with the group's efforts to reduce its exposure to spot market sales, bilateral sales constitute 91% of total power sold for the year 2015, and as a consequence, spot sales decreased by 28% YoY to 1,168 GWh.

On a capacity basis, attributable sales increased by 6% in 2015 to 1,900 MW. The new capacities during 2015 from Therma South and Hedcor Sabangan, along with the higher ancillary revenues of the large hydros and higher dispatch of the oil group, more than offset the decrease in APRI's available capacity due to steam decline. The completion of the 14MW Sabangan run-of-river hydroelectric and 260MW (net) Davao Coal plants during 2015 resulted in an increase in the Power group's net attributable sellable capacity to 2,532 MW.

Likewise, AboitizPower's distribution group's earnings contribution to AEV during 2015 rose 19% from ₱2.46 billion to ₱2.93 billion. Driven by the growth in energy sales across all customer segments, as well as the 2015 full-year contribution of Lima Enerzone, attributable electricity sales rose by 6% to 4,759 GWh, from 4,480 GWh in 2014.

Banking and Financial Services

Income contribution from this industry group fell 22%, from ₱3.24 billion in 2014 to ₱2.54 billion for 2015.

UBP's income contribution fell 22% in 2015 from ₱3.24 billion to ₱2.53 billion mainly due to the absence of trading gains posted in 2015. This decline was partially countered by the 13% growth to ₱12 billion of net interest income during 2015 in view of higher interest income coupled with lower cost of deposits. Service fee revenue likewise grew by 13% to ₱3.7 billion brought about by the strong expansion in retail loans.

PETNET, Inc. (PETNET), acquired by AEV in June 2015, contributed ₱8.16 million to the Group's consolidated net income from the date of acquisition.

Food

Income contribution from Pilmico Foods Corporation (PILMICO) and its subsidiaries amounted to ₱1.71 billion, up 31% YoY, mainly attributed to the strong performance of Feeds Philippines and the full-year contribution of Feeds Vietnam. Flour earnings contribution remained flat at ₱556 million. The improvement in Net Income After Tax (NIAT) of the Feeds and Flour business more than made up for the decline in Farms' bottomline, resulting from lower prevailing market selling price of live hogs.

Real Estate

Full-year 2015 income contribution of AboitizLand amounted to ₱536 million, 15% down from 2014's ₱633 million. This was mainly due to the decline in revenue from residential unit sales and higher manpower cost as a result of ongoing organizational expansion. Despite the 8% increase in residential unit sales, the corresponding revenue recorded under the percentage-of-completion method was lower since the pace of construction in 2015 was slower than that for 2014.

Infrastructure

Newly-acquired companies, AEV CRH Holdings, Inc. and CRH Aboitiz Holdings, Inc., started contributing in mid-September 2015 and posted a combined income contribution of ₱194 million.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

For the year ended December 31, 2015, consolidated net income allocable to the equity holders of AEV registered a 4% decline, reaching ₱17.68 billion from the ₱18.38 billion posted in the 2014.

Operating profit for 2015 amounted to ₱27.42 billion, a 12% increase YoY, as a result of the ₱1.39 billion increase in revenues coupled with the ₱1.48 billion decline in costs and expenses. This increase was mainly attributed to the performance of the Power and Food Groups.

Power subsidiaries reported a 10% YoY increase in operating profit during 2015 from ₱22.35 billion to ₱24.69 billion mainly due to the growth in (a) EBIT of the Therma Power subsidiaries attributed to lower fuel and purchased power costs of Therma Luzon, better selling prices of Therma Marine, and the fresh EBIT contributions from Therma South, Inc. (TSI) and the rehabilitated barges of Therma Mobile, and (b) gross margins of the distribution utilities attributed to higher electricity demand from customers. Food group also reported an increase in operating income in 2015 by 51% (₱2.67 billion vs ₱1.77 billion in 2014) largely from better performance of the Farms division.

Share in net earnings of associates dropped by 9% YoY (₱6.59 billion in 2015 vs ₱7.24 billion in 2014) mainly due to the decline in net income of UBP. This was largely attributed to absence of trading gains.

The drop in equity earnings and other income, coupled with increases in net interest expense and income tax provision, more than offset the increase in operating profit, and as a result, pulled down the Group's overall profitability. Net interest expense increased by ₱644 million in 2015 resulting from higher level of debt.

Other Income declined by 88% YoY (₱224 million in 2015 vs ₱1.91 billion in 2014) mainly due to the ₱634 million gains generated from the sale of Aboitiz Jebesen Transport Corporation (ABOJEB) and Cebu International Container Terminal, Inc. (CICTI) during 2014, versus nil in 2015. The higher net foreign exchange loss (₱1.28 billion vs ₱199 million in 2014) recorded in the restatement of Power Group's dollar-denominated debt and placements, further contributed to the drop in Other Income.

Net income attributable to non-controlling interests increased in 2015 to ₱5.48 billion, from ₱5.18 billion in 2014, substantially due to the increase in AP's net income, 23% of which belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders correspondingly decreased by 24%, from ₱20.35 billion in 2014 to ₱15.54 billion in 2015. The 4% decrease in consolidated net income combined with 217% decrease in AEV's share of an associate's fair valuation differential on its available-for-sale (AFS) investments, accounted for this decline.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Compared to year-end 2014 level, consolidated assets increased 21% to ₱340 billion as of December 31, 2015, due to the following:

- a. Cash & Cash Equivalents increased by 26% (₱63.58 billion vs ₱50.48 billion as of December 31, 2014) as the funds generated from operations and debt raising exceeded the funds used in acquiring additional investments, financing capital expenditures, repayment of maturing obligations and payment of cash dividends.
- b. Investments in and Advances to Associates increased by ₱21.17 billion (₱73.43 billion vs ₱52.27 billion as of December 31, 2014) mainly due to the ₱23.74 billion acquisition of Lafarge S.A.'s cement business, ₱452 million acquisition of San Carlos Sun Power, Inc and Maaraw Holdings San Carlos, Inc. by AP, ₱321 million purchase of UBP shares by AEV and recording of ₱6.59 billion share in earnings of associates. This increase was partially reduced by the ₱2.65 billion redemption of MORE preferred shares, ₱4.95

billion cash dividends received from associates, and ₱2.25 billion share of a banking associate's fair valuation loss on its AFS investments during the current period.

- c. Available-for-Sale (AFS) Investments increased by 472% (₱368 million vs ₱64 million as of December 31, 2014) mainly due to the first-time consolidation of PETNET's AFS investments.
- d. Gross of depreciation expense, the resulting ₱24.14 billion combined growth in Property Plant and Equipment (PPE), Investment Properties (IP), and Land and Improvements (LI) was mainly due to the following: 1.) ₱18.3 billion on-going construction of AP's power plants, Aseagas' biomass plant and Food Group's swine farms and plant facilities; 2.) ₱3.6 billion acquisition of AP generation and distribution assets; 3.) ₱780 million purchase of a piece of property and renovation costs by CPDC; and 4.) ₱1.4 billion additional lot purchases and various capital expenditures by Real Property Group.
- e. Trade and Other Receivables, inclusive of noncurrent portion, increased by 13% (₱19.05 billion vs ₱16.93 billion as of December 31, 2014) mainly due to the growth in: 1.) Real Estate Group's installment sales and AEV's revenues which correspondingly brought up trade receivables, and 2.) advances to contractors attributed to the on-going plant construction.
- f. Derivative Assets (current and non-current) increased by 401% (₱563 million vs ₱113 million as of December 31, 2014) mainly due to mark-to-market gains recognized during the current period on new forward contracts entered into by Power Group to hedge its foreign exchange risk on forecasted dollar-denominated payments related to the construction of a power plant.
- g. Other Current Assets increased by 61% (₱6.49 billion vs ₱4.04 billion in December 31, 2014) substantially due to Power Group's increase in prepaid insurance and reclassification of VAT inputs from Non-current to Current Assets considering the expected application of these VAT inputs against generated VAT outputs at the start of a power generation subsidiary's commercial operation.
- h. Deferred Income Tax Assets increased by 100% (₱700 million vs ₱350 million as of December 31, 2014) mainly due to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses, actuarial losses on defined benefit plans and impairment provisions net operating loss carry-over (NOLCO) generated by the Group in 2015.
- i. Goodwill increased by 34% (₱2.07 billion vs ₱1.55 billion as of December 31, 2014) due to the ₱524 million positive goodwill generated from the acquisition of PETNET shares.

The above increases were tempered by the following decreases:

- a. Intangible Asset-Service Concession Rights decreased by 5% (₱3.23 billion vs ₱3.40 billion in December 2014) mainly due to the amortization charged to consolidated net income during the period.
- b. Other Noncurrent Assets decreased by 8% (₱10.43 billion vs ₱11.38 billion as of December 31, 2014) primarily due to the reclassification of a portion of the VAT inputs lodged in Non-current Assets to Current Assets in anticipation of their application against VAT outputs.

Liabilities

Consolidated short-term bank loans increased by 21% (₱8.88 billion vs ₱7.34 billion as of December 31, 2014) due to availment by the Food and Real Estate Groups to fund working capital requirements. Likewise, long-term debt increased by 37% (₱152.46 billion vs ₱111.44 billion as of December 31, 2014) substantially due to the ₱24 billion retail bond issuance of AEV Parent to fund investment acquisitions, and the ₱19.86 billion combined additional loan availment by TVI, Hedcor Bukidnon, TSI, PEC, Food Group and Aseagas to finance ongoing plant construction, reduced by the ₱2.2 billion payment of maturing finance lease and loan amortizations.

Trade and other payables, inclusive of noncurrent portion, were higher by 18%, from ₱15.98 billion to ₱18.87 billion mainly due to the increase in payables to suppliers and contractors of certain power subsidiaries and a joint operation investee as a result of ongoing plant construction.

Income tax payable increased by 38%, from ₱695 million to ₱957 million due to recording of additional income tax liability of the Power Group during the current period.

Customers deposits increased by 11%, from ₱5.94 billion to ₱6.58 billion mainly due to the growth in the customer base of power distribution subsidiaries.

Asset retirement obligation (ARO) increased by 28% from ₱2.35 billion to ₱3.02 billion due to additional provision and accretion of interest recorded during the current period.

Pension liability, net of pension asset, increased by 56%, from ₱416 million to ₱649 million, mainly on account of additional retirement cost and actuarial losses recorded by the Group, partially offset by the contributions made, during the current year.

Deferred income tax liabilities (DTL) decreased by 9%, from ₱1.76 billion to ₱1.61 billion, mainly due to the reversal of some deferred tax provision resulting from the unrealized foreign exchange losses incurred, and lower unrealized fair valuation gain recorded on investment property during the current period.

Equity

Equity attributable to equity holders of the parent increased by 10% from year-end 2014 level of ₱107.94 billion to ₱118.22 billion, mainly due to the following: a.) ₱11.53 billion increase in Retained Earnings resulting from the ₱17.68 billion net income recorded during the year, reduced by the ₱6.15 billion cash dividends paid, and b.) ₱885 million sale of treasury shares. This was partially countered by the ₱2.25 billion increase in the Group's share of UBP's unrealized mark-to-market losses on its AFS investments.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the year ended December 2015, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in 2014, consolidated cash generated from operating activities in 2015 increased by ₱155 million to ₱27.26 billion mainly due to the growth in earnings before interest, depreciation and amortization (EBIDA) recorded by subsidiaries during the current year despite higher income taxes paid and increase in operating assets.

During 2015, ₱36.59 billion totaled net cash used in investing activities compared to ₱14.42 billion in 2014. This was mainly due to the acquisition of the cement business, higher cash spent on PPE and LI acquisitions and lower cash dividends received from associates. This increase in cash usage was partly offset by the higher cash generated from the ₱2.65 billion redemption of MORE redeemable preferred shares, vis-a-vis the ₱638 million proceeds from the sale of ABOJEB and CICTI in 2014.

Net cash from financing activities was ₱22.39 billion versus ₱1.66 billion in 2014. This was largely attributed to AEV Parent's ₱24 billion retail bond issuance, the Group's other long- and short-term loan availments, lower cash dividends paid by AEV (₱6.15 billion vs ₱9.94 billion in 2014), and the ₱885 million sale of treasury shares.

In 2015, net cash inflows surpassed cash outflows, resulting in a 26% increase in cash and cash equivalents, from ₱50.48 billion as of year-end 2014 to ₱63.58 billion as of December 31, 2015.

FINANCIAL RATIOS

Backed by strong operating cash inflows, liquidity was adequately preserved. Current ratio stood at 2.84x from 2.76x at the start of the year, since current assets grew stronger than current liabilities. Debt-to-equity ratio climbed to 1.31:1 (versus year-end 2014's 1.08:1). This was mainly due to the growth in total liabilities which outpaced the increase in equity.

Item 7. Financial Statements

The audited consolidated financial statements of AEV are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

AEV has engaged the services of SyCip Gorres Velayo & Co. (SGV) during the two most recent fiscal years. There were no disagreements with SGV on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

Information on Independent Public Accountant

The accounting firm of SyCip Gorres Velayo & Co. (SGV) has been AEV's Independent Public Accountant for the last 24 years. Ms. Ma. Veronica Andresa R. Pore is AEV's current audit partner, and has served as such starting 2017. AEV complies with the requirements of Section 3(b) (ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two-year cooling-off period.

Representatives of SGV will be present during the Annual Stockholders' Meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions, if needed.

There was no event in the past 24 years where AEV and SGV (or the handling partner) had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(A) External Audit Fees and Services

The following table sets out the aggregate fees paid by the Registrant for professional services rendered by SGV:

Fee Type	Year ended December 31, 2016	Year ended December 31, 2016
Audit Fees		
Audit Fees	₱495,040.00	₱469,910.00
Audit-Related Fees	143,667.00	-
Total	₱638,707.00	₱469,910.00
Non-Audit Fees		
Tax Fees	-	-
Consultancy Fees	₱1,537,418.69	
Total		
Total Audit and Non-Audit Fees	₱2,176,125.69	₱469,910.00

Aside from audit services, the Company also engaged SGV in 2017 to provide financial advisory services for ongoing business development 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 external auditors for the years 2017 and 2016 were pre-approved by the Board Audit Committee. The Committee had also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(a) (1) Directors for 2017-2018

Below is a list of AEV's directors for 2017-2018 with their corresponding positions and offices held in the past five (5) years. The directors assumed their directorship during AEV's Annual Stockholders' Meeting in 2017 for a term of one year.

JON RAMON ABOITIZ

Chairman – Board of Directors
Chairman – Board Corporate Governance Committee
Member – Board Risk and Reputation Management Committee

Mr. Jon Ramon Aboitiz, 69 years old, Filipino, has served as Chairman of the Board of Directors of AEV since January 5, 2009. He has been the Chairman of the Board Corporate Governance Committee since February 11, 2009 and has been a member of the Board Risk and Reputation Management Committee since May 17, 2010.

He began his career with the Aboitiz Group in 1970. From being manager of Aboitiz Shipping Corporation, he was promoted to President in 1976. He headed the Aboitiz Group's power business in 1989 and was President of Aboitiz & Company, Inc. (ACO) from 1991 to 2008. Mr. Aboitiz was President/Chief Executive Officer of AEV since 1994 until his retirement in December 2008.

He is currently the Chairman of the Board of Directors of ACO and the Chairman of the Board of Trustees and the Chief Executive Officer of the Ramon Aboitiz Foundation, Inc. (RAFI). He also holds several positions in the following publicly listed companies: Vice Chairman of Aboitiz Power Corporation (AboitizPower) and Union Bank of the Philippines (UnionBank); a director of Bloomberry Resorts Corporation (Bloomberry) and International Container Terminal Services, Inc. (ICTSI); and the Chairman of UnionBank's Executive Committee, Risk Management Committee and the Vice Chairman of its Corporate Governance Committee, including the latter's Compensation Remuneration and Nomination Sub-Committees.

Mr. Aboitiz is also a trustee of the Santa Clara University and the Association of Foundations. He is a member of the Board of Advisors of The Coca-Cola Export Corporation (Philippines) and Pilipinas Kao, Inc.

He holds a Bachelor of Science degree in Commerce, Major in Management from the Santa Clara University, California, U.S.A. He is not connected with any government agency or instrumentality.

ERRAMON I. ABOITIZ

Director
President and Chief Executive Officer
Member – Board Risk and Reputation Management Committee

Mr. Erramon I. Aboitiz, 61 years old, Filipino, has served as President and Chief Executive Officer of AEV since January 5, 2009. He has been a director of AEV since May 9, 1994 and a member of the Board Risk and Reputation Management Committee since May 18, 2015. Mr. Aboitiz was the Executive Vice President and Chief Operating Officer of AEV from 1994 to December 2008.

Mr. Aboitiz is a director and the Chief Executive Officer of AboitizPower, and a director of UnionBank, both publicly listed companies. He is currently the Chairman of the Board of Directors and Chief Executive Officer of Aboitiz Land, Inc. (AboitizLand). He is also a director and the President and Chief Executive Officer of ACO. He is the Chairman of the Board of Directors of the following companies, namely: Aboitiz Infracapital, Inc. (Aboitiz InfraCapital), San Fernando Electric Light & Power Co. Inc. (SFELAPCO), SN Aboitiz Power Group (SN Aboitiz Power), Manila-Oslo Renewable Enterprise, Inc. (MORE), Aboitiz Renewables, Inc. (ARI), Therma Power, Inc. (TPI), CRH Aboitiz Holdings, Inc. (CRH Aboitiz), and Vice Chairman of Republic Cement and Building Materials, Inc. (RCBM). He is also a director of Davao Light & Power Company, Inc. (Davao Light), Cotabato Light & Power

Company (Cotabato Light), Apo Agua Infraestructura, Inc. (Apo Agua), Pilmico Foods Corporation (Pilmico), PETNET, Inc. (PETNET), Archipelago Insurance Pte. Ltd. (Archipelago Insurance), AEV International Pte. Ltd. (AEV International), and AboitizPower International Pte. Ltd. (AboitizPower International). Lastly, he is also the Chairman of the Board of Trustees of Aboitiz Foundation, Inc. (Aboitiz Foundation), and is a director of the Philippine Disaster Recovery Foundation.

He holds a Bachelor of Science degree in Business Administration, Major in Accounting and Finance, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.

MIKEL A. ABOITIZ

Director

Member – Board Audit Committee

– Board Corporate Governance Committee

Mr. Mikel A. Aboitiz, 63 years old, Filipino, has served as a director of AEV since May 15, 2017 and was formerly Senior Vice President of AEV from 2004 to 2015. He is currently a member of AEV's Board Audit Committee, and Board Corporate Governance Committee. He has been director of AboitizPower since February 13, 1998 and has been a member of the Board Audit Committee of AboitizPower since October 26, 2007, and of the Board Risk and Reputation Management Committee since May 19, 2014.

He was formerly Vice Chairman of the Board of City Savings Bank, Inc. (CitySavings) from 2015 to 2016 and President and Chief Executive Officer from 2001 to 2014. He is currently a director of ACO and a trustee and Vice Chairman of RAFI.

He holds a degree in Bachelor of Science, Major in Business Administration, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.

ENRIQUE M. ABOITIZ

Director

Chairman – Board Risk and Reputation Management Committee

Mr. Enrique M. Aboitiz, 64 years old, Filipino, has served as a director of AEV since May 9, 1994, and has been a member of the Board Risk and Reputation Management Committee since February 11, 2009. He is also the Chairman of the Board of Directors of AboitizPower, a publicly listed company, and a director of ACO.

Mr. Aboitiz graduated with a Bachelor of Science degree in Business Administration, Major in Economics, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.

JUSTO A. ORTIZ

Director

Member – Board Audit Committee

– Board Risk and Reputation Management Committee

Mr. Justo A. Ortiz, 60 years old, Filipino, has served as a director of AEV since 1994. He has been a member of the Board Audit Committee since 2006 and the Board Risk and Reputation Management Committee since February 11, 2009.

He is currently the Chairman of the Board of Directors of UnionBank, a publicly listed company and has served as the banks' Chief Executive Officer until December 31, 2017. Mr. Ortiz is a trustee of Insular Life of the Philippines; and a member of the Philippine Trade Foundation, Inc. and World Presidents Organization.

Prior to joining UnionBank, he was the Managing Partner for Global Finance and the Country Executive for Investment Banking at Citibank N.A.

He graduated magna cum laude with a Bachelor's Degree in Economics from the Ateneo de Manila University. He is not connected with any government agency or instrumentality.

ANTONIO R. MORAZA

Director

Mr. Antonio R. Moraza, 61 years old, Filipino, has been a director of AEV since May 18, 2009. He is currently a director and the President and Chief Operating Officer of AboitizPower, a publicly listed company.

He is also the Chairman of the Board of Directors of Abovant Holdings, Inc. (Abovant), Pilmico, Pilmico Animal Nutrition Corporation (PANC), Therma Visayas, Inc., Therma South, Inc. (TSI), Cebu Private Power Corporation (CPPC), Cotabato Light, Davao Light, and Pagbilao Energy Corporation (PEC). Mr. Moraza is likewise a director and Senior Vice President of ACO; President of Therma Power, Inc. (TPI); President and Chief Executive Officer of ARI; and a director of the SN Aboitiz Power Group, Southern Philippines Power Corporation (SPPC), STEAG State Power, Inc. (STEAG Power), Western Mindanao Power Corporation (WMPC), Redondo Peninsula Energy, Inc. (RP Energy), Therma Marine, Inc. (TMI), Therma Mobile, Inc. (TMO), Luzon Hydro Corporation (LHC), Hedcor Bukidnon, Inc. (Hedcor Bukidnon), Hedcor Sabangan, Inc. (Hedcor Sabangan), Hedcor Sibulan, Inc. (Hedcor Sibulan), and Hedcor Tudaya, Inc. (Hedcor Tudaya), Hedcor, Inc. (Hedcor). He holds directorship and management positions in GNPower Mariveles Coal Plant Ltd. Co. (GMCP) and GNPower Dinginin Ltd. Co. (GNPD) and its holding companies. He is also a director and President of TPI and trustee of Aboitiz Foundation.

He holds a Bachelor's Degree in Business Management from the Ateneo de Manila University. He is not connected with any government agency or instrumentality.

RAPHAEL P.M. LOTILLA

Lead Independent Director

Member – Board Audit Committee

- Board Corporate Governance Committee
- Board Risk and Reputation Management Committee
- Board Related Party Transactions Committee

Mr. Raphael P.M. Lotilla, 59 years old, Filipino, has served as an Independent Director of AEV since May 21, 2012 and was elected as Lead Independent Director of AEV on May 15, 2017. He has been a member of the Board Audit Committee, the Board Corporate Governance Committee since May 21, 2012, the Board Risk and Reputation Management Committee since May 18, 2015, and the Board Related Party Transactions Committee since May 15, 2017.

He is an Independent Director of Trans Asia Petroleum Corporation, a publicly listed company. He is an Independent Director of Petron Foundation, Inc., and First Metro Investment, Inc. He is also the Chairman of the Board of Trustees of the Center for the Advancement of Trade Integration and Facilitation and Asia-Pacific Pathways to Progress Foundation, Inc. Mr. Lotilla has previously served the Philippine government in various capacities - Secretary of Energy; President and Chief Executive Officer of Power Sector Assets and Liabilities Management Corporation; Deputy Director- General of the National Economic and Development Authority; Ex-Officio Chairman of the Philippines National Oil Company; Vice Chairman of the Boards of the National Power Corporation and the National Transmission Corporation, among others.

Mr. Lotilla earned his Bachelor of Science in Psychology and Bachelor of Arts in History degrees from the University of the Philippines, and finished his Bachelor of Laws degree from the same university where he became a Professor of Law. He holds a Master of Laws degree from the University of Michigan Law School, U.S.A. He currently serves as a member of the Board of Trustees of the Philippine Institute for Development Studies.

JOSE C. VITUG

Independent Director

Chairman – Board Audit Committee

Member – Board Corporate Governance Committee

– Board Risk and Reputation Management Committee

– Board Related Party Transactions Committee

Justice Jose C. Vitug (ret.), 83 years old, Filipino, has served as an Independent Director of AEV since May 16, 2005. He is Chairman of the Board Audit Committee of AEV since May 18, 2009, member of the Board Corporate Governance Committee since February 11, 2009, the Board Risk and Reputation Management Committee since May 18, 2015, and the Board Related Party Transactions Committee since May 15, 2017.

Ret. Justice Vitug is an Independent Director of ABS-CBN Holdings Corporation, a publicly listed company. He is also a Board Member and Law Dean of the Angeles University Foundation, Chairman of the Board of Trustees of Angeles University Foundation Medical Center and a Graduate Professor of the College of Law of San Beda College.

Ret. Justice Vitug was formerly an Associate Justice of the Supreme Court, Chairman of the House of Representatives Electoral Tribunal, and Senior Member of the Senate Electoral Tribunal. He was also the Chairman of the Philippines Stock Exchange, Inc. Ret. Justice Vitug is a Professorial Lecturer of the Philippine Judicial Academy.

He graduated cum laude from the Manuel L. Quezon University (MLQU) with a Bachelor's Degree in Law. He holds a Master of Laws degree from the MLQU and a Master's Degree in National Security Administration from the National Defense College of the Philippines. He was a Fellow of the Commonwealth Judicial Institute of Canada. He also holds an Honorary Doctorate Degree of Law from the Angeles University Foundation. He is not connected with any government agency or instrumentality.

STEPHEN T. CuUNJIENG

Independent Director

Chairman – Board Related Party Transactions Committee

Member – Board Audit Committee

– Board Corporate Governance Committee

– Board Risk and Reputation Management Committee

Mr. Stephen T. CuUnjieng, 58 years old, Filipino, has served as Independent Director of AEV since May 17, 2010. He is the Chairman of the Board Related Party Transactions Committee since May 15, 2017 and has been a member of the Board Audit Committee of AEV since May 16, 2011, the Board Corporate Governance Committee since May 21, 2012, and the Board Risk and Reputation Management Committee since May 17, 2010.

He has a long and extensive experience in investment banking with a number of major international investment banks. He has led several high profile transactions in the Philippines and Asia and won 14 Deals of the Year awards since 2005. He is currently Chairman for Asia of Evercore, an investment bank listed with the New York Stock Exchange (NYSE). He holds the following positions in publicly listed companies: Adviser to the Board of SM Investments Corporation; and Independent Director of Century Properties Group.

Mr. CuUnjieng is on the Executive Board for Asia of the Wharton School of Business of the University of Pennsylvania in Philadelphia, PA, USA. He held positions as Vice Chairman, Managing Director and Director of Macquarie, a company listed with the Australian Securities Exchange, Merrill Lynch, a company listed with the NYSE, and Salomon Brothers, among others.

He graduated from the Ateneo de Manila University with a Degree in Bachelor of Arts and also has a Bachelor's Degree in Law (with honors) from the Ateneo Law School. He has a Master's Degree in Business Administration

from the Wharton School of the University of Pennsylvania, U.S.A. He is not connected with any government agency or instrumentality.

Nominations for Independent Directors and Procedure for Nomination

The procedure for the nomination and election of the Independent Directors is in accordance with Rule 38 of the Securities Regulation Code (the "SRC Rule 38"), AEV's Amended By-Laws, and AEV's Guidelines. The Guidelines were approved by the AEV Board on February 10, 2003 and disclosed to all stockholders. Thereafter, the AEV Board approved the Amended Guidelines for the Nomination and Election of Independent Directors (the "Amended Guidelines") on March 23, 2017, which was disclosed to all stockholders.

Nominations for Independent Directors were opened beginning January 1, 2018 and the table for nominations was closed on February 15, 2018, in accordance with Section C(1) of the Amended Guidelines.

SRC Rule 38 further requires that the Board Corporate Governance Committee meet to pre-screen all nominees and submit a Final List of Nominees to the Corporate Secretary so that such list will be included in the Company's Preliminary and Definitive Information Statements. Only nominees whose names appear on the Final List shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates has been prepared. The name of the person or group of persons who nominates an Independent Director shall be identified in such report including any relationship with the nominee.

In approving the nominations for Independent Directors, the Board Corporate Governance Committee considered the guidelines on the nominations of Independent Directors prescribed in SRC Rule 38, the Amended Guidelines and AEV's Revised Manual on Corporate Governance (the "Manual"). The Manual was approved by the AEV Board on March 23, 2017 and disclosed to its stockholders. Board Corporate Governance Committee took over the functions of the Board Nominations and Compensation Committee pursuant to an amendment of the Manual in 2009. The Chairman of the Board Corporate Governance Committee is Mr. Jon Ramon Aboitiz. The voting members are Messrs. Mikel A. Aboitiz, Raphael P.M. Lotilla, Stephen T. CuUnjieng, and Ret. Justice Jose C. Vitug, while the ex-officio non-voting members are M. Jasmine S. Oporto⁴, and Mr. Xavier Jose Y. Aboitiz.

No nominations for Independent Director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, Independent Directors shall be elected at the stockholders' meeting during which other members of the Board are to be elected.

Ret. Justice Jose C. Vitug, Mr. Manuel R. Salak III, and Mr. Raphael P. M. Lotilla are the nominees for Independent Directors of AEV. Mr. Salak is being nominated for the first time. They are neither officers nor employees of the Company or any of its Affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director.

AEV stockholders, Jay Cesar Ocubillo, Josephine Pabriga, and Zenaida M. Cabansag, have nominated Ret. Justice Jose C. Vitug, Mr. Manuel R. Salak III, and Mr. Raphael P.M. Lotilla, respectively, as the Company's Independent Directors. None of the nominating stockholders have any relation to Ret. Justice Vitug, Mr. Salak III, and Mr. Lotilla.

Other Nominees for Election as Members of the Board of Directors

As conveyed to the Corporate Secretary, the following will also be nominated as members of the Board for the ensuing year 2017-2018:

Jon Ramon Aboitiz
Erramon I. Aboitiz
Enrique M. Aboitiz
Antonio R. Moraza
Mikel A. Aboitiz
Sabin M. Aboitiz

⁴ Mr. Manuel Alberto R. Colayco replaced Ms. M. Jasmine S. Oporto as ex-officio non-voting member of AEV's Board Corporate Governance Committee on March 1, 2018.

Pursuant to Paragraph 4, Section 1, Article II of the Amended By-Laws of AEV, nominations for members of the Board other than Independent Directors for the ensuing year must be submitted in writing to the Corporate Secretary at least fifteen (15) working days prior to the Annual Stockholders' Meeting on May 21, 2018, or not later than April 27, 2018.

All other information regarding the positions and offices held by the above-mentioned nominees, except for Messrs. Sabin M. Aboitiz and Manuel R. Salak III, are integrated in Item 5 (a) (1) above. Messrs. Aboitiz and Salak III are being nominated to the Board for the first time.

Below are the profiles of Messrs. Sabin M. Aboitiz and Manuel R. Salak III, including their positions and offices held for the past five (5) years.

SABIN M. ABOITIZ

Mr. Sabin M. Aboitiz, 53 years old, Filipino, was appointed AEV's Executive Vice President and Chief Operating Officer of AEV on December 18, 2015. He was First Vice President of AEV from May 2014 to May 2015 and Senior Vice President from May to December 2015.

He is the Chairman of Weather Philippines Foundation, Inc. (WeatherPhilippines) and Filagri, Inc. (Filagri). He is also Chairman and President of AEV Aviation, Inc. (AEV Av); and a director and President/Chief Executive Officer of PANC, Pilmico, and Aboitiz InfraCapital. Mr. Aboitiz is a trustee of Aboitiz Foundation, and is also a director of UnionBank, a publicly listed company, ACO, RCBM, MORE, APRI, CRH Aboitiz, Apo Agua, and PETNET; a director and President of AEV CRH Holdings, Inc. (AEV CRH); and Vice Chairman of AboitizLand. He is also an Alternate Director of AboitizPower International, and AEV International.

He holds a degree in Business Administration - Finance from Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality.

MANUEL R. SALAK III

Mr. Manuel R. Salak III, 58 years old, Filipino, was nominated as an Independent Director of AEV for the first time. Mr. Salak is currently the Senior Strategic Advisor of ING Philippines, the Founder and Managing Principal of Alpha Primus Partners, and a member of the Board of Trustees of the Asian Institute of Management.

Mr. Salak previously served as the Managing Director, Head of Clients Coverage and Corporate Finance – Asia of ING Bank N.V. from 2008 to 2017, Managing Director and Country Head Philippines of ING Bank N.V. from 1999 to July 2000, and Managing Director and Head of Corporate & Investment Banking of ING Barings Philippines from 1999 to 2000.

Mr. Salak earned his Bachelor of Science Degree in Economics (Honorable Mention) from the Ateneo de Manila University and completed his Master's degree in Business Management from the Asian Institute of Management. Mr. Salak also completed several executive and management courses, such as the Senior Executive Management Course and ING Business Manager Program from the ING Business School, Hamskerk, Netherlands, the Institut Européen d'Administration des Affaires (INSEAD) Leadership Development Workshop in Singapore, and the Advanced Management Program from Harvard Business School in Boston U.S.A. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

Officers for 2017-2018

JON RAMON ABOITIZ

Chairman – Board of Directors

Chairman – Board Corporate Governance Committee

Member – Board Risk and Reputation Management Committee

Mr. Jon Ramon Aboitiz, 69 years old, Filipino, has served as Chairman of the Board of Directors of AEV since January 5, 2009. He has been the Chairman of the Board Corporate Governance Committee since February 11, 2009 and has been a member of the Board Risk and Reputation Management Committee since May 17, 2010.

He began his career with the Aboitiz Group in 1970. From being a manager of Aboitiz Shipping Corporation, he was promoted to President in 1976. He headed the Aboitiz Group's power business in 1989 and was President of ACO from 1991 to 2008. Mr. Aboitiz was President/Chief Executive Officer of AEV since 1994 until his retirement in December 2008.

He is currently the Chairman of the Board of Directors of ACO and the Chairman of the Board of Trustees and the Chief Executive Officer of the RAFI. He also holds several positions in the following publicly listed companies: Vice Chairman of AboitizPower and UnionBank; a director of Bloomberry and ICTSI; and the Chairman of UnionBank's Executive Committee, Risk Management Committee and the Vice Chairman of its Corporate Governance Committee, including the latter's Compensation Remuneration and Nomination Sub-Committees. Mr. Aboitiz is also a trustee of the Santa Clara University and the Association of Foundations. He is a member of the Board of Advisors of The Coca-Cola Export Corporation (Philippines) and Pilipinas Kao, Inc.

He holds a Bachelor of Science degree in Commerce, Major in Management from the Santa Clara University, California, U.S.A. He is not connected with any government agency or instrumentality.

ERRAMON I. ABOITIZ

Director

President & Chief Executive Officer

Member – Board Risk and Reputation Management Committee

Mr. Erramon I. Aboitiz, 61 years old, Filipino, has served as President and Chief Executive Officer of AEV since January 5, 2009. He has been a director of AEV since May 9, 1994 and a member of the Board Risk and Reputation Management Committee since May 18, 2015. Mr. Aboitiz was the Executive Vice President and Chief Operating Officer of AEV from 1994 to December 2008.

Mr. Aboitiz is a director and the Chief Executive Officer of AboitizPower, and a director of UnionBank, both publicly listed companies. He is currently the Chairman of the Board of Directors and Chief Executive Officer of Aboitiz Land. He is also a director and the President and Chief Executive Officer of ACO.

He is the Chairman of the Board of Directors of the following companies, namely: Aboitiz InfraCapital, SFELAPCO, SN Aboitiz Group, MORE, ARI, TPI, CRH Aboitiz, and Vice Chairman of RCBM. He is also a director of Davao Light, Cotabato Light, Apo Agua, Pilmico, PETNET, Archipelago Insurance, AEV International, and AboitizPower International. Lastly, he is also the Chairman of the Board of Trustees of Aboitiz Foundation, and is a director of the Philippine Disaster Recovery Foundation.

He holds a Bachelor of Science degree in Business Administration, Major in Accounting and Finance, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality.

SABIN M. ABOITIZ

Executive Vice President – Chief Operating Officer

Mr. Sabin M. Aboitiz, 53 years old, Filipino, was appointed as Executive Vice President and Chief Operating Officer of AEV on December 18, 2015. He was First Vice President of AEV from May 2014 to May 2015 and Senior Vice President from May to December 2015.

He is the Chairman of WeatherPhilippines and Filagri. He is also Chairman and President of AEV Av; and a director and President/ Chief Executive Officer of PANC, Pilmico, and Aboitiz InfraCapital. Mr. Aboitiz is a trustee of Aboitiz Foundation, and is also a director of UnionBank, a publicly listed company, ACO, RCBM, MORE, APRI, CRH Aboitiz, Apo Agua, and PETNET; a director and President of AEV CRH; and Vice Chairman of AboitizLand. He is also an Alternate Director of AboitizPower International, and AEV International.

He holds a degree in Business Administration - Finance from Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality.

MANUEL R. LOZANO

Senior Vice President/Chief Financial Officer/Corporate Information Officer
Ex-Officio Member – Board Risk and Reputation Management Committee

Mr. Manuel R. Lozano, 47 years old, Filipino, has been Senior Vice President/Chief Financial Officer/Chief Information Officer of AEV since May 18, 2015. He is also an Ex-Officio Member of the Board Risk and Reputation Management Committee since May 18, 2015.

He is currently Treasurer of ACO, Aboitiz Construction International, Inc., and PETNET; trustee and Treasurer of Aboitiz Foundation; Chief Financial Officer and Treasurer of Apo Agua; Chairman of the Board and Chief Executive Officer of Lima Water Corporation; Director, Treasurer and Chief Financial Officer of Aboitiz InfraCapital; Director and Vice President of AEV Av; Director of AEV CRH, AEV International, Archipelago Insurance, PANC, Pilmico, RCBM, UnionBank; and Alternate Director of Pilmico International Pte. Ltd. (Pilmico International) and AboitizPower International.

He was First Vice President and Chief Financial Officer/Corporate Information Officer of AboitizPower from 2014 to 2015; Chief Financial Officer of AboitizPower Generation from 2008 to 2013.

Before he joined the Aboitiz Group, he was the Chief Financial Officer and a director of Paxys, Inc., a publicly listed company focused on the business process outsourcing industry and other IT-related sectors within the Asia Pacific region. He was also a director of Corporate Finance & Investment at NGL Pacific Ltd., a Regional Operating Headquarter related to the Usaha Tegas group of Malaysia. He also held various positions in financial institutions including Jardine Fleming & CLSA.

He earned his Bachelor of Science in Business Administration degree from the University of the Philippines - Diliman and his Master's Degree in Business Administration from The Wharton School of the University of Pennsylvania, U.S.A. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

JUAN ANTONIO E. BERNAD

Senior Vice President

Mr. Juan Antonio E. Bernad, 61 years old, Filipino, has been Senior Vice President of AEV since April, 6, 1995. He was AEV's Senior Vice President - Electricity Regulatory Affairs from 2004 to 2007 and Senior Vice President - Chief Financial Officer from 1995 to 2004.

He is Executive Vice President for Strategy and Regulation of AboitizPower, a publicly listed company, since 2009, and has served AboitizPower in several capacities, as a director from 1998 to May 18, 2009, as Executive Vice President/Chief Financial Officer/Treasurer from 1998 to 2003, and as Executive Vice President for Regulatory Affairs/Chief Financial Officer from 2004 to 2007.

Mr. Bernad is also a director and Executive Vice President - Regulatory Affairs of Davao Light; a director and Chief Financial Officer/Treasurer of Hijos; and a director and Senior Vice President of Visayan Electric Company, Inc. (VECO); and a director of Cotabato Light, AEV Av, and SFELAPCO. He is also Vice Chairman of the National Renewable Energy Board (NREB), representing private distribution utilities.

He has an Economics degree from the Ateneo de Manila University and a Master's Degree in Business Administration from The Wharton School of the University of Pennsylvania in Pennsylvania, U.S.A. He is not a director of any publicly listed company.

XAVIER JOSE ABOITIZ⁵

Senior Vice President – Chief Human Resources Officer
Ex-Officio Member – Board Corporate Governance Committee

Mr. Xavier Jose Aboitiz, 58 years old, Filipino, has been the Senior Vice President and Chief Human Resources Officer of AEV since May 17, 2004. He is an Ex-Officio Member of the Board Corporate Governance Committee since May 17, 2010.

Mr. Aboitiz currently holds various positions within the Group, namely: Senior Vice President and a member of the Board of Advisers of ACO; a director of Pilmico, Davao Light, Cotabato Light, Propriedad del Norte, Inc. (PDNI) and Subic Enerzone Corporation; a director, President and Chief Executive Officer of Cebu Praedia Development Corporation (CPDC); and a trustee of Aboitiz Foundation and the Philippine Business for Social Progress. Previously, he was a director of CitySavings from 2010 up to March 2013.

Mr. Aboitiz has worked in various capacities in different companies of the Aboitiz Group since 1983. He took up Business Administration – Finance at Gonzaga University, Spokane, U.S.A. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

GABRIEL T. MAÑALAC

Senior Vice President – Group Treasurer

Mr. Gabriel T. Mañalac, 61 years old, Filipino, currently serves as Senior Vice President and Group Treasurer of AEV since January 5, 2009. He joined AEV as Vice President for Treasury Services in 1998 and was promoted to First Vice President for Treasury Services in 2004.

He also serves as Senior Vice President and Group Treasurer of AboitizPower, a publicly listed company, since May 17, 2010. He is also Vice President and Treasurer of Davao Light, and Treasurer of Cotabato Light.

Mr. Mañalac graduated cum laude with a Bachelor of Science in Finance degree and a Bachelor of Arts in Economics degree from De La Salle University. He obtained his Master's Degree in Business Administration in Banking and Finance from the Asian Institute of Management and was awarded the Institute's Scholarship for Merit. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

SUSAN V. VALDEZ⁶

Chief Corporate Services Officer
Ex-Officio Member – Board Risk and Reputation Management Committee

Ms. Susan V. Valdez, 57 years old, Filipino, was appointed Chief Corporate Services Officer of AEV on December 18, 2015. She served as AEV's Senior Vice President and Chief Reputation and Risk Management Officer from 2013 to 2015, and was First Vice President – Chief Reputation Officer of AEV in September 2011. She is currently an Ex-Officio member of the Board Risk and Reputation Management Committee since May 21, 2012.

Ms. Valdez also hold positions in other companies within the Group. She is the Senior Vice President/Chief Reputation and Risk Management Officer of AboitizPower, a publicly listed company, since December 14, 2011, and was appointed as Senior Vice President on May 18, 2015. Ms. Valdez is also a trustee, President and Member of the Executive Committee of Aboitiz Foundation; a trustee and President of WeatherPhilippines; and a director of Archipelago Insurance and Weather Solutions, Inc.

⁵ Effective January 1, 2019, Ms. Susan V. Valdez will replace Mr. Xavier Jose Aboitiz as the Company's Chief Human Resources Officer.

⁶ Effective January 1, 2019, Ms. Susan V. Valdez will replace Mr. Xavier Jose Aboitiz as the Company's Chief Human Resources Officer.

Before joining AEV, she was the Executive Vice President and Chief Executive Officer of the 2GO Freight Division of Aboitiz Transport System Corporation (ATSC) (now 2GO Group, Inc., a publicly listed company) for eight years. She was also President and Chief Executive Officer of Aboitiz One, Inc. (now ATS Express, Inc.) and Aboitiz One Distribution, Inc. (now ATS Distribution, Inc.) for two years. Prior to heading the freight and supply chain business of ATSC, she was its Chief Finance Officer and Chief Information Officer for eight years.

Ms. Valdez is a Certified Public Accountant, and graduated cum laude from St. Theresa's College with a degree of Bachelor of Science in Commerce, Major in Accounting. She earned her Master's degree in Business Management from the University of the Philippines, and completed a program on Management Development at Harvard Business School. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.

M. JASMINE S. OPORTO

Senior Vice President for Governance and Compliance Team (until March 31, 2018)

Corporate Secretary/ Chief Compliance Officer (until February 28, 2018)

Ex-Officio Member – Board Corporate Governance Committee (until February 28, 2018)

Ms. M. Jasmine S. Oporto, 58 years old, Filipino, acted as Corporate Secretary and Chief Compliance Officer for AEV from May 17, 2004 up to February 28, 2018, and as Senior Vice President for Governance and Compliance Team for AEV until March 31, 2018. She also acted as Corporate Secretary of AboitizPower from January 16, 2007 and Compliance Officer from December 2012 up to February 28, 2018.

Ms. Oporto was also Vice President - Legal of Davao Light; Corporate Secretary of Aboitiz InfraCapital, AEV CRH, Therma Mariveles Holdings, Inc. (TMHI), Therma Dinginin Holdings, Inc. (TDHI), MORE, the SN Aboitiz Power Group; and Assistant Corporate Secretary of VECO and CRH Aboitiz.

Prior to joining AEV, Ms. Oporto worked in various capacities at the Hong Kong office of Kelley Drye & Warren, LLP, a New York-based law firm, and the Singapore-based consulting firm Albi Consulting Pte. Ltd. She is a teaching fellow of the Institute of Corporate Directors (ICD), after completing the Professional Director's Program. She also completed the mandatory accreditation course of the Bangko Sentral ng Pilipinas (BSP) on Corporate Governance and Risk Management for Board of Trustees/Directors. Ms. Oporto is an accredited provider of Harrison Assessment Talent Solutions. She is an associate member of the GRC Institute of Australia. In addition, she has attended various seminars on corporate governance and compliance, including Compliance and Regulatory Management, Scenario Planning for Strategy, Management of Legal Risk and Services, and the Corporate Secretary Training of Trainers Program conducted by the International Finance Corporation and ICD. She was awarded Corporate Secretary of the Year in 2014 and 2015 by the Corporate Governance Asia, Hong Kong.

Ms. Oporto obtained her Bachelor of Laws degree from the University of the Philippines Diliman and is a member of both the Philippine and New York bars. She is not connected with any government agency or instrumentality. She has not acted as a director of a publicly listed company.

ROBERT MCGREGOR

Senior Vice President – Chief Strategy and Investment Officer

Mr. Robert McGregor, 58 years old, British, is Senior Vice President - Chief Strategy and Investment Officer (CSIO) of AEV since November 27, 2014. He is concurrently Executive Director - Investments of AboitizPower, a publicly listed company, since September 24, 2015 and a director of PETNET and Aboitiz InfraCapital. He joined AEV as Senior Vice President – Chief Strategy Officer in May 2014 before his appointment as CSIO in November 2014.

Mr. McGregor brings with him a wealth of experience in management, investment banking and private equity investing with almost 38 years of experience in energy markets. He has extensive experience in corporate strategy, marketing and business planning in oil, gas and electricity industries in the United Kingdom. He moved to Hong Kong in 1997 and enjoyed an 11-year career in regional investment banking, before moving to Singapore to take up partnership in Actis, an emerging-market private equity company. In 2012, he returned to Hong Kong with Hongkong and Shanghai Banking Corporation Limited as an investment banker.

Mr. McGregor completed his Honours Degree in Applied Chemistry from The University of Strathclyde, United Kingdom and obtained his Master's Degree in Business Administration from the same university. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

LUIS MIGUEL O. ABOITIZ

Senior Vice President

Mr. Luis Miguel O. Aboitiz, 53 years old, Filipino, was appointed Senior Vice President of AEV on May 18, 2015. He was First Vice President of AEV from 2004 to May 2015. He was First Vice President of AEV from 2004 to May 2015. He joined AEV in 1995 as Vice President. Since January 2016, he has been the Executive Vice President and Chief Operating Officer - Corporate Business Group of AboitizPower, a publicly listed company.

He previously served as AboitizPower's Senior Vice President - Power Marketing and Trading from 2009 to 2015. Mr. Aboitiz is currently a director and First Vice President of ACO; a trustee of Aboitiz Foundation; a director of Abovant, STEAG Power, ARI, TPI, Pilmico, PANC, TSI, TLI, PEC, CPDC, Aseagas Corporation, Aboitiz InfraCapital, Hedcor, Hedcor Sibulan, Hedcor Sabangan, and Hedcor Bukidnon. He holds directorship and management positions in GMCP and GNPD and its holding companies. He is also a member of the Board of Trustees of the Philippine Independent Power Producers Association, Inc. (PIPPA). He also serves as Chairman of the Board of AP Renewables, Inc. (APRI); director and President of MORE. He is also a director of UnionBank, a publicly listed company, and Semi-conductor and Electronics Industries of the Philippines, Inc (SEIPI).

He graduated from Santa Clara University, California, U.S.A. with a Bachelor of Science degree in Computer Science and Engineering and took his Masters degree in Business Administration at the University of California in Berkeley, U.S.A. He is not connected with any government agency or instrumentality.

HORACIO C. ELICANO

First Vice President and Chief Technology Officer/Data Privacy Officer

Mr. Horacio C. Elicano, 58 years old, Filipino, has been First Vice President and Chief Technology Officer/Data Privacy Officer since May 15, 2017. He was the First Vice President and Chief Technology Officer of AEV since January 5, 2009.

Before he joined AEV, he was Managing Director of Catapult Communications. He was also Chief Technology Officer of Paysetter International, Inc. from 2001 to 2007 and of Chikka Asia, Inc. from 2001 to 2005. Prior to that, he logged 20 years in the banking industry with Citibank and UnionBank.

He is a Bachelor of Science in Electrical Engineering graduate of the University of the Philippines. He is not connected with any government agency or instrumentality. He is not a director of any publicly listed company.

MELINDA R. BATHAN

First Vice President and Comptroller

Ms. Melinda R. Bathan, 58 years old, Filipino, has been First Vice President and Comptroller of AEV since May 21, 2012. She was previously AEV's Vice President - Controller from 2004 until 2012. Aside from her position in AEV, she is also a director and Treasurer of CPDC.

Ms. Bathan graduated summa cum laude from St. Theresa's College with a Bachelor of Science degree in Commerce, major in Accounting, and is a Certified Public Accountant. She completed her Master's degree in Management, with honors, from the University of the Philippines. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.

ANNACEL A. NATIVIDAD

First Vice President and Chief Risk Officer

Ms. Annacel A. Natividad, 48 years old, has been First Vice President and Chief Risk Officer of AEV since July 1, 2016. She was Vice President - Risk Management of AEV since July 2013.

Before joining AEV, Ms. Natividad was with ATSC (now 2GO Group, Inc., a publicly listed company) where she was Vice President - Chief Finance Officer and Risk Management Head since June 2007. She was also the Chief Finance Officer of various companies such as Scanasia Overseas, Inc., Kerry-ATS Logistics, Inc., Hapag- Lloyd Philippines, Inc., Aboitiz Project TS Corporation and Sea Merchants, Inc.

Ms. Natividad holds a Bachelor of Science in Commerce degree from the University of Santo Tomas and earned her Master's degree in Business Administration from De La Salle University. Ms. Natividad also completed the Management Acceleration Program from INSEAD. Ms. Natividad is a Certified Public Accountant and Certified Governance, Risk and Compliance Professional. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.

MANUEL ALBERTO R. COLAYCO

First Vice President and Chief Legal Officer and Corporate Secretary and

Chief Compliance Officer (effective March 1, 2018)

Ex-Officio Member- Board Corporate Governance Committee (effective March 1, 2018)

Mr. Manuel Alberto R. Colayco, 48 years old, Filipino, was appointed as AEV's Corporate Secretary and Chief Compliance Officer effective March 1, 2018. He is concurrently the First Vice President and Chief Legal Officer of AEV since July 11, 2016.

Mr. Colayco has practiced in the areas of corporate law, mergers and acquisitions, joint ventures, securities regulation, corporate and financial restructuring, and litigation. Prior to joining the Aboitiz Group, Mr. Colayco acted as an 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.

Mr. Colayco earned his undergraduate and Juris Doctor degrees from the Ateneo de Manila University. He also has a Master of Laws degree from the New York University School of Law, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.

JOJO S. GUINGAO⁷

First Vice President for Digital Management

Mr. Jojo S. Guingao, 52 years old, Filipino, has been the First Vice President for Digital Management of AEV since July 18, 2016.

He has over 20 years experience working for software companies in the Silicon Valley building global technology services organization. Mr. Guingao has experience in software development, IT consulting and strategy, enterprise implementation, project management and professional services. Before joining AEV, Mr. Guingao was Vice President of Customer Success at Navagis Inc, a Google Cloud Partner in San Francisco, CA. He also held senior management positions in various global software companies including Critigen, ESRI, and Autodesk Inc.

Mr. Guingao graduated from Mapua Institute of Technology with a Bachelor's Degree in Electronics and Communications Engineering. He completed his Master's degree in Business Administration from the California State University-East Bay. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.

⁷ Effective July 1, 2018, Mr. Jojo S. Guingao will assume an expanded role as First Vice President - Chief Digital Officer.

DAVID JUDE L. STA. ANA⁸

First Vice President for Government Relations

Mr. David Jude L. Sta. Ana, 51 years old, Filipino, has been First Vice President for Government Relations of AEV since September 1, 2016.

Mr. Sta. Ana has experience in broadcast, digital and print media, with focus on major news coverage, crisis management, planning, and operations. Prior to joining AEV, he was the Head for News Operations of TV5 Network Inc., where he handled the day to day operations of the Philippines' third largest television network, including news gathering and content generation for its television, radio and digital platforms. Mr. Sta. Ana also served as news director handling the control, operational and administrative responsibilities for news gathering for two of the country's major broadcast organizations, namely ABS-CBN Broadcasting Corporation and GMA Network, Inc., a publicly listed company.

Mr. Sta Ana earned his Bachelor's Degree in Journalism from the University of the Philippines – Diliman. He also completed the Newsroom Operation and Newsroom Management Training conducted by the U.S. Radio and Television News Directors Association in Los Angeles, California, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any publicly listed company.

BEVERLY B. TOLENTINO

First Vice President – CSU Finance Planning and Projects (effective April 1, 2018)

Ms. Beverly B. Tolentino has been appointed as First Vice President - CSU Finance Planning and Projects effective April 1, 2018. Ms. Tolentino is currently the First Vice President and Chief Financial Officer-Power Generation Group of Aboitiz Power Corporation, a position she has held since December 4, 2015 and which she will hold until March 31, 2018. Ms. Tolentino has extensive local and international experience in general management, finance leadership and controllership roles. She held key positions in the SN Power Group from 2011 to 2014, including Managing Director and Group Business Controller of SN Power Invest Netherlands BV.

Ms. Tolentino graduated cum laude from Ateneo de Davao University with a Bachelor of Science degree in Commerce, Major in Accounting, and is a Certified Public Accountant. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.

MAILENE M. DE LA TORRE

Assistant Vice President - Governance & Compliance and Assistant Corporate Secretary

Ms. Mailene M. de la Torre, 36 years old, Filipino, was appointed Assistant Corporate Secretary last November 24, 2016 and Assistant Vice President - Governance and Compliance of AEV effective January 1, 2018. She was previously Senior Associate General Counsel for Governance and Compliance of AEV since November 2016, and was Associate General Counsel for Legal and Corporate Services from May 2010 up to October 2014. She is concurrently Assistant Corporate Secretary of AboitizPower since her appointment last November 24, 2016.

Ms. de la Torre is also the Corporate Secretary of various Subsidiaries of the Aboitiz Group, including ARI, APRI, CPPC, EAUC, BEZ, LEZ, Lima Water Corporation (LWC), MEZ, SEZ, Hedcor Bukidnon, Hedcor Sabangan, Hedcor Sibulan, Hedcor Tudaya, Hedcor, LHC, PANC, PFC, PEC, TMI, TMO, TSI, TPI and TVI, Aboitiz InfraCapital, AEV CRH and PETNET as well as Assistant Corporate Secretary for CRH Aboitiz, ACI, Aboitiz Construction International, Inc., AEV Av, TDHI, TMHI, AboitizLand, Cotabato Light, Davao Light, MORE, SN Aboitiz Power Group, Tsureishi Heavy Industries (Cebu), Inc. (THICI), and VECO.

Ms. de la Torre has practice in the areas of compliance and corporate governance, corporate secretarial and corporate housekeeping, acquisitions, joint ventures, and litigation. Prior to joining the Aboitiz Group, she was an Associate at Esguerra & Blanco Law Office from 2007 to 2010.

She graduated cum laude 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 ICD,

⁸ Effective July 1, 2018, Mr. David Jude L. Sta. Ana will take on an expanded function as the Company's First Vice President and Chief External Affairs Officer.

after completing the Professional Director's Program. She is not connected with any government agency or instrumentality. She is not a director of any publicly listed company.

Period in which the Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Term of Office of a Director

Pursuant to the Company's Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election for a term of one (1) 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

AEV considers the contribution of every employee important to the fulfillment of its goals.

(3) Family Relationships

Messrs. Erramon, Enrique, Sabin, and Xavier Jose Aboitiz are brothers and are thus related to each other within the fourth civil degree of consanguinity. Messrs. Mikel A. Aboitiz and Jon Ramon Aboitiz are brothers as well. Other than these, no other officers or directors are related within the fourth degree of consanguinity.

(4) Involvement in Certain Legal Proceedings as of March 31, 2018

To the knowledge and/or information of AEV, none of its nominees for election as directors, its current 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 (5) years until March 31, 2018, which would put to question his/her ability and integrity to serve AEV and its stockholders.

(5) Parent Company

The parent and the ultimate parent of the company is ACO. As of March 31, 2018, ACO owns 48.56% of the voting shares of AEV.

(b) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned nor declined to stand for re-election to the Board since the date of AEV's last Annual Stockholders' Meeting because of a disagreement with AEV on matters relating to its operations, policies and practices.

Item 10. Executive Compensation

(1) Summary of Compensation Table

Information as to the aggregate compensation paid or accrued to AEV'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 Principal	Year	Salary	Bonus	Other Compensation
CHIEF EXECUTIVE OFFICER AND FOUR MOST HIGHLY COMPENSATED OFFICERS				
1. ERRAMON I. ABOITIZ - President & Chief Executive Officer				
2. XAVIER JOSE ABOITIZ - Senior Vice President and Chief Human Resources Officer				
3. ROBERT MCGREGOR - Senior Vice President and Chief Strategy and Investment Officer				
4. LUIS MIGUEL O. ABOITIZ - Senior Vice President				
5. SUSAN V. VALDEZ - Senior Vice President and Chief Corporate Services Officer				
All above named officers as a group	Actual 2017	₱136,623,646.00	₱13,336,441.00	₱12,340,509.00
	Actual 2016	₱125,975,000.00	₱11,945,000.00	₱11,259,050.00
	Projected 2018	₱150,286,011.00	₱14,670,085.00	₱13,574,560.00
All other directors and officers as a group unnamed	Actual 2017	₱127,927,219.00	₱16,520,604.00	₱51,474,185.00
	Actual 2016	₱86,683,908.00	₱9,403,918.00	₱52,045,653.00
	Projected 2018	₱140,719,941.00	₱18,172,664.00	₱56,621,603.00

The 2014 Amended By-Laws of the Company as approved by the SEC on May 16, 2014 defined corporate officers as follows: the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, Chief Operating Officer(s), 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 2015, the Company's Summary of Executive Compensation covers the compensation of officers as reported under Item 5 (a)(1) of this 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.

(2) Compensation of Directors

(i) Standard Arrangements

Prior to the 2015 Annual Stockholders' Meeting, all of AEV's directors received a monthly allowance of ₱100,000.00, except for the Chairman of the Board who received a monthly allowance of ₱150,000.00. On May 18, 2015, the stockholders approved an increase in the directors' monthly allowance to ₱120,000.00 for the members of the Board, and ₱180,000.00 for the Chairman of the Board.

In addition, each director and the Chairmen of the Board and the Board Committees received a per diem for every Board or Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board
Board Meeting	₱100,000.00	₱150,000.00

Type of Meeting	Committee Members	Chairman of the Committee
Committee Meeting	₱80,000.00	₱100,000.00

(ii) Other Arrangements

Other than payment of the directors' allowance and the per diem 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.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement between AEV and any executive officer that results or will result from the resignation or any other termination of employment or from a change in the management control of AEV.

(4) Warrants and Options Outstanding

To date, AEV has not granted any stock option to its directors or officers

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of March 31, 2018

Class	Name, 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 Class Owned
Common	1. Aboitiz & Company, Inc. (ACO) ⁹ Aboitiz Corporate Center Gov. Manuel A. Cuenco Avenue Kasambagan, Cebu City (Stockholder)	ACO ¹⁰	Filipino	2,735,600,915 (Record and Beneficial)	48.56%
Common	2. PCD Nominee Corporation ¹¹ (Filipino) 37 th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers. ¹²	Filipino	758,375,561 (Record)	13.46%
Common	3. PCD Nominee Corporation ¹³ (Foreign) 37 th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City, 1226 Metro Manila (Stockholder)	PCD participants acting for themselves or for their customers. ¹⁴	Non- Filipino	557,763,421 (Record)	9.90%
Common	4. Ramon Aboitiz Foundation, Inc. (RAFI) ¹⁵ 35 Lopez Jaena St., Cebu City (Stockholder)	RAFI	Filipino	424,538,863 (Record and Beneficial)	7.54%

(2) Security Ownership of Management as of March 31, 2018 (Record and Beneficial)

Name of Beneficial Owner and Position	Title of Class	No. of Shares and Nature of Ownership (Direct or Indirect)		Citizenship	Percentage of Ownership
Jon Ramon Aboitiz Director/Chairman of the Board	Common	4,648	Direct	Filipino	0.00%
		129,200,932	Indirect		2.29%
Erramon I. Aboitiz Director/President and Chief Executive Officer	Common	1,001,000	Direct	Filipino	0.02%
		74,614,132	Indirect		1.32%
Enrique M. Aboitiz Director	Common	6,000	Direct	Filipino	0.00%
		0	Indirect		0.00%
Mikel A. Aboitiz Director	Common	10	Direct	Filipino	0.00%
		93,369,909	Indirect		1.66%

⁹ ACO, the major shareholder of AEV, is a corporation wholly owned by members of the Aboitiz family. No single stockholder, natural or juridical, owns 5% or more of the shareholdings of ACO.

¹⁰ Mr. Erramon I. Aboitiz, ACO President and Chief Executive Officer, will vote for the shares of ACO in AEV in accordance with the directive of the Board of Directors of ACO.

¹¹ PCD Nominee Corporation (Filipino and Foreign) is not related to AEV. 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.

¹² AEV has no record relating to the power to decide how the shares held by PCD Nominee Corporation (Foreign and Filipino) to be voted. Of the 748,064,473 shares held by PCD Nominee Corporation (Filipino), at least 295,864,536 shares or 5.25% of the voting stock of AEV are for the account of Papa Securities Corporation (PapaSec). AEV is not related to PapaSec.

¹³ *Supra* Note 3.

¹⁴ *Supra* Note 4.

¹⁵ Jon Ramon Aboitiz, Chairman of the Board and Chief Executive Officer of RAFI, will vote for the shares of RAFI in AEV in accordance with the directive of the RAFI Board of Trustees.

Name of Beneficial Owner and Position	Title of Class	No. of Shares and Nature of Ownership (Direct or Indirect)		Citizenship	Percentage of Ownership
Justo A. Ortiz Director	Common	1	Direct	Filipino	0.00%
		0	Indirect		0.00%
Antonio R. Moraza Director	Common	1,000	Direct	Filipino	0.00%
		17,423,943	Indirect		0.31%
Raphael P. M. Lotilla Lead Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
Jose C. Vitug Independent Director	Common	100	Direct	Filipino	0.00%
		72,020	Indirect		0.00%
Stephen T. CuUnjieng Independent Director	Common	100	Direct	Filipino	0.00%
		0	Indirect		0.00%
Sabin M. Aboitiz Executive Vice President and Chief Operating Officer	Common	14,377,050	Direct	Filipino	0.26%
		5,844,773	Indirect		0.10%
Manuel R. Lozano Senior Vice President/Chief Financial Officer/ Corporate Information Officer	Common	139,121	Direct	Filipino	0.00%
		82,691	Indirect		0.00%
Juan Antonio E. Bernad Senior Vice President	Common	730,351	Direct	Filipino	0.01%
		541,425	Indirect		0.01%
Xavier Jose Aboitiz Senior Vice President and Chief Human Resources Officer	Common	1,998,236	Direct	Filipino	0.04%
		20,670,295	Indirect		0.37%
Gabriel T. Mañalac Senior Vice President and Group Treasurer	Common	121,635	Direct	Filipino	0.00%
		0	Indirect		0.00%
Susan V. Valdez Senior Vice President and Chief Corporate Services Officer	Common	722,486	Direct	Filipino	0.01%
		0	Indirect		0.00%
M. Jasmine S. Oporto Senior Vice President for Governance and Compliance Team	Common	15,815	Direct	Filipino	0.00%
		82,892	Indirect		0.00%
Robert McGregor Senior Vice President and Chief Strategy and Investment Officer	Common	176,333	Direct	British	0.00%
		0	Indirect		0.00%
Luis Miguel O. Aboitiz Senior Vice President	Common	25,612,775	Direct	Filipino	0.43%
		0	Indirect		0.00%
Horacio C. Elicano First Vice President and Chief Technology Officer/Data Privacy Officer	Common	255,882	Direct	Filipino	0.00%
		0	Indirect		0.00%
Melinda R. Bathan First Vice President and Comptroller	Common	105,120	Direct	Filipino	0.00%
		0	Indirect		0.00%
Annacel A. Natividad First Vice President and Chief Risk Officer	Common	9,290	Direct	Filipino	0.00%
		67,635	Indirect		0.00%
Manuel Alberto R. Colayco¹⁶ First Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer	Common	32,034	Direct	Filipino	0.00%
		0	Indirect		0.00%

¹⁶ On January 30, 2018, the Board of Directors appointed Mr. Manuel Alberto R. Colayco to replace Ms. M. Jasmine S. Oporto as Corporate Secretary and Chief Compliance Officer of AEV effective March 1, 2018.

Name of Beneficial Owner and Position	Title of Class	No. of Shares and Nature of Ownership (Direct or Indirect)		Citizenship	Percentage of Ownership
Jojo S. Guingao¹⁷ First Vice President for Digital Management	Common	15,481	Direct	Filipino	0.00%
		0	Indirect		0.00%
David Jude L. Sta. Ana¹⁸ First Vice President – Government Relations	Common	3,385	Direct	Filipino	0.00%
		0	Indirect		0.00%
Beverly V. Tolentino¹⁹ First Vice President – CSU Finance Planning and Projects	Common	0	Direct	Filipino	0.00%
		31,000	Indirect		0.00%
Mailene M. de la Torre Assistant Vice President – Governance and Compliance and Assistant Corporate Secretary	Common	0	Direct	Filipino	0.00%
		0	Indirect		0.00%
TOTAL		387,329,600			6.87%

(3) Voting Trust Holders of 5% or More of Common Equity

No person holds under a voting trust or similar agreement more than 5% of AEV's common equity.

(4) Changes in Control

There are no arrangements that may result in a change in control of AEV during the period covered by this report.

Item 12. Certain Relationships and Related Transactions

AEV and its Subsidiaries (the "Group"), in their regular conduct of business, have entered into related party transactions consisting of professional and technical services, rental, money market placements, and power sales and purchases. These are made on an arm's length basis.

ACO, the parent company of AEV, and certain associates have service contracts with either AEV or AboitizPower (parent companies) for corporate center services rendered, such as human resources, internal audit, legal, treasury and corporate finance, among others. These services are obtained from AEV and AboitizPower to enable the Group to realize cost synergies. The parent companies maintain a pool of highly qualified professionals with business expertise specific to the businesses of the Group. Transactions are priced on an arm's length basis, and covered with service level agreements to ensure quality of service.

ACO and certain associates are leasing office spaces from CPDC, a Subsidiary of AEV. Rental rates are comparable with prevailing market prices. These transactions are covered with lease contracts for a period of one (1) year.

Power generation subsidiaries sell to certain power associates based on their respective power supply agreements. Meanwhile, power distribution subsidiaries purchase from certain generation associates based on existing power purchase agreements.

A wholly-owned construction and steel fabrication subsidiary of ACO renders its services to the Group for the construction of new power plants and residential units.

¹⁷ Effective July 1, 2018, Mr. Jojo S. Guingao will assume an expanded role as First Vice President - Chief Digital Officer.

¹⁸ Effective July 1, 2018, Mr. David Jude L. Sta. Ana will take on an expanded function as the Company's First Vice President and Chief External Affairs Officer.

¹⁹ Effective April 1, 2018, Ms. Beverly B. Tolentino will assume the position of First Vice President – CSU Finance Planning and Projects.

The Group has cash deposits and money market placements with UnionBank and CitySavings, AEV's banking associates. These are earning interest at prevailing market rates.

AEV extends temporary cash advances to certain subsidiaries for working capital requirements. These advances bear interest at prevailing market rates.

The Company's retirement benefit fund (the "Fund") is in the form of a trust being maintained and managed by ACO. The Fund has investments in the equities of the Company and one of its subsidiaries.

The above related party transactions are discussed extensively in Note 34 of Company's 2017 consolidated financial statements.

No other transaction, without proper disclosure, was 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.

AEV employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are determined and brought to the attention of management.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Pursuant to Memorandum Circular No. 15, Series of 2017, issued by the Securities and Exchange Commission (SEC), the Company's Integrated Annual Corporate Governance Report (IACGR) will be filed with the SEC on or before May 30, 2018. The IACGR will be available at the Company's website at www.aboitiz.com. Other reports such as the Company's Annual Corporate Governance Report and the full Corporate Governance Report are also available at the Company's website.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits.

None

(b) Reports on SEC Form 17-C

Reports filed by the AEV on SEC Form 17-C from May 2017 – March 2018 are as follows:

Date Reported	Disclosure Details
May 3, 2017	Election of Mr. Mikel A. Aboitiz as Director
May 3, 2017	Transfer of Ms. Narcisa S. Lim to Pilmico Foods Corporation
May 4, 2017	First Quarter 2017 Financial and Operating Results
May 15, 2017	Appointment of Data Privacy Officer
May 15, 2017	Results of 2017 Annual Stockholders' Meeting
May 15, 2017	Results of 2017 Organizational Meeting
July 28, 2017	Post-Closing Adjustments for RCBM's Tender Offer
August 1, 2017	Update on the Acquisition of Pilmico VHF
August 2, 2017	Press Release: "AEV reports Php10.3 billion first semester net income"
August 2, 2017	Second Quarter 2017 Financial and Operating Results
August 3, 2017	Press Release: "Aboitiz InfraCapital consolidates water investments"
August 3, 2017	Acquisition by Aboitiz InfraCapital, Inc. of an 11.1369% minority stake in Balibago Waterworks System, Inc.
August 4, 2017	Acquisition of 70% equity interest in Europe Nutrition Joint Stock Company
October 2, 2017	(Amended) Acquisition of 70% equity interest in Europe Nutrition Joint Stock Company
November 8, 2017	Press Release re AEV earns Php15.9 billion from January to September 2017
November 8, 2017	Third Quarter 2017 Financial and Operating Results
December 21, 2017	Press Release: "Aboitiz, six other firms to submit joint NAIA rehab plan"
January 30, 2018	Redundancy of Ms. M. Jasmine S. Oporto
January 30, 2018	Resignation of Ms. M. Jasmine S. Oporto and Appointment of Mr. Manuel Alberto R. Colayco as Corporate Secretary
January 30, 2018	Resignation of Ms. M. Jasmine S. Oporto and Appointment of Mr. Manuel Alberto R. Colayco as Chief Compliance Officer
February 9, 2018	Signing of Share Purchase Agreement for the sale of the 51% stake owned by AEV in PETNET
February 12, 2018	Press Release re Superconsortium eyes NAIA transformation into a regional hub
February 21, 2018	Nominees to the Board of Directors for 2018-2019
March 7, 2018	Press Release: "Aboitiz InfraCapital submits unsolicited proposal to modernize four regional airports"
March 8, 2018	Matters Approved by the Board on March 8, 2018
March 8, 2018	Cash Dividends Declaration
March 8, 2018	Amendment of By-Laws
March 8, 2018	Notice and Agenda of 2018 ASM
March 9, 2018	Press Release: "Aboitiz Equity Ventures, Inc. earns P21.6 billion in 2017"
March 12, 2018	AEV purchase of UBP shares
March 24, 2018	Changes in Officers

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, AEV has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Taguig on 11 APR 2018.

By:


ERRAMON I. ABOITIZ
Principal Executive Officer


MANUEL ALBERTO R. COLAYCO
Corporate Secretary


MANUEL R. LOZANO
Principal Financial Officer


MELINDA R. BATHAN
Controller/Principal Accounting Officer


SABIN M. ABOITIZ
Principal Operating Officer

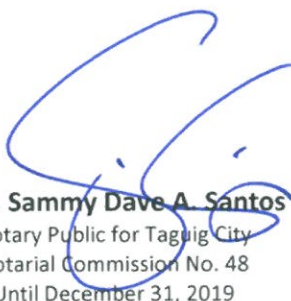
Before me, a notary public in and for the city named above, personally appeared:

NAME	PASSPORT / DRIVER'S LICENSE NO.	DATE/PLACE OF ISSUE	CTC NO.	DATE/PLACE OF ISSUE
ERRAMON I. ABOITIZ	P2251997A	03.11.2017/ DFA Cebu	26936151	01.15.2018/ Cebu City
MANUEL ALBERTO R. COLAYCO	P03521149A	09.23.16/ NCR Central	14228019	02.28.2018/ Taguig City
SABIN M. ABOITIZ	P2003168A	02.23.2017/ DFA Manila	26587099	02.03.2017/ Cebu City
MELINDA R. BATHAN	EC2920639	December 5, 2014/ DFA Manila	11850443	02.17.2018/ Cebu City
MANUEL R. LOZANO	EC1926563	08.18.2014/ DFA NCR South	14226194	02.20.2018/ Taguig City

who were identified by me through competent evidence of identity to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath/affirmation before me as to such instrument.

Witness my hand and seal this April 11, 2018.

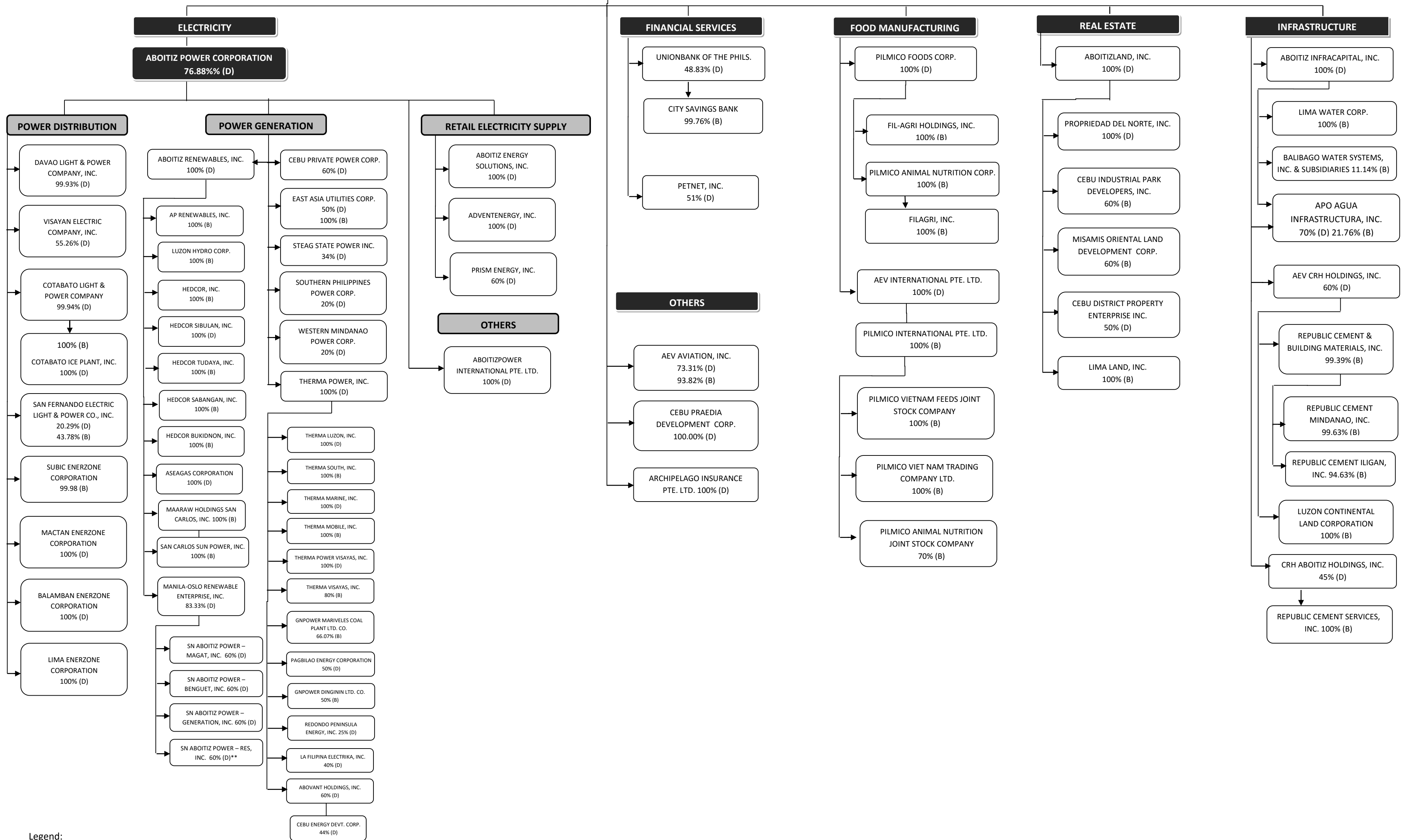



Atty. Sammy Dave A. Santos
Notary Public for Taguig City
Notarial Commission No. 48
Until December 31, 2019

NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3747887; Taguig City; January 08, 2018
IBP OR No. 023446; January 9, 2018
Roll No. 63272
MCLE Compliance No. V-0012594

Doc. No.: 111;
Page No. 24;
Book No. 1;
Series of 2018.

ABOITIZ EQUITY VENTURES, INC.



Legend:

B – Beneficial Ownership
 D – Direct Ownership