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10 October 2019

Securities and Exchange Commission

PICC Complex, Roxas Boulevard
Pasay City

Attention: Director Vicente Graciano P. Felizmenio, Jr.
Director, Markets & Securities Regulation Department

The Philippine Stock Exchange, Inc.

6th Floor, PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Philippine Dealing & Exchange Corporation

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Mr. Joseph B. Evangelista
Head, Issuer Compliance and Disclosure Department

Gentlemen:

The Board of Directors of AC Energy, Inc. (“ACEI”), Ayala’s wholly-owned subsidiary and energy platform, has approved the contribution by ACEI of its ownership interest in certain of its Philippine operating and development subsidiaries and affiliates (the “**ACEI Assets**”) to PHINMA Energy Corporation (“**PHEN**”) under a share swap arrangement (the “**Share Swap**”), and ACEI’s subscription to 6,185,182,288 shares of stock in PHEN at Php2.37 per share in exchange for the ACEI Assets, which price per share is within the share price range determined in the Fairness Opinion issued by FTI Consulting Philippines, Inc., an SEC-accredited and PSE-accredited independent financial valuation firm.

In relation to PHEN’s stock rights offering (which is subject to applicable regulatory approvals), the Board of Directors of ACEI likewise approved its Management’s proposal to not exercise its pre-emptive rights in the first round of the stock rights offering to enable the minority shareholders of PHEN to recover from the partial dilution arising from the Share Swap between PHEN and ACEI, but that in the event there are any unsubscribed shares after the first round, ACEI will subscribe to its pro-rata share in these unsubscribed shares.

The above transactions have been reviewed and approved by Ayala's Risk Management and Related Party Transactions Committee.

Thank you.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Solomon M. Hermosura', with a stylized, flowing script.

Solomon M. Hermosura
Corporate Secretary