

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Mar 31, 2020
2. SEC Identification Number
39274
3. BIR Tax Identification No.
000-506-020-000
4. Exact name of issuer as specified in its charter
AC Energy Philippines, Inc.
5. Province, country or other jurisdiction of incorporation
Makati City, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
4th Floor, 6750 Office Tower, Ayala Avenue, Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02) 7730 6300
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	7,514,493,922
Amount of Debt Outstanding 3Q 2019 (in billions)	3.63

11. Indicate the item numbers reported herein
N/A

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



AC Energy Philippines, Inc. ACEPH

**PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares
(Private Placements, Share Swaps, Property-for-Share Swaps
or Conversion of Liabilities/Debt into Equity)
Reference: Rule on Additional Listing of Securities**

Subject of the Disclosure

This Comprehensive Corporate Disclosure is sent in several tranches due to the volume of attachments. This is the second tranche.

Background/Description of the Disclosure

At its meeting held on 31 March 2020, the Executive Committee of AC Energy Philippines, Inc. (the "Company" or "ACEPH"), acting on delegated authority from the Board of Directors granted in its meeting held on 18 March 2020, approved the issuance of 16,685,800,533 shares of stock in the Company (the "Shares") to AC Energy, Inc. ("ACEI") at an issue price of Php2.97 per share in exchange for property consisting of 100% of ACEI's shares in Presage Corporation ("Presage"), ACEI's wholly-owned subsidiary, which holds all of ACEI's international renewable energy assets and investment. The Shares will be issued out of the increase in ACEPH's authorized capital stock to Php48.4 billion, which was also approved by the Board of Directors on 18 March 2020.

The Shares are exclusive of the 6,185,182,288 shares of stock to be issued by the Company to ACEI in exchange for ACEI's shares in its Philippine generation and development assets, which is the subject of a separate disclosure filed on 14 October 2019 (PSE Circular No. C07131-2019 to C01141 2019), and is currently undergoing regulatory review and approval.

Definitive agreements on the Transaction (as defined below) will be duly disclosed to the Exchange and the Securities and Exchange Commission ("SEC") upon execution.

Date of Approval by Board of Directors	Mar 18, 2020
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Comprehensive Corporate Disclosure

Description of the proposed transaction including the timetable for implementation, and related regulatory requirements

The Company and ACEI will execute a property-for-shares swap whereby the Company will issue the Shares to ACEI in exchange for ACEI's 1,650,166,347 common shares and 15,035,347,600 redeemable preferred shares in Presage, constituting 100% of the issued and outstanding shares of Presage (the "Property"; the "Transaction"). The Property will be used as ACEI's subscription payment for the Shares and to support the increase in the Company's authorized capital stock from Php24.4 billion to Php48.4 billion. The Transaction will be implemented as a tax-free exchange, subject to a fairness opinion on the valuation of the Shares and of the Property prepared and issued by FTI Consulting Philippines, Inc. ("FTI Consulting"), an independent fairness opinion provider accredited by both the SEC and the PSE.

Presage holds ACEI's interests in various international energy projects (see further discussion below) through its ownership of AC Renewables International Pte Ltd., a Singapore limited liability company that in turn has interests in various renewable energy and development companies and projects in Indonesia, Vietnam, India, Australia and other countries.

The increase in the Company's authorized capital stock will be submitted for approval of the stockholders at the annual meeting of the stockholders of the Company on 20 April 2020. The Company has a pending application for the increase of its authorized capital stock from Php8.4 billion to Ph24.4 billion which was approved by the stockholders on 17 September 2019.

The exchange of the Shares for the Property will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended, which provides that:

(2) Exception. - * * *

No gain or loss shall also be recognized if property is transferred to a corporation by a person in exchange for stock or unit of participation in such a corporation of which as a result of such exchange said person, alone or together with others, not exceeding four (4) persons, gains control of said corporation: Provided, That stocks issued for services shall not be considered as issued in return for property.

Section 40 (C) (2) of the Tax Code, as amended, has been interpreted by the Supreme Court in the case of Commissioner of Internal Revenue vs. Filinvest Development Corporation (G.R. No. 167689, 9 July 2011), to mean that a tax-free exchange applies when the controlling person gains "further control" or transfers where the exchanger already has control of the corporation at the time of the exchange.

The Company expects to file the application for increase in authorized capital stock with the SEC within May 2020, and an application for tax-free exchange ruling with the Bureau of Internal Revenue within June 2020. The SEC's approval of the increase in capital stock and the BIR's issuance of a tax-free exchange ruling are expected to be issued within the first half of 2021.

Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The consolidation of ACEI's international renewable energy assets portfolio to the Company will firmly establish the Company as the sole listed platform of the Ayala group's entire energy business. The Company plans to acquire strategic investments in operating renewable projects with proven reliable earnings and in projects under construction located in the Philippines, Indonesia, and Vietnam, as well as a robust pipeline of international renewable energy projects under various stages of development located in various countries in the Asia-Pacific. With the portfolio of international renewable projects, the Company aims to exceed its growth aspirations and gain a foothold in the international energy market.

Table 1 of the attached letter shows the list of operating power projects and projects under construction that will be transferred to the Company, indicating the technology, location of the projects, the installed capacity, and the attributable economic interest of ACEI in each of the assets.

In addition to already operational projects and projects under construction, the Company will acquire the projects under various stages of development as listed under Table 2 of the attached letter.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The Property was valued by the Company at ~Php49.5 Billion, which is within the range of fair values identified by FTI Consulting.

Subject to regulatory approvals, including the issuance of a favorable ruling from the BIR that the Transaction is a tax-free exchange under the Tax Code, as amended, and approval by the SEC of the Company's increase in authorized capital stock from which the Shares will be issued, the Transaction will close upon the listing of the Shares with the PSE.

The basis upon which the consideration or the issue value was determined

The Shares will be issued by the Company to ACEI at Php2.97 per share which is based on the Company's own valuation of the Shares, and which it believes is fair to both the Company as the issuer, and ACEI as the subscriber. The issue price of PHP2.97 per shares is within the range of fair values based on a fairness opinion issued by FTI Consulting with 31 December 2019 as the valuation date.

Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

The Company will continue to carry out its principal business, i.e., the generation of electricity and the sale thereof to distribution utilities, contestable customers, directly-connected industrial customers and the spot market. The Company, through its subsidiaries, continues to provide ancillary services to the National Grid Corporation of the Philippines (NGCP) as a dispatchable provider of reserve power.

The Company has a portfolio of operating renewable energy and thermal power plants in the Philippines. The output of these plants are either sold directly to distribution utilities and electric cooperatives or to contestable customers under Retail Competition and Open Access (RCOA). Diesel-fired power plants are used by the Company to provide ancillary services to the grid. Output of qualified renewable energy plants are injected to the grid and are compensated for by Feed-in Tariffs (FIT) or sold at spot market prices at the Wholesale Electricity Spot Market (WESM).

Table 4 of the attached letter shows the list of the current operating assets owned by the Company and its subsidiaries and affiliates, indicating the technology or fuel used, capacity, status, and location of such assets.

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

In addition, ACEI and ACEPH executed an Amended and Restated Deed of Assignment effective as of 9 October 2019 under which, in exchange for the issuance of 6,185,182,288 shares of ACEPH, AC Energy will transfer certain of its onshore operating and development companies to ACEPH (the "AC Energy-ACEPH Exchange"). The AC Energy-ACEPH Exchange is subject to the approval of (a) the SEC, as to AC Energy's subscription to the increase in the authorized capital stock of ACEPH, (b) the PSE, as to the listing of the shares issued by ACEPH in exchange for the selected onshore operating and development companies of AC Energy, and (c) the BIR, as to the nature of the transaction qualifying as a tax-free exchange under the Philippine Tax Code. Upon completion of conditions and other requirements of the AC Energy-ACEPH Exchange, the Company's ownership of ACEPH will increase to ~81.5%.

Pending regulatory approvals of the AC Energy-ACEPH Exchange, the Company is set to acquire interests in the power projects owned by ACEI as listed under Table 5 of the attached letter.

Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliates
AC Energy, Inc.	Energy	Majority Owner

Organizational/Ownership Structure of Subscribers

Controlling Shareholders of Subscribers	Number of Shares Held	%
Ayala Corporation	335,372,209	100

For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets

N/A

The interest which directors of the parties to the transaction have in the proposed transaction

Aside from their ownership of shares in the Company and in ACEI, the directors of the parties do not have an interest in the proposed Transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The matter of the increase in the Company's authorized capital stock from Php24.4 BN to Php48.4BN will be discussed and taken up in the next Annual Stockholders' Meeting of the Company, which will be held on 20 April 2020.

The Board Risk Management and Related Party Transactions Committee has reviewed FTI Consulting's valuation of the Shares and Property. Furthermore, as stated earlier, a Fairness Opinion was issued by FTI Consulting to establish the fairness of the valuations of the Property and the Shares used in the swap.

Any conditions precedent to closing of the transaction

Subject to the execution of a deed of exchange and regulatory approvals, including the issuance of a favorable ruling from the BIR that the Transaction is a tax-free exchange under the Tax Code, as amended, and approval by the SEC of the Company's increase in authorized capital stock from which the Shares will be issued, the Transaction will close upon the listing of the Shares with the PSE.

Change(s) in the composition of the Board of Directors and Management

None

Effects on the following

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
AC Energy, Inc.	4,990,260,640	66.34	27,861,243,461	85.3
Non-ACEI/ Public	2,531,514,282	33.66	4,800,877,205	14.7
Total	7,521,774,922	100	32,662,120,666	100

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
Common Shares	7,521,774,922	32,622,120,666

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common Shares	7,521,774,922	32,622,120,666

Treasury Shares

Type of Security /Stock Symbol	Before	After
Common Shares	0	0

Listed Shares

Type of Security /Stock Symbol	Before	After
Common Shares	7,521,774,922	32,662,120,666

Effect(s) on the public float, if any

Public float will decline

Effect(s) on foreign ownership level, if any

Foreign ownership level will decline

Other Relevant Information

Please see attached with annexes.

Under the field "Effects on the following", particularly on:

1. Ownership Structure (Before and After) – This assumes the completion of the implementation of the AC Energy-ACEPH Exchange. Please see Table 6 of the attached letter for the effects of the AC Energy-ACEPH Exchange on the Ownership Structure of the Company. Further, the Number of Shares and the corresponding percentage (Before) of the Principal Shareholders are as of 18 March 2020.
2. Capital Structure (Before and After) – This assumes the completion of the implementation of the AC Energy-ACEPH Exchange. Please see Table 6 of the attached letter for the effects of the AC Energy-ACEPH Exchange on the Capital Structure of the Company. Further, Issued Shares (Before), Outstanding Shares (Before), Treasury Shares, and Listed Shares (Before) are as of 18 March 2020.

Should you have further questions, please contact Atty. Dodjie D. Lagazo at (+63)917-5770899.

Filed on behalf by:

Name	Alan Ascalon
Designation	Vice President/ Asst. Corporate Secretary