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CGIF supports the first Climate Project Bond in Asia by AP Renewables, Inc. (APRI) from the Philippines

February 29, 2016 - Manila

The Credit Guarantee and Investment Facility (“CGIF”), a trust fund of the Asian Development Bank (ADB) is pleased to announce its first operation in the Philippines which supports the issuance of the first Climate Project Bonds in Asia, marking another milestone in its efforts to support the development of local currency bond markets in the region. With this transaction, CGIF has not only helped introduce a new type of bond instrument in the region, but also supported access to the bond markets by corporates from 6 countries, expanding its reach to support more companies across the Association of Southeast Asian Nations (“ASEAN”), China, Japan and Korea (“ASEAN+3”) region.

AboitizPower’s geothermal energy vehicle (“APRI”), which delivers clean and renewable baseload power from Tiwi-MakBan, one of the world’s largest geothermal energy facilities with an installed capacity of 676 megawatts, will issue a PHP10.7 billion (US$224 million equivalent) unrated 10 year privately-placed bond for the Aboitiz Group’s further investments in the power sector including renewable energy. This bond is made possible by a partial guarantee from ADB, where a risk-participation from CGIF plays a critical role, and has been certified as the Climate Bond Initiative as the first Climate Project Bond in Asia.

“The closing of this transaction marks multiple milestones for CGIF in support of the Philippine debt capital market, promotion of local currency project bonds, and support towards a better appreciation for cleaner economies in ASEAN+3 region”, said Mr. Kiyoshi Nishimura, CEO of CGIF. “With CGIF’s risk-participation, the transaction is further enhanced in terms of size, tenor and overall deal economics. CGIF will continue to enhance its role in developing bond markets and supporting infrastructure investments in the region through innovative schemes like this transaction.”

Excerpt from our business partners:

“This transaction validates the successful rehabilitation program of the Tiwi-MakBan facilities,” said Liza Montelibano, First Vice President and Chief Financial Officer, AboitizPower. “The deal opens a new avenue for financing and refinancing our various projects, allowing AboitizPower to redeploy capital toward our large pipeline of new power investments that include renewable energy. We are committed to support the energy needs of the country, and in building renewable energy resources through our brand, Cleanergy.”
Currently, AboitizPower’s Cleanergy portfolio is composed of 29 hydro and geothermal power generation facilities with a total of 915 MW attributable net sellable capacity. This year, the company is expecting to commission its first solar facility, the 59 MW solar power plant in San Carlos City, Negros Occidental. Other renewable projects in the pipeline include the 68-MW Manolo Fortich Hydro of Hedcor in Bukidnon and the 8.5-MW Maris Canal Hydro of SN AboitizPower (SNAP) and the National Irrigation Administration (NIA) in Isabela, both are expected to go online by 2017. Feasibility and exploration for hydro and geothermal potential in Luzon and Mindanao are ongoing. AboitizPower also announced its business expansion in Asia, starting off with the hydro and geothermal plant projects in Indonesia.

“This is a landmark transaction for the Philippines, and the Asia-Pacific region in terms of both capital markets development and climate finance,” said Reginaldo Cariaso, Senior Vice President - Managing Director & OIC of BPI Capital Corporation, who acted as lead arranger and sole underwriter of the bond issuance. “The transaction is highly innovative, representing the first project finance bond ever issued in local currency in the power sector in the Philippines and the first credit-enhanced project bond in Southeast Asia (excluding Malaysia) since the 1997-98 Asian financial crisis.”

“The successful use of credit enhancement for Tiwi-MakBan demonstrates that project bonds have a vital role to play in financing infrastructure investment in Asia and the Pacific,” said Todd Freeland, Director General of ADB’s Private Sector Operations Department. “Credit-enhanced project bonds offer a viable alternative to bank financing while mobilizing long-term capital to close the region’s infrastructure gap.”

About CGIF

CGIF is a multilateral facility established by the ASEAN+3 and ADB. It is established as a trust fund of ADB with an initial paid-in capital of USD700 million from its contributors. As a key component of the Asian Bond Markets Initiative, CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

CGIF’s Credit Ratings

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Scale</th>
<th>Ratings</th>
<th>Outlook</th>
<th>Date Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>Global (Long Term / Short Term)</td>
<td>AA / A-1+</td>
<td>Stable</td>
<td>16 July 2015</td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
<td>ASEAN</td>
<td>aAAA</td>
<td>Stable</td>
<td>16 July 2015</td>
</tr>
<tr>
<td>RAM Ratings</td>
<td>Global / ASEAN / National</td>
<td>gAAA / seaAAA / AAA</td>
<td>Stable</td>
<td>22 December 2015</td>
</tr>
<tr>
<td>MARC</td>
<td>National</td>
<td>AAA</td>
<td>Stable</td>
<td>28 January 2016</td>
</tr>
<tr>
<td>TRIS Ratings</td>
<td>National</td>
<td>AAA</td>
<td>Stable</td>
<td>19 October 2015</td>
</tr>
</tbody>
</table>
About AboitizPower Corporation

AboitizPower Corporation (AP) is the holding company for the Aboitiz Group’s investments in power generation, distribution, and retail electricity services. Incorporated in 1998 and listed in the Philippine Stock Exchange, AP is a leader in the Philippine power industry.

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