

FINAL
PRESS RELEASE

ACEN approves the final tranche of its energy transition financing

- Financial commitments secured for ~₱3.7 billion worth of shares in SLTEC
- Solidifies the path towards the transition of the company's 244 MW coal plant to cleaner technology by 2040 – 15 years earlier than the end of its technical life
- The first energy transition mechanism in the Philippines that will enable new renewable energy investments

July 26, 2022 – ACEN, the Ayala Group's listed energy platform, approved the divestment of all its shares in its wholly-owned subsidiary, South Luzon Thermal Energy Corporation ("SLTEC"), through energy transition financing. The 244 MW coal plant in Calaca, Batangas, is the only coal plant under ACEN's portfolio. Subject to regulatory approval, the shares will be acquired by ETM Philippines Holdings, Inc. ("EPHI") and The Insular Life Assurance Company, Ltd. ("InLife") for an aggregate value of ₱3.7 billion. ACEN will use the proceeds from the divestment to invest in more renewable energy projects.

EPHI is a special purpose vehicle that allows financial investors to invest in energy transition by accelerating the retirement of coal-fired power plants, and to fund the development of new clean energy technologies. ACEN approved the provision of bridge financing to EPHI to facilitate its investment in SLTEC while providing prospective financial investors a vehicle to participate in energy transition.

"As a Filipino company with more than 100 years of service and commitment to the nation, we welcome the opportunity to participate in this pioneering deal to promote a sustainable environment for the country's future," said InLife President and CEO Raoul E. Littaua.

This transaction shall serve as a pioneer energy transition financing in the country. It takes off from the principles of the Energy Transition Mechanism (ETM) piloted by the Asian Development Bank (ADB), which aims to leverage a market-based approach to accelerate the transition from fossil fuels to clean energy.

BPI Capital and CLSA are Joint Lead Arrangers for this transaction. "CLSA is proud to play a part in funding the country's first energy transition financing, which will play an essential role in allowing countries in Asia Pacific realize their climate goals. This forms part of CLSA's core sustainability values," said CLSA Philippines Country Head Mitzi De Dios.

"This pioneering deal will allow the early retirement and transition of our coal plant to cleaner technology," said ACEN CEO Eric Francia. "We hope that this generates some momentum for the just energy transition in the region, and help towards the achievement of Net Zero."

Together with Ayala Corporation, ACEN announced last November its commitment to Net Zero greenhouse gas emissions by 2050. Through this energy transition mechanism, SLTEC's coal power plant will be decommissioned by 2040, 15 years ahead of the end of its technical life and transitioned into cleaner technology.

BPI Capital and AlphaPrimus Advisors, Inc. acted as Joint Financial Advisors for this transaction.

Related news:

<https://www.acenrenewables.com/2022/04/acen-pioneers-energy-transition-financing-to-enable-more-renewables/>

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About ACEN (Formerly AC Energy)

ACEN is the listed energy platform of the Ayala Group. It has ~3,900 MW of attributable capacity in the Philippines, Vietnam, Indonesia, India, and Australia. The company's renewable share of capacity is at 87%, among the highest in the region.

ACEN's aspiration is to be the largest listed renewables platform in Southeast Asia, with a goal of reaching 5,000 MW in renewables capacity by 2025. In October 2021, ACEN announced its commitment to achieve Net Zero greenhouse gas emissions by 2050.

www.acenrenewables.com

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