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Citicore Energy REIT Corp.

(formerly Enfinity Philippines Renewable Resources Inc.)

(*Incorporated in the Republic of the Philippines*)

Primary Offer of 1,047,272,000 Common Shares
Secondary Offer of 1,134,547,000 Common Shares
with an Over-allotment Option of up to 327,273,000 Common Shares
Offer Price of ₱2.55 per Offer Share

To be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Sponsors

Citicore Solar Tarlac 1, Inc.

Fund Manager

Citicore Fund Managers, Inc.

Property Manager

Citicore Property Managers, Inc.

Issue Manager, Financial Advisor, Joint Global Coordinator, Joint Bookrunner and Lead Underwriter

UNICAPITAL

Joint Global Coordinator, Joint Bookrunner and Lead Local Underwriter

BDO Capital

International Bookrunners

CIMB

CLSA

Joint Bookrunner and Lead Local Underwriter

PNB Capital

Participating Underwriter

ICCP

Selling Agents

Eligible Trading Participants of The Philippine Stock Exchange, Inc.

The date of this REIT Plan is January 27, 2022

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This REIT Plan relates to the offer and sale of 2,181,819,000 common shares (the "**Firm Offer**," and such shares, the "**Firm Shares**"), with a par value of ₱0.25 per share, with an Over-allotment Option (as defined below) of up to 327,273,000 common shares (the "**Option Shares**"), of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.), a corporation organized and existing under Philippine law ("**CREIT**" or the "**Company**"), and upon compliance with the requirements of Republic Act No. 9856, The Real Estate Investment Trust Act of 2009 and its Implementing Rules and Regulations (the "**REIT Law**"), shall operate as a real estate investment trust ("**REIT**"). Under the REIT Law, the sponsors of the Company are Citicore Renewable Energy Corporation ("**CREC**" or the "**Selling Shareholder**") and Citicore Solar Tarlac 1, Inc. ("**Citicore Tarlac 1**", and together with CREC, the "**Sponsors**", and each, a "**Sponsor**")) (formerly, nv vogt Philippine Solar Energy Three, Inc. ("**SE3**")). Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC.

The Firm Shares will comprise (i) 1,047,272,000 new common shares with a par value of ₱0.25 per share (such common shares, "**Shares**") to be issued and offered by the Company on a primary basis (the "**Primary Offer**", and such Shares, the "**Primary Offer Shares**"), and (ii) 1,134,547,000 existing Shares offered by the Selling Shareholder pursuant to a secondary offer (the "**Secondary Offer**", and such shares, the "**Secondary Offer Shares**"). The Option Shares will comprise up to 327,273,000 existing Shares of the Selling Shareholder. The Firm Shares and the Option Shares are referred to as the "**Offer Shares**," and the offer of the Offer Shares is referred to as the "**Offer**."

The Company has an authorized capital stock of ₱539,999,998.50 divided into 2,159,999,994 Shares with a par value of ₱0.25 per share, of which 2,159,999,994 Shares are issued and outstanding. On May 25, 2021, the Company's shareholders, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Enfinity Philippines Renewable Resources Inc." to "Citicore Energy REIT Corp.", and (ii) increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC subscribed to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63. In addition, CREC and Citicore Tarlac 1 subscribed to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac. The change in name of the Company and the increase in capital stock were approved by the Philippine SEC on October 12, 2021. In addition, on October 12, 2021, four Shares were issued to the independent Directors of the Company. As a result of the foregoing transactions, 5,498,182,004 Shares are issued and outstanding as of the date of this REIT Plan.

In addition to the foregoing, the Company's shareholders likewise approved the following changes in the Company's Articles of Incorporation: (i) amendment of the primary purpose to that of a REIT; (ii) provision of additional corporate powers; (iii) change in principal office address; (iv) change of term of corporate existence to perpetual; (v) increase in the number of directors to eight; (vi) inclusion of express waiver of pre-emptive right to subscribe from the Company's unissued capital, increase in capital stock or treasury stock; (vii) compliance with the lock-up requirements of The Philippine Stock Exchange, Inc. (the "**PSE**"); (viii) removal of the contractual restrictions on the disposition of shares; and (ix) inclusion of additional restriction on transfer of shares as provided under the REIT Law. These amendments were also approved by the Philippine SEC on October 12, 2021.

An application for the listing of the Offer Shares, together with the rest of the Shares of the Company, on the Main Board of the PSE has been filed October 14, 2021. The Offer Shares will be listed and traded on the Main Board of the PSE under the trading symbol "CREIT".

The Firm Shares will be offered at a price of ₱2.55 per Share (the "**Offer Price**"). The determination of the Offer Price is further discussed in the section entitled "*Determination of the Offer Price*" in this REIT Plan and is based on a bookbuilding process and discussions by and among the Company, Unicapital, Inc. ("**Unicapital**" or the "**Issue Manager, Financial Advisor, Joint Global Coordinator, Joint Bookrunner and Lead Underwriter**"), BDO Capital & Investment Corporation ("**BDO Capital**" or the "**Joint Global Coordinator, Joint Bookrunner and Lead Local Underwriter**", and together with Unicapital, the "**Joint Global Coordinators**"), CIMB

Investment Bank Bhd ("**CIMB**"), CLSA Limited ("**CLSA**", and together with CIMB, the "**International Bookrunners**"), PNB Capital and Investment Corporation ("**PNB Capital**" or the "**Joint Bookrunner and Lead Local Underwriter**", and together with BDO Capital, the "**Lead Local Underwriters**"), and Investment & Capital Corporation of the Philippines ("**ICCP**" or the "**Participating Underwriter**"). Unicapital, BDO Capital, PNB Capital and ICCP are collectively known as the "**Local Underwriters**". A total of 6,545,454,004 Shares will be outstanding after the Firm Offer.

Subject to the approval of the Securities and Exchange Commission of the Philippines (the "**Philippine SEC**"), the Selling Shareholder has granted BDO Capital in its role as stabilizing agent (the "**Stabilizing Agent**"), an option exercisable in whole or in part from and including the date of listing and when trading of the Shares commences on the PSE (the "**Listing Date**") and ending 30 calendar days from and including the Listing Date to purchase up to 327,273,000 Option Shares, on the same terms and conditions as the Firm Shares as set forth in this REIT Plan, solely to cover over-allotments, if any (the "**Over-allotment Option**"). The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up. The Stabilizing Agent may conduct stabilization activities by repurchasing Common Shares from the market at up to the number of Option Shares sold under the Over-allotment Option; hence, stabilization activities and the funds available therefor will necessarily be limited by the number of Option Shares actually sold or purchased. The Over-allotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder. The Option Shares will be sold as part of the Institutional Offer (as defined below).

The Offer Shares will represent approximately 38.3% of the issued and outstanding capital stock of the Company after completion of the Offer, assuming the full exercise of the Over-allotment Option, and the Offer Shares will represent approximately 33.3% of the issued and outstanding capital stock of the Company after completion of the Offer, assuming the Over-allotment Option is not exercised. After the Offer, CREC shall own 3,117,641,132 Shares, or 47.6% of the outstanding Shares and Citicore Tarlac 1 will own 918,720,864 Shares, or 14.0% of the outstanding Shares, assuming the full exercise of the Over-allotment Option. CREC shall own 3,444,914,132 Shares, or 52.6% of the outstanding Shares and Citicore Tarlac 1 will own 918,720,864 Shares, or 14.0% of the outstanding Shares, assuming the Over-allotment Option is not exercised. Please see the sections entitled "*Dilution*" and "*Plan of Distribution*" in this REIT Plan.

1,527,273,000 Firm Shares (or approximately 70% of the Firm Shares) (the "**Institutional Offer Shares**") are being offered for sale (i) outside the United States by the International Bookrunners in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) to domestic qualified institutional buyers as defined under the Securities Regulation Code of the Philippines and other domestic investors in the Philippines (the "**Domestic Investors**") by the Local Underwriters (the "**Institutional Offer**").

654,546,000 Firm Shares (or approximately 30% of the Firm Shares) (the "**Trading Participants and Retail Offer Shares**") are being offered to all of the REIT eligible trading participants of the PSE (the "**Eligible PSE Trading Participants**") and to local small investors (the "**LSIs**") under the Local Small Investors Program (the "**Trading Participants and Retail Offer**"). The amount of Offer Shares to be made available to the Eligible PSE Trading Participants and LSIs will be 436,364,000 and 218,182,000 Firm Shares, or approximately 20% and 10%, respectively, of the Firm Shares subject to final allocation as may be determined by the Joint Global Coordinators.

The Institutional Offer and Trading Participants and Retail Offer are being made in reliance on Regulation S of the U.S. Securities Act.

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as may be determined by the Local Underwriters and the International Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Global Coordinators and the International Bookrunners, the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

The Local Underwriters and the International Bookrunners will receive underwriting and selling fees from the Company and the Selling Shareholder of up to 2.0% of the gross proceeds from the sale of the Offer Shares, as discussed in the section entitled "*Plan of Distribution*" in this REIT Plan. The estimated underwriting, selling and Trading Participant ("**TP**") fees amount to approximately ₱128.0 million, assuming that the Over-allotment Option is fully exercised. The estimated underwriting, selling and TP fees amount to approximately ₱111.3 million, assuming that the Over-allotment Option is not exercised. Any Firm Shares left unsubscribed after the Offer Period will be underwritten, on a firm commitment basis, by the Local Underwriters and the International Bookrunners. For a more detailed discussion on the fees to be received by the Local Underwriters and the International Bookrunners, please see the sections entitled "*Use of Proceeds"* and "*Plan of Distribution*" in this REIT Plan.

The total proceeds to be raised by the Company from the sale of the Primary Offer Shares will be approximately ₱2,670.5 million, and the net proceeds to be raised by the Company from the sale of the Primary Offer Shares (after deduction of estimated fees and expenses) will be approximately ₱2,554.8 million. The Company intends to use the net proceeds from the Primary Offer to acquire properties within the Citicore Group. In particular, the Company plans to use the net proceeds from the Primary Offer to fund its intended acquisition of the properties owned by Citicore Solar Bulacan, Inc. ("**Citicore Bulacan**") (formerly, Bulacan Solar Energy Corp. ("**BSEC**")) and nv vgot Philippines Solar Energy One, Inc. ("**SE1**" or "**Citicore South Cotabato**") or alternative properties of the Sponsors or any of their Subsidiaries or Affiliates, that financially and strategically meet or exceed the Company's financial and strategic investment criteria. Citicore Bulacan and Citicore South Cotabato operate solar power plants on such properties, and are wholly owned indirect subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in this REIT Plan for more information on the Company's use of net proceeds from the Primary Offer.

The Company will not receive any proceeds from the Secondary Offer. The net proceeds from the Secondary Offer shall be used by the Selling Shareholder in accordance with its Reinvestment Plan (see Annex 1 "*Reinvestment Plan*" of this REIT Plan). Assuming full exercise of the Over-allotment Option, the total proceeds to be raised by the Selling Shareholder from the sale of the Secondary Offer Shares and the Option Shares will be approximately ₱3,727.6 million, and the Selling Shareholder will receive net proceeds of approximately ₱3,616.0 million (after deducting fees and expenses payable by the Selling Shareholder). Assuming the Over-allotment Option is not exercised, the total proceeds to be raised by the Selling Shareholder from the sale of the Secondary Offer Shares and the Option Shares will be approximately ₱2,893.1 million, and the Selling Shareholder will receive net proceeds of approximately ₱2,803.8 million (after deducting fees and expenses payable by the Selling Shareholder). For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see "*Use of Proceeds*" and Annex 1 "*Reinvestment Plan*" of this REIT Plan. For a more detailed discussion on the Selling Shareholder's shareholding please see the section entitled "*Principal and Selling Shareholder*" in this REIT Plan.

Each holder of Shares will be entitled to such dividends as set forth under the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested by the REIT within one year from the date of the sale) as dividends to its shareholders. The percentage of dividends with respect to any class of stock to be received by the Public Shareholders to the total dividends distributed by the Company from its distributable income shall not be less than such percentage of their aggregate ownership of the total outstanding shares of the Company. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all the Company's independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine Securities and Exchange Commission (the "**Philippine SEC**") within five working days from receipt of the request for approval. If the Philippine SEC does not act on the said request within such period, the declaration shall be deemed approved. Please see a more detailed discussion of the Company's dividend obligations under the section entitled "*Dividends and Dividend Policy*" in this REIT Plan.

All of the Shares issued and to be sold pursuant to the Offer have, or will have, identical rights and privileges. The Shares may be owned by any person or entity regardless of citizenship or nationality, subject to minimum public ownership requirements of the REIT Law and to the nationality limits under Philippine law. In particular, the Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals, which include corporations or associations organized under the laws of the Philippines of which at least 60% of the capital stock outstanding is owned and held by citizens of the Philippines. As such, foreign shareholdings in the Company may not exceed

40% of the Company's total issued and outstanding capital stock. For more information relating to restrictions on ownerships of the Shares, please see the sections entitled "*Risk Factors*," "*Business and Properties*," and "*Regulatory and Environmental Matters – Nationality Restriction*" in this REIT Plan.

Summary Information on CREIT and the Portfolio

The Company is a REIT formed primarily to own and invest in income-generating renewable energy real estate properties, including land and properties used for harnessing power, that meet the Company's investment criteria. Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties. The Company offers its shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality income-generating renewable energy real estate properties supported by a strong and growing demand for electricity in the Philippines, appreciation of land values, strong support from the Sponsors, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 95% of the Company's Distributable Income.

As of the date of this REIT Plan, the Company's renewable energy property portfolio consists of (i) a solar power plant with an installed capacity of 22.3MWp_{DC} and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land and (ii) land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), and (B) leasehold rights over parcels of land located in Brgy. Talavera, Toledo City, Cebu (the "**Toledo Property**"), Silay City, Negros Occidental (the "**Silay Property**"), and Brgy. Dalayap, Tarlac City (the "**Dalayap Property**", and together with the Clark Property, Armenia Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**").

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Tarlac 1, Citicore Solar Cebu, Inc. ("**Citicore Cebu**") (formerly, First Toledo Solar Energy Corp. ("**FTSEC**")), Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**") (formerly Silay Solar Power, Inc. ("**SSPI**")), and Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("**SE4**")) ("**Citicore Tarlac 2**", collectively with CREC, Citicore Tarlac 1, Citicore Cebu, and Citicore Negros Occidental, the "**Lessees**"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 123.7MWp_{DC}.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of Citicore Power, Inc. ("**CPI**"), the parent company of CREC.

The Leased Properties comprise the Company's initial Portfolio, and have an aggregate appraised value of ₱10.9 billion (U.S.$214.3 million) based on the Valuation Reports issued by Cuervo Appraisers.

The following table summarizes key information relating to the Company's Leased Properties. For more details on the Leased Properties, please see "*Business and Properties*" in this REIT Plan.

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731
Right over property	Leased	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040
Lessor	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Right of first refusal	None	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	28.4%	6.3%	34.6%	26.4%	4.3%

The Company built and owns the Clark Solar Power Plant on the Clark Land that it leases from the Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below). In addition, the Company acquired (i) the leasehold rights over the Toledo Property for a remaining term of 19 years expiring on May 31, 2041, (ii) the leasehold rights over the Silay Property for a period of 19 years expiring on October 31, 2040 and (iii) the leasehold rights over the Dalayap Property for a period of 19 years expiring on October 31, 2040, pursuant to the Acquisition of Leasehold Rights (as defined below). See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

In addition to the Properties, after the Offer, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, which are wholly owned indirect subsidiaries of CREC through its 100% ownership of Citicore Solar Holdings, Inc. and Sikat Solar Holdco Inc., respectively. Please see the section entitled "*Use of Proceeds*" in this REIT plan and "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These two properties are described below (the "**Properties to be Acquired**"):

- **Bulacan Property** — a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of 15MWp_{DC} in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

- **South Cotabato Property** — a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of 6.23MWp_{DC} in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

As of October 31, 2021, the Bulacan Property and South Cotabato Property were valued by Cuervo Appraisers at ₱2,484.1 million and ₱1,067.5 million, respectively.

The property lease rental rates for the Properties to be Acquired are also expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Properties to be Acquired.

In contemplation of the Offer, the Company entered into and implemented the "**REIT Formation Transactions**" as follows:

- **Property-for-Share Swap**. On May 26, 2021, the Company entered into a Deed of Assignment and a Subscription Agreement with CREC whereby, subject to the Philippine SEC's confirmation of the valuation of one of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the Certificate Authorizing Registration ("**CAR**"), CREC transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to CREC of 19,461,142 Shares with a par value of ₱0.25 per share, amounting to ₱4,865,285.50. On the same day, the Company entered into a Deed of Assignment and a Subscription Agreement with Citicore Tarlac 1 whereby, subject to the Philippine SEC's confirmation of the valuation of ten of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, Citicore Tarlac 1 transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to Citicore Tarlac 1 of 918,720,864 Shares with a par value of ₱0.25 per share, amounting to ₱229,680,216. Subject to the conditions described above, the Sponsors assigned the Armenia Property in favor of the Company in exchange for a total of 938,182,006 Shares (the "**Property-for-Share Swap**").

On October 12, 2021, the Philippine SEC confirmed the valuation of the Armenia Property and approved the Company's application for the increase in its capital stock. The CAR was issued by the Revenue District Office of Tarlac for the Armenia Property which led to the issuance of the transfer certificates of title and tax declarations for the Armenia Property in the name of the Company. The Armenia Property were swapped for 938,182,006 Shares of the Company, the stock certificate for which was issued on October 25, 2021.

- **Conversion of Advances.** On May 25, 2021, the Company's shareholders, approved, among other things, the increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63 (the "**Conversion of Advances**"). On October 12, 2021, the Philippine SEC approved the increase in authorized capital stock, which resulted in the issuance of 2,400,000,000 Shares to CREC.

- **Acquisition of Leasehold Rights.** The Company has entered into several arrangements including a deed of assignment, lease agreement and sublease agreements with respect to its acquisition of the leasehold rights over the Toledo Property, Silay Property and the Dalayap Property. See "*Certain Agreements relating to the Company and the Properties – Land lease agreements (Company as lessee).*"

- **Transfer of the Clark Service Contract to CREC.** On October 13, 2021, the Company assigned Solar Energy Service Contract (SESC No. 2014-07-086) to CREC, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the Philippine Department of Energy ("**DOE**") on December 24, 2021. On October 13, 2021, CREC and the Company entered into a Contract of Lease whereby CREC leased the Clark Solar Power Plant from CREIT beginning November 1, 2021 for a period of around 18 years. Effective upon the transfer of the Clark Service Contract to CREC, CREIT will only be receiving rental income from the Clark Power Plant and the Leased Properties. See "*Certain Agreements relating to the Company and the Properties.*"

Summary Information on the Sponsors, the Fund Manager and the Property Manager

Each of the Sponsors is a corporation organized under the laws of the Philippines, and Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC (CREC owns of all of the outstanding common shares of Sikat Solar Holdco Inc., which in turn owns all of the outstanding common shares of Citicore Tarlac 1). CREC is one of the leading renewable energy generation companies in the Philippines engaged in development of renewable energy plants, including large-scale solar power plants. CREC is also engaged in the business of renewable energy asset development, engineering, procurement and construction, and renewable energy asset management, including operation and maintenance of solar power generation facilities. As such, the Company benefits from the Sponsors' well-established reputation, relationships with key players in the Philippine renewable energy industry, understanding of the Philippine renewable energy market, and extensive experience in developing and managing renewable energy properties such as the Company's Properties. As of September 30, 2021, CREC is a wholly owned subsidiary of CPI, also a corporation organized under the laws of the Philippines. See "*The Sponsors*" in this REIT Plan for more information.

The fund manager, Citicore Fund Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Fund Manager**"). The Fund Manager was incorporated on July 21, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Fund Manager is a wholly owned Subsidiary of CREC. The Fund Manager has general power of management over the assets of the Company, pursuant to a fund management agreement dated July 26, 2021 between the Company and the Fund Manager (the "**Fund Management Agreement**"). The Fund Manager's main responsibilities are to implement the Company's investment strategies and manage the Company's assets and liabilities for the benefit of the Company's Shareholders. The Fund Manager will manage the assets of the Company with a focus on generating steady revenues and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company and, ultimately, the distributions to the Company's Shareholders. For a more detailed discussion on the Company's business strategy, see the sections entitled "*Business and Properties – Business Strategies*" and "*Certain Agreements Relating to the Company and the Properties – Fund Management Agreement*" in this REIT Plan.

The property manager, Citicore Property Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Property Manager**"). The Property Manager was incorporated on August 4, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Property Manager is a wholly owned Subsidiary of CREC. The Property Manager will perform the day-to-day property management functions of the Properties pursuant to a property management agreement dated as of August 9, 2021 between the Company and the Property Manager (the "**Property Management Agreement**"), in accordance with this REIT Plan, and the Company's investment strategies. See the section entitled "*Certain Agreements Relating to the Company and the Properties – Property Management Agreement*" in this REIT Plan. These functions include managing the execution of new leases and renewing or replacing expiring leases. In addition, the Property Manager will oversee CREC's operation and maintenance of the Clark Solar Power Plant; maintenance of the land premises underlying the Properties; formulation and implementation of policies and programs in respect of solar plant facility management; maintenance and optimization; secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; and oversee plant operations management.

On August 18, 2021, the Company filed a Registration Statement covering the Shares with the Philippine SEC, in accordance with the provisions of the Securities Regulation Code ("**SRC**"), and the REIT Law.

The listing of the Offer Shares is subject to the approval of the PSE. On October 14, 2021, the Company filed its application for the listing of the Offer Shares and the rest of its Shares with the PSE. On January 14, 2022, the application was approved by the board of directors of the PSE, subject to fulfillment of certain listing conditions by the Company. However, such an approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the Philippine SEC of the Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this REIT Plan. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this REIT Plan.

On October 20, 2021, the Company received an approval from the Insurance Commission of the Philippines to consider the Shares as admitted assets and allowable investment of insurance and pre-need companies, respectively. In order to maintain admitted asset status and allowable investment, the Company must at all times be compliant with the relevant provisions of the Insurance Code, as amended by R.A. No. 10607, Pre-need Code and all applicable circular letters and advisories issued by the Insurance Commission of the Philippines. See "*Risk Factors – Risks Relating to the Offer Shares and an Investment in the Company – There can be no guarantee that the Offer Shares will remain admitted in admitted asset status and as allowable investments for insurance and pre-need companies under the Pre-need Code.*"

The Offer Shares are offered subject to the receipt and acceptance of any order by the Company and subject to the Company's right to reject any order in whole or in part. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository and Trust Corporation (the "**PDTC**").

Risks of Investing

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- **Risks relating to the Company's Business;**
- **Risks relating to the Properties;**
- **Risks relating to the Philippines;**
- **Risks relating to the Offer Shares and an Investment in the Company; and**
- **Risks relating to the Presentation of Information in this REIT Plan.**

See the section entitled "Risk Factors" in this REIT Plan, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

By:

OLIVER Y. TAN
President

REPUBLIC OF THE PHILIPPINES)
CITY OF SAN JUAN)S.S.

SUBSCRIBED AND SWORN to before me this 31 January 2022 in San Juan City, Metro Manila, Philippines, affiant exhibited to me his competent evidence of identity in the form of his Philippine Passport No. P4489306B issued on 22 January 2020 at the DFA NCR East and valid until 21 January 2030.

Doc. No. 42;
Page No. 9;
Book No. III;
Series of 2022.

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment No. 189 (2020-2021)
Notary Public for and in the Cities of Pasig and San Juan
and in the Municipality of Pateros
Commission Expires on December 31, 2021
76 Col. Bonny Serrano Ave., San Juan City
Roll of Attorneys No. 66585
MCLE Compliance No. VI-0021699
IBP No. 108011/01-07-2020/RSM
PTR No. 6496437/01-09-2020/Pasig City

* valid until June 30, 2022 as per Supreme Court Resolution dated 28 September 2021 in B.M. No. 3795.

NOTICE TO INVESTORS

Unless otherwise stated, all information contained in this REIT Plan relating to the Company and its operations have been supplied by the Company. In accordance with the requirements of applicable laws and regulations in the Philippines for the sale of securities, such as the Offer Shares, in the Philippines, each of the Local Underwriters and the Company have exercised the required due diligence to the effect that, and each of the Local Underwriters and the Company confirm that to the best of their knowledge and belief after having taken reasonable care to ensure that such is the case, as of the date of this REIT Plan the information contained in this REIT Plan relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this REIT Plan misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this REIT Plan with respect to the same. Each person contemplating an investment in the Offer Shares should make their own investigation and analysis of the creditworthiness of the Company and their own determination of the suitability of any such investment.

Unless otherwise indicated, all information in this REIT Plan is as of the date of this REIT Plan. Neither the delivery of this REIT Plan nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

No representation or warranty, express or implied, is made by the Company or the Local Underwriters and the International Bookrunners regarding the legality of an investment in the Offer Shares under any legal, investment, or similar laws or regulations. The contents of this REIT Plan are not investment, legal, or tax advice. Prospective investors should consult their own counsel, accountant, and other advisers as to legal, tax, business, financial, and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this REIT Plan, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

THE OFFER SHARES ARE BEING OFFERED ON THE BASIS OF THIS REIT PLAN ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this REIT Plan and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Local Underwriters and the International Bookrunners. This REIT Plan does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this REIT Plan nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The operating information used throughout this REIT Plan has been calculated by the Company on the basis of certain assumptions made by it. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details on the assumptions used in determining the appraised value of the Properties for this REIT Plan. Please also see the section entitled "*Capitalization*" in this REIT Plan, which should be read in conjunction with the Company's financial statements and the notes thereto as included in this REIT Plan. Because certain discussions are based on the assumption of an Offer Price of ₱2.55 per Offer Share, the operating information provided in this REIT Plan may not be comparable to similar operating information reported by other companies.

The distribution of this REIT Plan and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. The Company and the Local Underwriters and the International Bookrunners require persons into whose possession this REIT Plan comes to inform them about, and to observe, any such restrictions. This REIT Plan does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Each prospective purchaser of the Offer Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells, or resells the Offer Shares, or possesses and distributes this REIT Plan and must obtain any consents, approvals, or permissions required for the purchase, offer, sale, or resale by it of the Offer Shares under the laws, rules, and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales, or resales, and neither the Company nor the Local Underwriters and the International Bookrunners shall have any responsibility therefor.

In connection with the Offer, the Stabilizing Agent may over-allot Offer Shares or effect transactions with a view to support the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no assurance that the Stabilizing Agent will undertake stabilization activities. Any stabilization activities may begin on or after the Listing Date and, if begun, may be ended at any time, but must end no later than 30 calendar days from and including the Listing Date. Any stabilization activities shall be done in compliance with all applicable laws, regulations and rules. The total number of Offer Shares which the Stabilizing Agent or any of its agents may buy to undertake any stabilization activities shall not exceed 15% of the aggregate number of the Offer Shares.

The Company reserves the right to withdraw the offer and sale of Offer Shares at any time, and the Local Underwriters and the International Bookrunners reserve the right to reject any commitment to subscribe for the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the Philippine SEC and the PSE. The Local Underwriters and the International Bookrunners, and certain related entities may acquire for their own account a portion of the Offer Shares.

Each offeree of the Offer Shares, by accepting delivery of this REIT Plan, agrees to the foregoing.

CONVENTIONS THAT APPLY TO THIS REIT PLAN

In this REIT Plan, unless otherwise specified or the context otherwise requires, all references to the "**Company**" are to Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources, Inc.). All references to the "**Citicore Group**" are to CREC and its Subsidiaries and Affiliates. All references to the "**Philippines**" are references to the Republic of the Philippines. All references to the "**Government**" or the "**National Government**" are to the national Government of the Philippines. All references to the "**BSP**" are references to Bangko Sentral ng Pilipinas, the central bank of the Philippines. All references to "**Philippine peso**", "**Pesos**", "**Php**" and "**₱**" are to the lawful currency of the Philippines. The Company publishes its financial statements in Pesos. The items expressed in the Glossary of Terms may be defined otherwise by appropriate Government agencies or regulations from time to time, or by conventional or industry usage.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding off. References to Annexes are to the Annexes set out in this REIT Plan. All references herein to dates and times shall mean Philippine dates and times unless otherwise specified.

BASIS FOR CERTAIN MARKET DATA AND THE ASSESSMENT REPORT

Certain statistical information and forecasts in this REIT Plan relating to the Philippines and other data used in this REIT Plan were obtained or derived from internal surveys, market research, Governmental data, publicly available information, and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. This REIT Plan also contains industry information that was prepared from available public sources and independent market research studies conducted by Frost & Sullivan ("**Frost & Sullivan**") to provide an overview of the real estate industry in which the Company operates. However, there is no assurance that such information is accurate or complete. For such purpose, the Company engaged Frost & Sullivan to conduct such independent market research studies on the power generation industry in Philippines (focusing on solar power generation), the full version of which is attached to this REIT Plan as Annex 3. Further, this REIT Plan also contains information derived from an assessment of the climate risk associated with the Company's operations that was prepared from available public sources and data supplied by the Company to CICERO Shades of Green Ltd. ("**CICERO Green**") to assess the environmental and social sustainability of the Company's operations. However, there is no assurance that such assessment is accurate or complete. For such purpose, the Company engaged CICERO Green to conduct such independent assessment report, the full version of which is attached to this REIT Plan as Annex 5. Similarly, internal surveys, industry forecasts, market research, Governmental data, publicly available information, and/or industry publications have not been independently verified by the Company or the Local Underwriters and the International Bookrunners, and might not be accurate, complete, up-to-date, balanced, or consistent with other information compiled within or outside the Philippines.

Consequently, neither the Company nor the Local Underwriters and the International Bookrunners make any representations as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

PRESENTATION OF FINANCIAL INFORMATION

The Company's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") approved by the Financial Reporting Standards Council of the Philippines and adopted by the Philippine SEC. PFRS includes all applicable PFRS, Philippine Accounting Standards, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee, and International Financial Reporting Interpretations Committee.

The Company's fiscal year begins on January 1 and ends on December 31 of each year. Unless otherwise indicated, the description of the business activities of the Company in this REIT Plan is presented on a consolidated basis.

The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2021 of ₱50.96 = U.S.$1.00.

In this REIT Plan, references to "2017", "2018", "2019" and "2020" refer to the fiscal years ended December 31, 2017, 2018, 2019 and 2020, respectively.

Isla Lipana & Co. ("**PwC Philippines**"), the Philippine member firm of the PwC Network, independent auditors, (i) audited the Company's financial statements as of and for the year ended December 31, 2020 and as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 included in this REIT Plan in accordance with Philippine Standards on Auditing, (ii) performed an assurance engagement to report on the compilation of the Company's pro forma financial information as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 included in this REIT Plan in accordance with Philippine Standard on Assurance Engagements ("**PSAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (the "**Pro Forma Financial Statements**"), and (iii) performed an assurance engagement on the compilation of the profit forecast and profit projection of the Company in accordance with PSAE 3400, *The Examination of Prospective Financial Information*. Maceda Valencia & Co., a member firm of Nexia International Network, audited the Company's financial statements as of and for the years ended December 31, 2018 and 2019 included in this REIT Plan, and SyCip Gores Velayo & Co., a member firm of Ernst & Young Global Limited, audited the Company's financial statements as of and for the year ended December 31, 2017 included in this REIT Plan, in each case, in accordance with Philippine Standards on Auditing. The financial information for such periods is extracted from the financial statements included in this REIT Plan. The audited financial statements of the Company as of December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 do not reflect the effects of the REIT Formation Transactions (as defined below).

Pro Forma Financial Statements

This REIT Plan contains certain pro forma financial information as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of and for the nine months ended September 30, 2020 and 2021. The unaudited pro forma condensed financial information has been prepared in accordance with Section 9, Part II of Rule 68 of the Revised Securities Regulation Code. The historical financial information was derived from the audited financial statements of the Company as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 and prepared in compliance with PFRS. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The pro forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding sections occurred earlier than the actual date of the transactions, nor does it purport to project the results of operations of the Company for any future period or date. PwC Philippines has expressed an opinion about whether the pro forma information has been compiled, in all material respects, by the Company's management on the basis of the criteria as set out in Note 2 to the pro forma financial information. PwC Philippines conducted the engagement in accordance with PSAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Philippine Auditing and Assurance Standards Council.

The Pro Forma Financial Statements are prepared on the basis of the assumption that all the Leased Properties were part of CREIT for such period prior to the REIT Formation Transactions. The Pro Forma Financial Statements have been prepared to provide the financial position of the Leased Properties as of December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021, and their financial performance and their cash flows for the years then ended and for the nine months ended September 30, 2020 and 2021, by separating the historical financial information pertaining to the Leased Properties out of the relevant Citicore Group member's audited financial statements in accordance with PFRS.

In contemplation of the Offer, the Company entered into and implemented the "**REIT Formation Transactions**" as follows:

- **Property-for-Share Swap**. On May 26, 2021, the Company entered into a Deed of Assignment and a Subscription Agreement with CREC whereby, subject to the Philippine SEC's confirmation of the valuation of one of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the Certificate Authorizing Registration ("**CAR**"), CREC transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to CREC of 19,461,142 Shares with a par value of ₱0.25 per share, amounting to ₱4,865,285.50. On the same day, the Company entered into a Deed of Assignment and a Subscription Agreement with Citicore Tarlac 1 whereby, subject to the Philippine SEC's confirmation of the valuation of ten of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, Citicore Tarlac 1 transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to Citicore Tarlac 1 of 918,720,864 Shares with a par value of ₱0.25 per share, amounting to ₱229,680,216. Subject to the conditions described above, the Sponsors assigned the Armenia Property in favor of the Company in exchange for a total of 938,182,006 Shares (the "**Property-for-Share Swap**").

On October 12, 2021, the Philippine SEC confirmed the valuation of the Armenia Property and approved the Company's application for the increase in its capital stock. The CAR was issued by the Revenue District Office of Tarlac for the Armenia Property which led to the issuance of the transfer certificates of title and tax declarations for the Armenia Property in the name of the Company. The Armenia Property were swapped for 938,182,006 Shares of the Company, the stock certificate for which was issued on October 25, 2021.

- **Conversion of Advances.** On May 25, 2021, the Company's shareholders, approved, among other things, the increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63 (the "**Conversion of Advances**"). On October 12, 2021, the Philippine SEC approved the increase in authorized capital stock, which resulted in the issuance of 2,400,000,000 Shares to CREC.

- **Acquisition of Leasehold Rights.** The Company has entered into several arrangements including a deed of assignment, lease agreement and sublease agreements with respect to its acquisition of the leasehold rights over the Toledo Property, Silay Property and the Dalayap Property. See "*Certain Agreements relating to the Company and the Properties – Land lease agreements (Company as lessee).*"

- **Transfer of the Clark Service Contract to CREC.** On October 13, 2021, the Company assigned Solar Energy Service Contract (SESC No. 2014-07-086) to CREC, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the Philippine Department of Energy ("**DOE**") on December 24, 2021. On October 13, 2021, CREC and the Company entered into a Contract of Lease whereby CREC leased the Clark Solar Power Plant from CREIT beginning November 1, 2021 for a period of around 18 years. Effective upon the transfer of the Clark Service Contract to CREC, CREIT will only be receiving rental income from the Clark Power Plant and the Leased Properties. See "*Certain Agreements relating to the Company and the Properties.*"

Please refer to the Company's pro forma financial information as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 included in this REIT Plan for further details.

Figures in this REIT Plan have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

PRESENTATION OF NON-PFRS FINANCIAL MEASURES

This REIT Plan includes certain non-PFRS financial measures, including FFO and AFFO and EBITDA ratios.

Funds from operations ("**FFO**") is equal to net income, excluding gains or losses from sales of property, and adjusted by adding back non-cash expenses such as the effect of straight-line adjustment on rental income based on PFRS 16, depreciation of property, plant and equipment, and amortization of right-of-use assets. Adjusted funds from operations ("**AFFO**") is calculated by subtracting from FFO the recurring capital expenditures that are capitalized by the Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream. "**Recurring capital expenditure**" comprises capital expenditures required for maintenance including major repairs, overhauls, and major replacement parts for equipment. Capital expenditures are spending for acquisition or major maintenance that will preserve, improve or prolong the useful life of an existing asset.

The Company believes that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of the Company's operating results among investors. FFO and AFFO are an important measurement because the Company's leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of total comprehensive income due to application of straight-line method of recognizing rental revenues. Non-cash expenses such as depreciation on property, plant and equipment and amortization of right-of-use are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, the Company believes that AFFO provides a better measure of its dividend-paying capability.

See "*Profit Forecast and Profit Projection - Dividends*" in this REIT Plan for a description of these non-PFRS financial measures.

These non-PFRS financial measures are supplemental measures of the Company's performance that are not required by, or presented in accordance with, and should not be considered as an alternative to net profit, revenues or any other measure of the Company's financial performance derived in accordance with PFRS or as an alternative to cash flows from operations or as a measure of the Company's liquidity. Non-PFRS financial measures have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for, investors' own analysis of the Company's financial condition or results of operations, as reported under PFRS. These non-PFRS financial measures are not standardized terms and other companies may calculate measures bearing the same titles differently, hence a direct comparison between companies using such terms may not be possible, which limits the usefulness of these non-PFRS financial measures.

FORWARD-LOOKING STATEMENTS

This REIT Plan contains forward-looking statements and forward-looking financial information (including in the section entitled "*Profit Forecast and Profit Projection*"), that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any future results;
- performance or achievements expressed or implied by forward-looking statements;
- the Company's overall future business, financial condition, and results of operations, including, but not limited to, its financial position or cash flow;

- the Company's goals for or estimates of its future operational performance or results; and
- changes in the Company's regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements and forward-looking financial information are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that can cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements and forward-looking financial information include, among other things:

- any amendment of the REIT Law or of any other laws or regulations affecting the Company;
- any unforeseen changes in the domestic, regional, or global economy that result in reduced rent for the Company's properties;
- any fluctuations in the competitive landscape in the Philippine property or renewable energy markets;
- any substantial change in the quality of the customers of the solar power plants on the Company's Properties;
- any changes to available interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- any material changes to any planned renovations or improvements to the Company's properties, resulting from market demands, financial conditions, and legal requirements, among others;
- the condition of and changes to the Philippines, Asian, or global economies;
- the general political, social, and economic conditions in the Philippines;
- any changes in government regulations, including tax laws, or licensing in the Philippines; and competition in the renewable energy industry in the Philippines; and
- any other matters not yet known to the Fund Manager or not currently considered material by the Fund Manager.

Additional factors that can cause the Company's actual results, performance or achievements to differ materially from the forward-looking statements and forward-looking financial information in this REIT Plan include, but are not limited to, those disclosed under "*Risk Factors*", "*Profit Forecast and Profit Projection*" and elsewhere in this REIT Plan. These forward-looking statements and forward-looking financial information speak only as of the date of this REIT Plan.

In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this REIT Plan must be considered with significant caution and reservation.

The Company and the Local Underwriters and the International Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement and/or forward-looking financial information contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This REIT Plan includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "aim," "anticipate," "believe," "consider," "continue," "estimate," "expect," "going forward," "intend," "ought to," "plan," "potential," "predict," "project," "propose," "seek," "may," "might," "can," "could," "will," "would," "shall," "should," "is/are likely to," the negative form of these words, and other similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this REIT Plan are forward-looking statements. Statements in the REIT Plan as to the opinions, beliefs, and intentions of the Company accurately reflect in all material respects the opinions, beliefs, and intentions of its management as to such matters as of the date of this REIT Plan, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This REIT Plan discloses, under the section "*Risk Factors*", "*Profit Forecast and Profit Projection*" and elsewhere, important factors that can cause actual results to differ materially from the Company's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY OF TERMS

In this REIT Plan, unless the context otherwise requires, the following terms shall have the meanings set out below.

Adjusted Funds From Operations or AFFO	Calculated by subtracting from FFO the recurring capital expenditures that are capitalized by the Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream.
Affiliate	A corporation that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under the common Control of, another corporation.
Applicant	A person, whether natural or juridical, who seeks to subscribe for the Offer Shares.
Application	An application to purchase the Offer Shares pursuant to the Offer.
Armenia Property	eleven parcels of land with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac, Tarlac, which are owned by the Company. Citicore Tarlac 1 owns and operates an 8.84MWp$_{DC}$ solar power plant on the Armenia Property.
BIR	Bureau of Internal Revenue of the Philippines.
Board	The board of directors of the Company.
BSP	Bangko Sentral ng Pilipinas, the central bank of the Philippines.
Bulacan Property	a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan, which is owned by Citicore Bulacan as of the date of this REIT Plan, and which the Company intends to acquire after the completion of the Offer. Citicore Bulacan owns and operates a 15MWp$_{DC}$ solar power plant on the Bulacan Property.
BVAL	Bloomberg Valuation.
CAGR	Compound annual growth rate from the initial year to the final year over a certain period of time.
Citicore Bataan	Citicore Solar Bataan, Inc. (formerly Next Generation Power Technology Corp.). Citicore Bataan is a wholly owned subsidiary of CPI.
Citicore Bulacan	Citicore Solar Bulacan, Inc. (formerly, Bulacan Solar Energy Corp. ("**BSEC**")). Citicore Bulacan is a wholly owned indirect subsidiary of CREC.
Citicore Cebu	Citicore Solar Cebu, Inc. ("**Citicore Cebu**") (formerly, First Toledo Solar Energy Corp. ("**FTSEC**")) Citicore Cebu is a wholly owned indirect subsidiary of CPI.
Citicore Negros Occidental	Citicore Solar Negros Occidental, Inc. (formerly Silay Solar Power, Inc. ("**SSPI**")). Citicore Negros Occidental is a wholly owned indirect subsidiary of CPI.
Citicore South Cotabato or SE1	nv vgot Philippines Solar Energy One, Inc., a wholly owned indirect subsidiary of CREC.

Citicore Tarlac 1	Citicore Solar Tarlac 1, Inc., (formerly, nv vogt Philippine Solar Energy Three, Inc. ("**SE3**")). Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC.
Citicore Tarlac 2	Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("**SE4**")). Citicore Tarlac 2 is a wholly owned indirect subsidiary of CREC.
Clark Land.....................................	A 250,318 sq.m. parcel of land located inside Clark Freeport Zone, Pampanga, which the Company leases from Clark Development Corporation.
Clark Property	Leasehold rights of the Company over the Clark Land.
Clark Solar Power Plant	A solar power plant with an installed capacity of 22.325MWp_{DC} and other real properties located on the Clark Property that are operated by CREC.
Competitive Investment Return..	A comparable or better return than other investment instruments available in the market relative to the associated risks. For this purpose, investment return refers to total return. Income streams and/or capital appreciation includes lease rental revenues, future escalations in rent, and price appreciation in stock. Specifically, the Company compares its dividend yield and potential dividend growth to (a) the current 10-year BVAL benchmark rate, (b) rates of recent comparable local debt issuances and instruments, and (c) the 1-year forward dividend yield and dividend yield growth for comparable equity investments and instruments, as taken from Bloomberg.
contestable customer	A contestable customer refers to electricity end-user who are part of the "contestable market" or those who have a choice of their supplier of electricity. Contestability is described in the Electricity Reform Administration Regulations, which bases the consumers' annual electricity consumption during a 12-month period.
Control...	The power of a corporation to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly, through Subsidiaries, more than one-half of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute Control. Control also exists even when the parent corporation owns one-half or less of the voting power of an enterprise when there is power: i. over more than one-half of the voting rights by virtue of an agreement with investors; ii to direct or govern the financial and operating policies of the enterprise under a statute or an agreement; iii to appoint or remove the majority of the members of the board of directors or equivalent governing body; or iv to cast the majority votes at meetings of the board of directors or equivalent governing body.
COVID-19	Coronavirus Disease 2019.

CPI	Citicore Power, Inc., the parent company of CREC.
CREC or the Selling Shareholder...	Citicore Renewable Energy Corporation.
Dalayap Property	Leasehold rights of the Company over parcels of land with an aggregate area of 103,731 sq.m. located in Brgy. Dalayap, Tarlac City. Citicore Tarlac 2 owns and operates a 7.55MWp$_{DC}$ solar power plant on the Dalayap Property.
DENR	Department of Environment and Natural Resources of the Philippines.
Deposited Property	The total value of the Company's assets, reflecting the fair market value of the total assets held by the Company.
Directors	Directors of the Company.
Distributable Income	Net income as adjusted for unrealized gains and losses/expenses and impairments losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of a REIT's assets that are re-invested by the REIT within one year from the date of sale).
DOE	Department of Energy of the Philippines.
Domestic Investors	Domestic qualified institutional buyers as defined under the Securities Regulation Code of the Philippines and other domestic investors in the Philippines.
EBITDA	Earnings before interest, provisions for income tax, depreciation and amortization.
ECQ	Enhanced community quarantine.
Eligible PSE Trading Participants	Duly licensed securities brokers who are trading participants of the PSE that have complied with all the requirements under the PSE Amended Listing Rules for Real Estate Investment Trusts dated February 7, 2020 to trade REIT shares.
ERC	Philippine Energy Regulatory Commission.
FIT	Feed-in-tariff.
Firm Shares	2,181,819,000 Shares to be offered and sold by the Company and the Selling Shareholder.
Funds from Operations or FFO	Equal to net income, excluding gains or losses from sales of property, and adjusted by adding back non-cash expenses such as the effect of straight-line adjustment on rental income based on PFRS 16, depreciation of property, plant and equipment, and amortization of right-of-use assets.
Fund Management Agreement	The Fund Management Agreement, dated July 26, 2021, between the Company and the Fund Manager.
Fund Manager	Citicore Fund Managers, Inc., a corporation organized and existing under the law of the Philippines, and a wholly owned Subsidiary of CREC.

GCQ	General community quarantine.
GDP...	Gross domestic product, or the monetary value of all the finished goods and services produced within a country's borders, calculated on an annual basis.
GOCC..	Government owned-and-controlled corporations.
Government or National Government..................................	The government of the Republic of the Philippines.
Gross Revenue...............................	The gross revenue of the Company, consisting of rental revenues from the Leased Properties, before expenses, in any financial year ending on December 31 in each year or other specified period.
Guaranteed Base Lease	The annual lease amount in Philippine Peso as provided in the table of lease schedule for the entire term of the lease that the Lessees shall pay to the Company as the lessor of the Leased Properties leased out to the Lessees. These annual lease amounts are guaranteed and independent of the actual business and/or plant performance of the Lessees.
Jumbo Certificate	A certificate covering all the securities lodged with the PDTC and issued in the name of the PCD Nominee.
Insurance Code..............................	Insurance Code means the Republic Act No. 10607 which provides for *"An Act Strengthening The Insurance Industry, Further Amending Presidential Decree No. 612, otherwise known As "The Insurance Code", As Amended By Presidential Decree Nos. 1141, 1280, 1455, 1460, 1814 And 1981, And Batas Pambansa Blg. 874, And For Other Purposes"*.
kWh..	kilowatt-hour.
Leased Properties	Clark Solar Power Plant, Armenia Property, Toledo Property, Silay Property and Dalayap Property.
Lessees	CREC, Citicore Tarlac 1, Citicore Cebu, Citicore Negros Occidental, and Citicore Tarlac 2.
Listing Date...................................	The date on which trading of the Shares on the PSE begins, expected to be on or about February 17, 2022.
LSIs	Local small investors.
MECQ	Modified enhanced community quarantine.
Metro Manila.................................	The metropolitan area comprising the city of Manila, the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig and Valenzuela, and the municipality of Pateros.
MW_{AC}..	megawatts of AC power
MWp_{DC}..	megawatts-peak of DC power
NGCP	National Grid Corporation of the Philippines.

National Internal Revenue Code	Republic Act No. 8424 or the Tax Reform Act of 1997, as amended.
Net Asset Value	The adjusted net asset value reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value by the total outstanding shares of the Company.
Net Operating Income	Gross Revenue less cost and expenses, but including depreciation and amortization of the Properties.
Offer	The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein.
Offer Implementing Guidelines	Implementing guidelines for the reservation and allocation of the Trading Participants and Retail Offer Shares through the PSE, prepared for the Offer and approved by the PSE.
Offer Price	₱2.55 per Offer Share.
Offer Shares	The Firm Shares and the Option Shares.
OFW	Overseas Filipino Workers.
Option Shares	Up to 327,273,000 Shares to be sold by the Selling Shareholder and purchased by the Stabilizing Agent upon exercise of the Over-allotment Option.
Order of Effectivity	The order issued by the Philippine SEC granting the effectiveness of the registration statement filed in relation to the Offer Shares.
Organizational Documents	The Articles of Incorporation and By-Laws, including amendments thereof, of the Company.
Over-allotment Option	An option granted by the Selling Shareholder to the Stabilizing Agent, exercisable within 30 calendar days from and including the Listing Date, to purchase Option Shares.
Oversight Policy	The Oversight Policy on the Conduct of Operations and Maintenance Activities of the 22.33 MWp_{DC} Clark Solar Plant. This lists the following guidelines to be followed by CREC and the Property Manager: • CREC, through its operations and maintenance team headed by the operations and maintenance manager (the "**O&M Manager**", shall ensure that operations and maintenance activities at the Clark Solar Power Plant strictly adhere to the Oversight Policy and the Solar Energy Service Contract No. 2014-007-086 issued by the Philippine Department of Energy; • The O&M Manager shall provide the Property Manager with the Oversight Policy and the monthly/quarterly/semi-annual/annual reports pertaining to the Clark Solar Power Plant's properties, operations, maintenance, health and safety, emergency plans, and such other relevant reports (collectively, the "**Relevant Reports**"); • The O&M Manager shall grant the Property Manager, its officers, staff, representatives, and other personnel access to the Clark Solar

	Power Plant for the purpose of conducting inspections and examinations; • The Project Manager shall review the applicable Oversight Policy and Relevant Reports to check whether they are compliant with applicable laws and whether they conform with the best possible practices available in the industry; • The Property Manager shall submit its findings and recommendations to the Company at least once every quarter; • The Property Manager shall coordinate, monitor, and facilitate the compliance of operations and maintenance activities with applicable laws, ensure that they conform with the Oversight Policy, and strive to ensure that they adhere to the best practices in the industry; and • The Property Manager shall exercise diligence and thoroughness in the exercise of its functions.
Parent..	A corporation, which has Control over another corporation, directly or indirectly, through one or more intermediaries.
PCC	Philippine Competition Commission.
PCD...	The Philippine Central Depository.
PCD Nominee	The PCD Nominee Corporation, a corporation wholly owned by the PDTC.
PDS	The Philippine Dealing System.
PDTC..	The Philippine Depository and Trust Corp.
Permit to Sell.................................	The certificate of permit to offer securities for sale issued by the Philippine SEC in relation to the Offer Shares.
Pesos or ₱	The lawful currency of the Philippines.
PFRS	Philippine Financial Reporting Standards.
Philippines.....................................	Republic of the Philippines.
Philippine Revised Corporation Code	Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines.
Philippine National........................	As defined under the Foreign Investments Act of 1991, means a citizen of the Philippines, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Revised Corporation Code of which 100% of the capital stock outstanding and the entitlement to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals; provided, that where a corporation and its non-Filipino stockholders own stocks in a SEC-registered enterprise, at least

	60% of the capital stock outstanding and entitled to vote of each of both corporations must be owned and held by citizens of the Philippines, in order that the corporation shall be considered a Philippine national. Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act of 1991 and other existing laws, amendments thereto, and implementing rules and regulations of the said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.
Philippine SEC	The Securities and Exchange Commission of the Philippines.
Pre-need Code	Pre-Need Code means Republic Act No. 9829, which provides for "*An Act Establishing the Pre-Need Code of the Philippines*", otherwise known as the Pre-Need Code of the Philippines.
the Properties.................................	Clark Property, Armenia Property, Toledo Property, Silay Property and Dalayap Property.
Property Management Agreement	The Property Management Agreement, dated August 9, 2021, between the Company and the Property Manager.
Property Manager..........................	Citicore Property Managers, Inc., a corporation organized and existing under the laws of the Philippines and a wholly owned Subsidiary of CREC.
PSE..	The Philippine Stock Exchange, Inc.
PSE Main Board............................	One of the two boards of the PSE, open to companies that have a cumulative net income, excluding non-recurring items, of at least ₱75 million for three (3) full fiscal years immediately preceding the application for listing and a minimum net income of ₱50 million for the most recent fiscal year; have been engaged in materially the same businesses and must have a proven track record of management throughout the last three (3) years prior to the filing of the application; and must have a stockholders' equity of at least ₱500 million in the fiscal year immediately preceding the filing of the listing application.
Public Shareholder	A shareholder of the Company, other than the following persons ("**Non-public Shareholders**"): i Any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the Company; ii A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the

beneficial owner of more than ten percent (10%) of any class of securities of (i);

iii A director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of the Company;

iii An associate of (ii) and (iii);

iv A Parent, Subsidiary, or Affiliate of the Company or anyone listed in (i); and

v Any person who holds legal title to the shares of stock of the Company for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

REIT .... A stock corporation established in accordance with the Philippine Revised Corporation Code and the rules and regulations promulgated by the Philippine SEC principally for the purpose of owning income-generating real estate assets. For purposes of clarity, a REIT, although designated as a "trust", does not have the same technical meaning as "trust" under existing laws and regulations but is used herein for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

the REIT Law .... Republic Act No. 9856, The Real Estate Investment Trust (REIT) Act of 2009 and its Implementing Rules and Regulations, and any amendments thereto.

Regulation S .... Regulation S under the U.S. Securities Act

related party................................... In the context of the REIT Law, and in relation to the Company, any of the following individuals or companies:

i. a Director, chairman of the board of Directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of the Company or any associate of such persons;

ii. the Sponsor;

iii. the Fund Manager;

iv. an adviser of the Company, including any lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the Company;

	v. the Property Manager;
	vi. a director, chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer (and their equivalent positions, including consultants with similar rank or position), stockholder who is, directly or indirectly, the beneficial owner of more than 10% of any class of securities of the Sponsor, Fund Manager, or Property Manager, or an associate of any such persons; and
	vii. any Parent, Subsidiary, or Affiliate of the Company, the Fund Manager, or the Property Manager.
Rental Income or Rental Revenues	The rental amounts payable by all tenants and earned by the Company on its Leased Properties and any other property the Company may acquire, as reflected in the audited financial statements of the Company. Rental Income or Rental Revenues is recognized using the straight-line method over the lease team, and adjusted for tenant incentives, if any, amortized over the applicable lease period.
Revised REIT IRR	Memorandum Circular No. 1, Series of 2020 issued by the Philippine SEC, as may be amended, supplemented or superseded from time to time.
Selling Shareholder	Citicore Renewable Energy Corporation.
Shareholders	The shareholders of the Company, following the completion of the Offer.
Shares	The common shares of par value ₱0.25 each of the Company.
Silay Property	Leasehold rights of the Company over a land with an aggregate area of 431,408 sq.m. located in Silay City, Negros Occidental. Citicore Negros Occidental owns and operates a 25MWp$_{DC}$ solar power plant on the Silay Property.
South Cotabato Property	a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato which is owned by Citicore South Cotabato as of date of this REIT Plan, and which the Company intends to acquire after the completion of the Offer. Citicore South Cotabato owns and operates a 6.23MWp$_{DC}$ solar power plant on the South Cotabato Property.
Sponsors	CREC and Citicore Tarlac 1.
sq.m	square meters.
SRC	The Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
Stabilizing Agent	BDO Capital.
Stabilization Period	The period beginning on or after the Listing Date and ending on a date no later than 30 calendar days from and including the Listing Date during which the Stabilizing Agent has an option exercisable in whole or in part for the conduct of stabilization activities.

State..	The Republic of the Philippines.
Subsidiary......................................	A corporation which is Controlled, directly or indirectly, by another corporation which thereby becomes its Parent.
Toledo Property.............................	Leasehold rights of the Company over a land with an aggregate area of 730,000 sq.m. located in Brgy. Talavera, Toledo City, Cebu. Citicore Cebu owns and operates a $60MWp_{DC}$ solar power plant on the Toledo Property.
TP	Trading Participant
Trading Participants and Retail Offer....................................	The offer for sale of the Trading Participants and Retail Offer Shares to be made in the Philippines. About 20% of the Firm Shares are being allocated to all of the Eligible PSE Trading Participants at the Offer Price and about 10% of the Firm Shares are being allocated at the Offer Price to LSIs.
U.S. Securities Act	The United States Securities Act of 1933, as amended
VAT	value-added tax
WESM...	wholesale electricity spot market

REIT PLAN SUMMARY

The following summary is qualified in its entirety by, and is subject to the more detailed information and financial statements contained or referred to elsewhere in this REIT Plan. The meanings of terms not defined in this summary can be found elsewhere in this REIT Plan.

OVERVIEW

Citicore Energy REIT Corporation (previously Enfinity Philippines Renewable Resources, Inc.) (the "**Company**" or "**CREIT**") is focused on the ownership of sustainable infrastructure projects such as income-generating renewable energy real estate properties in the Philippines.

The Company is a REIT formed primarily to own and invest in income-generating renewable energy real estate properties, including land and properties used for harnessing power, that meet the Company's investment criteria. Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties. The Company offers its shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality income-generating renewable energy real estate properties supported by a strong and growing demand for electricity in the Philippines, appreciation of land values, strong support from the Sponsors, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 95% of the Company's Distributable Income.

As of the date of this REIT Plan, the Company's renewable energy property portfolio consists of (i) a solar power plant with an installed capacity of 22.3MWp$_{DC}$ and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land and (ii) land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), and (B) leasehold rights over parcels of land located in Brgy. Talavera, Toledo City, Cebu (the "**Toledo Property**"), Silay City, Negros Occidental (the "**Silay Property**"), and Brgy. Dalayap, Tarlac City (the "**Dalayap Property**", and together with the Clark Property, Armenia Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**").

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Tarlac 1, Citicore Solar Cebu, Inc. ("**Citicore Cebu**") (formerly, First Toledo Solar Energy Corp. ("**FTSEC**")), Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**") (formerly Silay Solar Power, Inc. ("**SSPI**")), and Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("**SE4**")) ("**Citicore Tarlac 2**", collectively with CREC, Citicore Tarlac 1, Citicore Cebu, and Citicore Negros Occidental, the "**Lessees**"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 123.7MWp$_{DC}$.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of Citicore Power, Inc. ("**CPI**"), the parent company of CREC.

The Leased Properties comprise the Company's initial Portfolio, and have an aggregate appraised value of ₱10.9 billion (U.S.$214.3 million) based on the Valuation Reports issued by Cuervo Appraisers.

The following table summarizes key information relating to the Company's Leased Properties. For more details on the Leased Properties, please see "*Business and Properties*" in this REIT Plan.

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731
Right over property	Leased	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040

Lessor	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Right of first refusal	None	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	28.4%	6.3%	34.6%	26.4%	4.3%

The Company built and owns the Clark Solar Power Plant on the Clark Land that it leases from the Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below). In addition, the Company acquired (i) the leasehold rights over the Toledo Property for a remaining term of 19 years expiring on May 31, 2041, (ii) the leasehold rights over the Silay Property for a period of 19 years expiring on October 31, 2040 and (iii) the leasehold rights over the Dalayap Property for a period of 19 years expiring on October 31, 2040, pursuant to the Acquisition of Leasehold Rights (as defined in "*Business and Properties — History*" below). See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

In addition to the Properties, after the Offer, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, which are wholly owned indirect subsidiaries of CREC through its 100% ownership of Citicore Solar Holdings, Inc. and Sikat Solar Holdco Inc., respectively. Please see the section entitled "*Use of Proceeds*" in this REIT plan and "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These two properties are described below (the "**Properties to be Acquired**"):

- **Bulacan Property** — a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of $15MWp_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

- **South Cotabato Property —** a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of $6.23MWp_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

As of October 31, 2021, the Bulacan Property and South Cotabato Property were valued by Cuervo Appraisers at ₱2,484.1 million and ₱1,067.5 million, respectively.

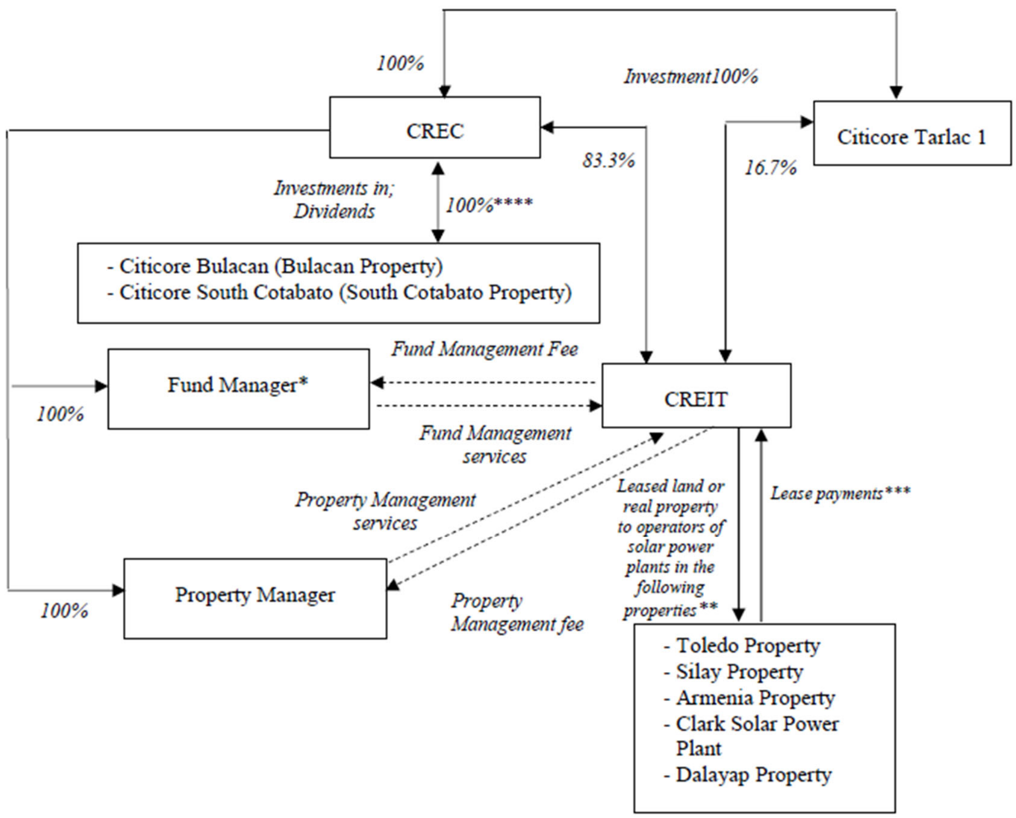
The property lease rental rates for the Properties to be Acquired are also expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Properties to be Acquired.

Each of the Sponsors is a corporation organized under the laws of the Philippines, and Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC. CREC is one of the leading renewable energy generation companies in the Philippines engaged in development of renewable energy plants, including large-scale solar power plants. CREC is also engaged in the business of renewable energy asset development, engineering, procurement and construction, and renewable energy asset management, including operation and maintenance of solar power generation facilities. As such, the Company benefits from the Sponsors' well-established reputation, relationships with key players in the Philippine renewable energy industry, understanding of the Philippine renewable energy market, and extensive experience in developing and managing renewable energy properties such as the Company's Properties. As of September 30, 2021, CREC is a wholly owned subsidiary of CPI, also a corporation organized under the laws of the Philippines. See "*The Sponsors*" in this REIT Plan for more information.

Much of the leadership of the Fund Manager and the Property Manager have gained valuable experience in previous roles throughout the Citicore Group, and the Company expects they will put their expertise to use to provide superior service to the Company. See the section entitled "*The Fund Manager and the Property Manager*" for more information on the work experience of the management of the Property Manager and the Fund Manager. As such, the Company benefits from the Citicore Group's well-established reputation, relationships with key players in the Philippine real estate industry, understanding of the Philippine real estate market, and deep experience in developing and managing properties such as the Company's Properties.

STRUCTURE OF THE REIT

The Company is a domestic corporation, established to invest in income-generating renewable energy real estate properties. The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the following diagram:



Notes:

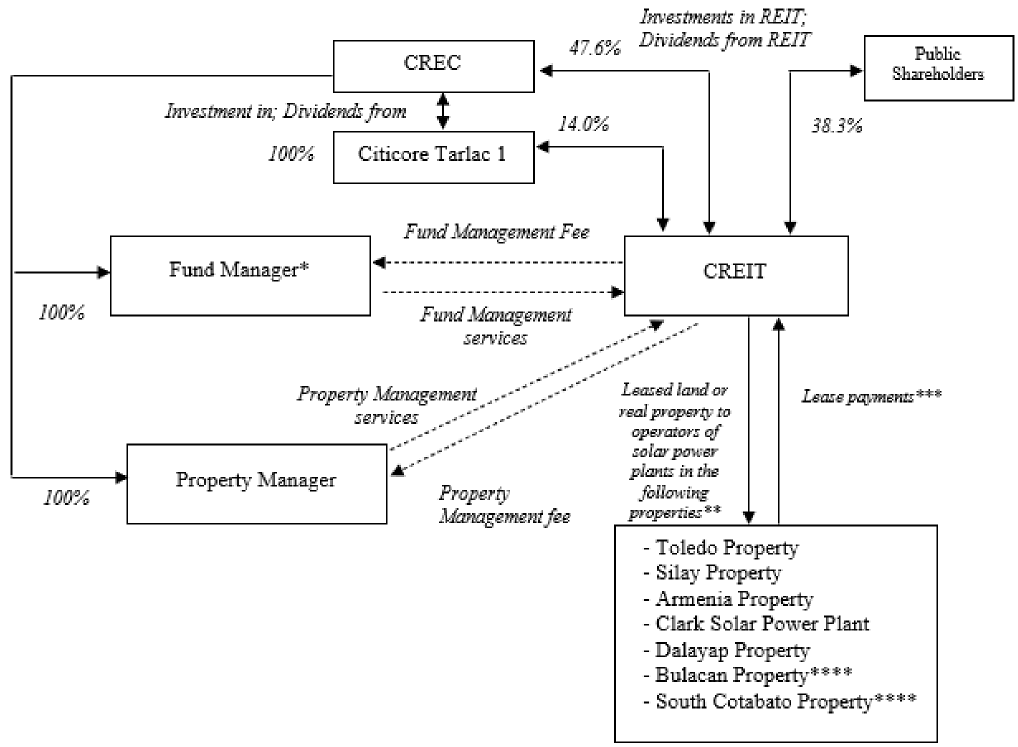
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** CREC indirectly owns 100% of Citicore Bulacan through Citicore Solar Holdings, Inc., and indirectly owns 100% of Citicore South Cotabato through Sikat Solar Holdco Inc.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is fully exercised) is illustrated in the following diagram:



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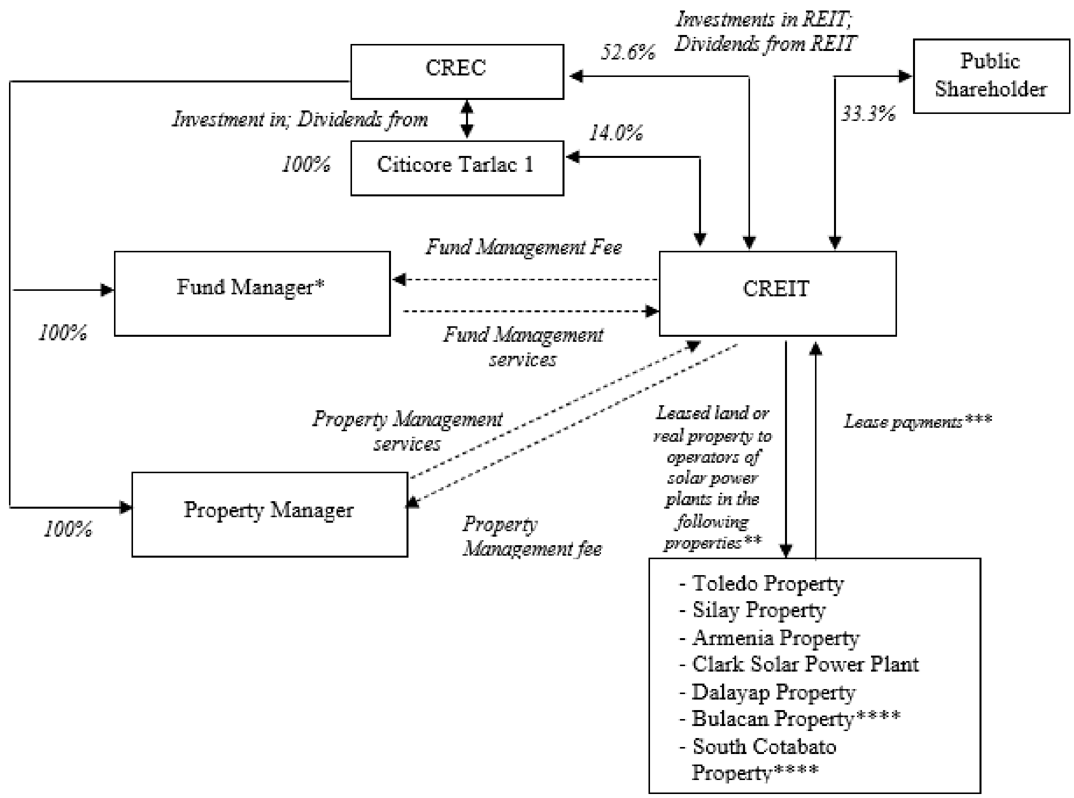
**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), which are wholly owned subsidiaries of CREC. Please see the section entitled "Use of Proceeds" in this REIT Plan.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is not exercised) is illustrated in the following diagram:



Notes:

* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), which are wholly owned subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in this REIT Plan.

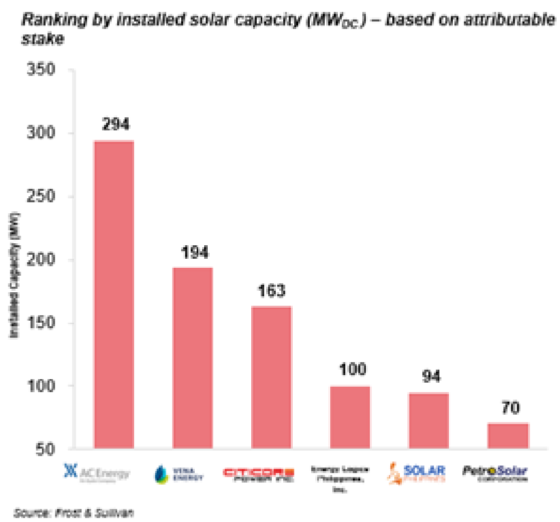
COMPETITIVE STRENGTHS

The Company believes that it benefits from the following competitive strengths:

CREC, one of the Sponsors, is a leading vertically integrated renewable energy generator with a proven track record in asset development, engineering, procurement and construction execution and asset operation and management.

Each of the Sponsors is a corporation organized under the laws of the Philippines, and Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC. CREC is one of the leading renewable energy generation companies in the Philippines engaged in development of renewable energy plants, including large-scale solar power plants. CREC is also engaged in the business of renewable energy asset development, engineering, procurement and construction, and renewable energy asset management, including operation and maintenance of solar power generation facilities (for which it deploys cloud-based real-time supervisory control and data acquisition systems). As such, the Company benefits from the Sponsors' well-established reputation, relationships with key players in the Philippine renewable energy industry, understanding of the Philippine renewable energy market, and extensive experience in developing and managing renewable energy properties such as the Company's Properties.

CREC's strengths lie in its proven track record, strong brand reputation, and ability to develop solar power plants of different capacities and across multiple regions in the Philippines. As August 31, 2021, the Citicore Group was the third largest solar power generator in the Philippines with an overall capacity of 163MW_{DC}.



As of the date of this REIT Plan, the Company and the Lessees of the Leased Properties are all members of the Citicore Group, and the Lessees operate solar power plants (including the solar power plant of Citicore Bataan) with a total combined installed capacity of 163MWp_{DC}.

The Company has a unique business model, with revenue streams primarily sourced from land leases providing steady recurring revenues and cashflows and stable distributions.

All of the Company's revenues are from lease payments from its Lessees which operate solar power plants on the Leased Properties. On a pro forma basis, both for the year ended December 31, 2020 and the nine months ended September 30, 2021, the Leased Properties contributed all of the Company's consolidated revenue.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

The foregoing structure enables the Company to maximize the value of the Leased Properties, by increasing the certainty of base lease fees while also allowing the Company to benefit from any outperformance by its Lessees. The Company also expects to enter into the same type of leases with the lessees of the Properties to be Acquired.

As such, the Company expects to provide Shareholders with regular and stable dividend distribution with long term dividend yield growth, with a projected dividend per share yield of 7.0% and 7.4% for Projection Year 2022 and Projection Year 2023, based on an Offer Price of ₱2.55 per Share. The projected dividend yields for Projection Year 2022 and Projection Year 2023 offer an attractive premium of 3.0% and 3.4%, respectively, to a 10-year Philippine bond yield of 4.0% as of July 29, 2021. See "*Profit Forecast and Profit Projection*".

Secured long-term offtake agreements from reputable customers of Lessees' supported by Government incentives.

The Company's rental income for its lease agreement with CREC are dependent on the Clark Solar Power Plant which is FIT-certified. FIT-certified power plants have guaranteed power purchase agreements with the Government, and are expected to generate stable cash flow. Under the FIT regime, CREC's offtaker is TransCo, a Government owned-and-controlled corporation ("**GOCC**").

As of September 30, 2021, 94%, or 116.4MWp_{DC}, of the total installed capacity of the solar power plants located on the Leased Properties are contracted to TransCo and contestable customers across a diverse range of industries, and 6%, or 7.2MWp_{DC}, is sold by the lessees who operate the solar power plants on such Leased Properties under priority dispatch on the WESM. Similarly, as of September 30, 2021, 95%, or 137.6$MWp_{DC,}$ of the total installed capacity of the solar plants located on the Leased Properties together with the Properties to be Acquired are contracted to TransCo and contestable customers and 5%, or 7.2MWp_{DC}, is sold by such customers under priority dispatch on the WESM. The Lessees' key customers include creditworthy purchasers such as large diversified conglomerates such as AC Energy Corporation, multinational companies such as Shell Energy Philippines, industrial park operators such as Freeport Area of Bataan and Economic Power Management, Inc. (EPMI) a wholly owned subsidiary of Laguna Technopark, developer of one of the country's leading world class industrial parks, among others.

As of September 30, 2021, the top five customers of the Company's Lessees comprise 85.6% of 123.0MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the largest customer of the Lessees accounted for 40.6% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.2 years. Out of the total contracted capacity of such solar power plants of 123.0MW_{AC} as of September 30, 2021, 3.3% will expire in 2021, 18.3% will expire in 2022, 9.1% will expire in 2023, 4.5% will expire in 2024 and 64.9% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

As of September 30, 2021, the top five customers of the operators of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together comprise 87.4% of 140.6MW_{AC} or the total contracted capacity of the solar power plants located on such properties and the largest customer for the solar power plants located on such properties accounted for 35.6% of the total contracted capacity of such solar power plants. All of the customers of the operators of the solar power plants located on the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of September 30, 2021, 2.8% will expire in 2021, 16.0% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025.

The Sponsors are also committed to further broadening the Lessees' customer base through improving their pricing methodology and enhancing customer service experience, to increase the Lessees' competitiveness and profitability. In addition, the Properties to be Acquired by the Company after the completion of the Offering are sites utilized by FIT-eligible solar power plants.

The Company is well positioned to capture growth in the demand for electricity, and the increasing focus of the Government on renewable energy sources to address the country's long-term energy requirements.

The narrative of the Philippine power sector is underpinned by its robust economic fundamentals and attractive demographic qualities. The Philippines' GDP grew at an 8.8% compounded annual growth rate ("**CAGR**") from 2009 to 2019. Although the Philippine economy contracted by 8.3% in 2020, the World Bank forecasts 5.3% and

5.6% growth in 2021 and 2022, respectively. Fitch Solutions, an affiliate of the Fitch Group forecasts power consumption to grow at an annual average of 4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. Further, based on the Power Development Plan 2016-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 43,765MW_{DC} broken down as follows: 25,265 MW_{DC} for baseload, 14,500 MW_{DC} for mid-merit and 4,000 MW_{DC} for peaking.

In order to meet increasing demand, growth in installed capacity is essential and has compelled the Philippine government to encourage the expansion in renewable energy capacity. The National Renewable Energy Program has set a target of reaching 15,304MW_{DC} of installed renewable capacity by 2030 (vs c.3,500MW_{DC} in 2017), represents c.50% of the country's forecast total energy capacity. In addition, renewable initiatives under the National Renewable Energy Program (NREP) development framework are currently in-place or being drafted to support this renewable target: 20-year feed-in tariffs for solar, wind, biomass and hydro energy were introduced in 2013. The NREB has also proposed renewable portfolio standards ("**RPS**") that mandate distribution utilities to source portion of their power from renewable energy and Competitive Renewable Energy Zones for enhanced renewable infrastructure.

The Citicore Group's ability to identify strategic locations, develop and construct renewable energy sources plant means that it has the flexibility to allocate its energy production for both base and peak demands. The expansion of the Company's renewable energy real property portfolio through the Citicore Group's upcoming projects will continue to increase the Company's flexibility in meeting the varying requirements of its customers at the lowest cost possible. With a target of growing its solar renewable energy capacity to 1.5GW_{DC} by 2025, the Citicore Group is well positioned to address the country's need for clean power sources, and benefit from the RPS mandated by the DOE.

Based on the DOE's Power Development Plan, there is a forecast of a power supply shortage beginning in 2022-2023. Given the longer construction period required by conventional power plants, the Company believes that solar power plants farms that can be built in a period of six months to one year once land is available, are in the best position to address the immediate supply gap. In addition, the Company believes that solar energy, with its low levelized cost of electricity (LCOE), is one of the best options to bridge the gap between the supply and demand of electricity as forecasted in DOE's Power Development Plan. The Company also believes that solar energy developments will help meet the peaking demand driven by household and commercial consumption. The Citicore Group has maintained a healthy pipeline of renewable energy projects that the Company believes will enable it to take advantage of the market opportunity.

The Lessees have exhibited a superior operational track record with their consistent and resilient operations.

Each of the solar power plants operated by the Lessees have a design life of 30 years, which can be further extended by another 25 years with additional capital expenditures at the end of the design life. The operations teams of the Lessees regularly and diligently conduct preventive and predictive maintenance on all major equipment in the respective power plants operated by them to minimize unscheduled or unplanned internal outages. The Company believes the solar power plants operated by the Lessees are well kept and well maintained as evidenced by their high average plant availability rate of 98.1% from 2017 to 2020. The table below shows the availability rate and performance ratio of the solar power plants of the Company's Lessees for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2021:

Solar Power Plant	**Availability Rate**[1]				
	For the year ended December 31,				**For the nine months ended September 30,**
	2017	**2018**	**2019**	**2020**	**2021**
Clark Solar Power Plant........	99.8%	99.5%	99.1%	99.2%	99.5%
Armenia Property.................	100.0%	99.9%	99.7%	99.2%	98.9%
Toledo Property....................	99.6%	97.7%	91.6%	99.3%	98.8%
Silay Property[3]....................	93.9%	94.9%	97.6%	97.9%	95.4%
Dalayap Property..................	100.0%	100.0%	99.6%	99.3%	98.8%

Solar Power Plant	Performance Ratio[(2)]				
	For the year ended December 31,				For the nine months ended September 30,
	2017	2018	2019	2020	2021
Clark Solar Power Plant........	82.4%	80.7%	81.3%	82.4%	83.5%
Armenia Property.................	89.2%	84.9%	82.0%	82.6%	82.1%
Toledo Property.....................	83.7%	82.6%	81.6%	81.4%	83.0%
Silay Property[(3)].....................	86.8%	84.1%	83.3%	83.9%	86.1%
Dalayap Property...................	84.0%	84.0%	83.9%	83.9%	85.6%

Notes:

(1) *Availability Rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.*

(2) *Performance Ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.*

(3) *The solar power plant of Citicore Bataan had an availability rate of 99.7% both for the year ended December 31, 2020 and the nine months ended September 30, 2021, and a performance ratio of 83.1% for the year ended December 31, 2020 and the nine months ended September 30, 2021.*

The Company strategically selected the locations of the Leased Properties as those with solar irradiation between 4.7-5.5 kWh/m^2/day based on the long-term historical irradiation data of National Renewable Energy Laboratory (NREL), a national laboratory of the U.S. Department of Energy based in Texas. The Lessees also have systems in place to detect, instantly, the daily output and be able to calibrate and improve output of their relevant solar power plants, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the PV panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), as well as spectrum temperature and, the effects of seasonal weather variability on testing.

Solar power plant operations in the Philippines have also proven resilient during the COVID-19 pandemic. Despite 4.04% year-on-year contraction in power generation in the Philippines in 2020, solar energy power plants continued to sustain their operations and revenues as coal plants were forced to temporarily shut down their operations due to quarantine measures. Based on the DOE’s 2020 Power Statistics, solar power plants across the Philippines increased their gross generation output by 10.15% from 2019 to 2020.

Gross Power Generation (DOE 2020 Power Statistics)

Year	2017	2018	2019	2020
Solar Power Generation (MWh)	1,201,152	1,249,116	1,246,082	1,372,604

The table below shows the gross power generated by the solar power plants of the Lessees and the percentage of the gross power generated by the solar power plants of the Lessees out of the total solar power generation output in the Philippines from 2017 to 2020.

Year	2017	2018	2019	2020
Total Power Generation of solar power plants of Lessees (MWh).	221,933	226,972	229,490	229,531
% of Total Solar Power Generation in the Philippines	18.5%	18.2%	18.4%	16.7%

Opportunity for growth through optimization of operations and asset acquisition.

The Company’s leases of the Leased Properties allow it to share in the organic growth of the operations of the Company’s Lessees, who are expected to benefit from increasing demand for and prices for energy in the Philippines as well as various plant optimization initiatives to improve generation output of the respective power plants operated by them.

The Lessees also continue to explore opportunities to optimize their operations, such as improving their performance ratios through identified initiatives around maintenance of panels (including cleaning), modifications in sections of the solar power plants to reduce the effects of shading, and regular thermal scanning to optimize the generation. In addition, deployment of initiatives in certain Properties, like agro solar, have helped reduce grass cutting-costs while generating livelihood for the community.

The Company is also well positioned to benefit from the Citicore Group's pipeline of renewable energy assets, which will potentially allow the Company to expand its property portfolio subject to such assets meeting the Company's investment criteria. The Citicore Group has a strong pipeline of solar power plants with an expected combined installed capacity of 1.5GW_{DC}, which are under various stages of development and which the Citicore Group expects to complete by 2025. In accordance with its reinvestment plan, the Selling Shareholder intends to apply the entire proceeds from the Secondary Offer Shares and the proceeds received by Citicore Bulacan and Citicore South Cotabato towards ten projects expected to amount to 0.675 GW_{DC} of the Citicore Group's combined installed capacity of 1.5GW_{DC}. Such projects may be considered by the Company and the Fund Manager for acquisition after these are completed and meet the Company's investment criteria. For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see Annex 1 "*Reinvestment Plan*" of this REIT Plan. The Citicore Group also aims to identify strategic locations, and develop renewable energy sources to potentially expand the Company's renewable energy property portfolio.

The Fund Manager aims to achieve portfolio growth through the acquisition of quality income-producing renewable energy properties that fit within the Company's investment strategy to enhance total return for Shareholders and increase potential opportunities for future income and capital growth. In executing this strategy, the Company will endeavor to acquire properties situated in high-growth areas, whether from the Sponsors, or third parties, to cater to economic growth that provides meaningful investment for social contribution.

To meet the Company's investment criteria, a potential new renewable energy property should (i) primarily be (but not exclusively) focused on solar power plants, but may include other renewable energy properties available in the market, (ii) be located in underdeveloped areas where the Company has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land value; and (iii) be the site of a renewable energy power plant that has achieved successful plant testing and commissioning, accompanied by stable off-take contracts for 100% of such plant's expected generation output.

Experienced, committed, and professional management team with several years of accumulated experience.

The Company's management team comprises individuals who have spent their careers in the Philippine solar power industry and have gained valuable experience as long-time employees of the Citicore Group. Combining leading-edge technology innovation with prudent and effective risk management practices, the Citicore Group manages a portfolio of solar power plants and development.

The Company's Chairman of the Board is Edgar Saavedra, the ultimate beneficial owner of the Citicore Group. Mr. Saavedra has more than 20 years of experience in engineering and construction. He led the creation and implementation of the overall strategic direction of Megawide Construction Corporation ("**Megawide**") and the Citicore Group, directing more than 4,000 employees nationwide. Mr. Saavedra personally heads Megawide and the Citicore Group's research and development team in engineering. His engineering and entrepreneurial expertise has put the Citicore Group in a position to roll out the construction and operation of its 1.5GW_{DC} plan.

The Company is also led by Oliver Y. Tan, President and CEO, who first joined Megawide in 2010 as Chief Finance Officer. He was involved in the successful IPO of Megawide in 2011 and has led the deals for various Public Partnership Projects with the Government starting with the construction of schools with Department of Education (Phase 1 and Phase 2), Mactan Cebu International Airport Project and Parañaque Integrated Terminal Transport Project. Beginning 2018, he focused on the expansion of the Citicore Group's business and has led various successful deals such acquisitions, joint venture agreements and bilateral contracts over the years. Mr. Tan's vision has driven the very rapid growth of the Citicore Group from 2016. He leads over 100 employees and applies his experience in corporate finance, strategy and building infrastructure business.

Supporting Mr. Tan is a highly experienced management team, including Mia Grace Paula S. Cortez, Chief Finance Officer, seasoned Finance professional from Megawide who has over the years supported Megawide in implementing financial controls, tax management and financial reporting system as Group Controller.

Strategically located Properties with potential for future development.

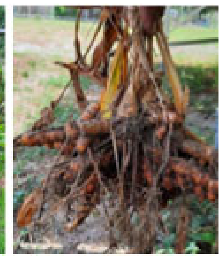
The Company believes that its Properties and the Properties to be Acquired are strategically located and encompass large areas in key provinces that are suitable for future township development.

The Company's Properties comprise (i) 138,164 sq.m. of land owned by the Company (i.e., the Armenia Property), and (ii) 1,517,112 sq.m. of land, to which the Company owns the leasehold rights (i.e., the Clark Property, the Toledo Property, the Silay Property, and the Dalayap Property). The Company has a right of first refusal, subject to certain conditions, in the event the land underlying the Toledo Property and the Dalayap Property are sold by their owners, usufructuaries or lessees. In addition, the Properties to be Acquired comprise 333,877 sq.m. of land to be acquired by the Company in Bulacan and South Cotabato. See "*Business and Properties—Particulars of the Properties*" in this REIT Plan.

Sustainable investing that provides Shareholders the opportunity to direct capital into companies with positive impact on the environment and society.

In line with the United Nations' 2030 agenda for sustainable development, the Citicore Group pioneered the "agro-solar" concept in the Philippines, which allows solar plants and vegetable farmers to co-exist on the land where the solar power plants are operated, and aims to provide livelihood and augment income of the farmer communities where the Leased Properties are located. The Clark Property, Armenia Property, Dalayap Property and the Bulacan Property (one of the Properties to be Acquired) currently implement the agro-solar concept.





Further, based on the Company's estimates, the solar power plants operated on the Leased Properties are able to reduce approximately 231,720 tons of CO_2 annually, or an aggregate of 7,000,000 tons of CO_2 for the entire design life of the power plants. For an assessment of the environmental and social sustainability of the Company's operations, see "*Summary of Shades of Green Assessment*" in this REIT Plan and Annex 5 "*CICERO Green's Shades of Green Assessment Report*" of this REIT Plan. To ensure the sustainability and green aspect of the Company, for any potential new renewable energy property to be acquired in the future, the Company will (i) adequately consider the climate resilience of the location of such property and the solar plants located thereon, and adopt a comprehensive approach to local environmental issues such as policies to select sites with minimal trees and measures to minimize local resistance and disturbance; (ii) focus on non-irrigated and unproductive farmland to reduce displacement, and ensure that no deforestation was undertaken prior to construction of the solar plants; and (iii) have good resource management to encourage high re-use rate of water used for solar panel cleaning and to support agro-solar initiatives, wherein vegetable and root crops are planted alongside solar panels to provide income augmentation to nearby farmer communities.

The Citicore Group has also implemented other community building activities, such as training programs to provide scholarship and employment opportunities to local communities where the Leased Properties are located for inclusive growth.

BUSINESS STRATEGIES

The Company's principal strategy is to invest in income-generating renewable energy real estate property, including land and properties used for harnessing power that meet the Company's investment criteria. Through the services of the Fund Manager and the Property Manager, who will collectively work with the Company's management team, the Company intends to maximize investment returns for its Shareholders. The Company believes it will be able to grow from both its existing portfolio, and by adding new assets in the future. Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT Plan.

Fund Manager

The Fund Manager plans to achieve its key objectives for the Company through the following strategies:

Proactive identification of asset growth opportunities

To enhance the value of the Company's portfolio, the Fund Manager, pursuant to the Fund Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

- determine asset allocation to allowable investment outlets to enable the Company to improve yields;
- objectively evaluate whether properties and assets targeted for acquisition meet the Company's rigorous investment criteria, and provide advice and recommendations to the Company accordingly;
- continuously measure, monitor, and assess asset performance and valuation; and
- perform all such acts necessary to ensure that the Company can maximize the value of its assets and deliver higher returns in line with its investment strategy.

The Fund Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "*The Fund Manager and the Property Manager – The Fund Manager*" in this REIT Plan for more details on the Fund Manager's leadership.

Growth through potential investments

Following the Offer, the Fund Manager will actively consider and solicit opportunities, consistent with the Company's investment strategies, to grow the Company's portfolio and invest in properties with operating solar plant assets or other renewable energy projects that financially and strategically meets or exceeds the Company's financial and strategic investment criteria.

The association between the Company and the Citicore Group offers various growth avenues for the Company's property portfolio. Through cooperation with the Citicore Group, the Company is committed to growing its portfolio through acquisition of relevant assets from the Citicore Group or third parties under mutually acceptable terms. The Company will also continuously seek to leverage the Citicore Group's market knowledge, its established industry relationships, and its vast repository of real estate expertise, as well as to jointly explore potential synergies with members of the Citicore Group.

The Company may acquire new projects through direct acquisition, or through tax-free-exchanges, depending on what would be the most beneficial transactional form for the Company at such time. The Company may also procure new land sites can through long-term leases, joint ventures or acquisitions, which shall be studied, and proposed to the Company' management. The Company believes that the identification and targeting of such new projects and additional locations offer potential opportunities for future income and capital growth.

The Company has entered into certain memoranda of agreement with indirect Subsidiaries of CREC with respect to the Properties to be Acquired post-Offer. See "*Certain Agreements Relating to the Company and the Properties—Properties to be Acquired"* on page 268 of this REIT Plan, and "*Use of Proceeds*" on page 92 of this REIT Plan. The Citicore Group also has a pipeline of renewable energy projects, and the real properties used for such projects may be considered by the Company and the Fund Manager for potential acquisition after these are completed and meet the Company's investment criteria.

Active capital and risk management

The Company expects that the Fund Manager, pursuant to the Company's investment strategies, will endeavor to employ an appropriate mix of debt and equity in financing operations and maintenance of the Properties as well as of any future acquisitions. As such, the Fund Manager will adopt financing policies to optimize risk-adjusted returns to Shareholders. Depending on the situation, such policies may entail the Company accessing various capital markets to source appropriately priced and structured debt and equity as well as assessing alternative forms of capital and other capital management strategies where appropriate. The Fund Manager shall review the appropriate financing sources when the opportunity so arises.

Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT Plan.

Property Manager

The Property Manager shall protect and enhance the assets of the Company to deliver the desired revenues.

Proactive asset management

To enhance the value of the Properties, the Property Manager, pursuant to the Property Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

- formulate and implement strategies to maximize utility of the Properties;
- administer, negotiate, execute, and enforce lease contracts;
- plan, analyze, and optimize operating expenses, and policies in relation to local governmental regulations, industry and market standards;
- continuously seek and implement asset enhancement and improvement opportunities and initiatives;
- supervise billing and collections activities, enforce tenancy conditions, monitor past-due accounts, and manage rental arrears to minimize bad debts; and
- perform all acts and functions relating to property management, including, but not limited to, providing routine property management services, ensuring compliance with applicable laws and regulations, and addressing all key operational issues to ensure alignment with the Company's strategy.

The Property Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "*The Fund Manager and the Property Manager – The Property Manager*" in this REIT Plan for more details on the Property Manager's leadership.

The Property Manager will also rely on the market information and institutional knowledge available to it and the Company through its and the Company's relationship with the Sponsors and other members of the Citicore Group.

Active optimization of operating costs

In order to deliver optimal returns, the Company expects that the Property Manager, in accordance with the Company's investment strategies, will strive to optimize operating expenses for the Company without compromising quality of services.

Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT Plan.

INVESTMENT POLICY

Investment Strategy

The Company's principal investment strategy is to invest in income-generating renewable energy real estate properties. A core tenet of the Company's investment policy is to invest in properties that meet a select set of criteria designed to provide a Competitive Investment Return to investors. To meet the Company's investment criteria, a potential new renewable energy property should:

- primarily be (but not exclusively) focused on solar power plants, but may include other renewable energy properties available in the market;

- be located in underdeveloped areas where the Company has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land value; and

- be the site of a renewable energy power plant that has achieved successful plant testing and commissioning, accompanied by stable off-take contracts for 100% of such plant's expected generation output.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of the properties owned now and in the future by the Company. The Fund Manager and the Property Manager aim to promote growth in returns by careful selection of properties, optimizing the properties owned now and in the future by the Company, and by taking advantage of desirable opportunities for property acquisition.

The Fund Manager intends to hold the Properties in the Company's portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Fund Manager may also consider divesting Properties or part thereof to realize their optimal market potential and value. In the future, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income in order to free up capital and reinvest proceeds into properties that meet the Company's investment criteria.

Investment Limitations

The Company's business activities and investments are, however, subject to certain limitations under the REIT Law.

Investments

Pursuant to the REIT Law (and in many instances subject to the approval of the Philippine SEC), the Company generally may invest only in:

1. real estate and real estate-related assets;

2. evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;

3. bonds and other forms of indebtedness issued by:

    a. the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of Philippines bonds; and

    b. supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development, Asian Development Bank);

4. corporate bonds of non-property privately-owned domestic corporations duly registered with the Philippine SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

5. corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the Philippine SEC and the foreign country grants reciprocal rights to Filipinos;

6. commercial papers duly registered with the Philippine SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

7. equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;

8. cash and cash equivalents;

9. collective investment schemes, duly registered with the Philippine SEC or organized pursuant to the rules and regulations of the BSP; provided however that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

10. offshore mutual funds with rating acceptable to the Philippine SEC; and

11. synthetic investment products (i.e. derivatives and other such securities), provided that: (i) synthetic investment products shall not constitute more than 5% of the investible funds of the REIT; (ii) the REIT shall avail of such synthetic investment products solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) the synthetic investment products shall be accounted for in accordance with PFRS; (iv) the synthetic investment products shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the Philippine SEC; and (iv) the use of synthetic investment products shall be disclosed in this REIT Plan and under special authority from the Philippine SEC derivatives and other such securities.

At least 75% of the Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35% of the Deposited Property should be invested in property located in the Philippines, and in no case may the Company's investments in such property fall below 35% of the Deposited Property. Additionally, the Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the Philippine SEC. In issuing such authorization, the Philippine SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

As described above, a REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15% of the funds of the REIT that can be placed in investment vehicles other than income-generating real estate, as allowed under these REIT Law, may be invested in any one issuer's securities or any one managed fund. If the REIT's investment is in Philippine government securities, then the limit is raised to 25%.

Borrowing

The operation of the real estate investments of the Company shall be outsourced to the Property Manager. The financing of future new real estate investments of the Company can be by way of a borrowing mix from local banks up to the 35% of Deposited Property and equity through a follow-on offering, among others.

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that the Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may the Company's Fund Manager borrow on behalf of the Company from any of the funds under its management.

Property Development

Pursuant to the REIT Law, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless:

1. it intends to hold in fee simple the developed property for at least three years from date of completion;

2. the purchase agreement of the property is made subject to the completion of the building with proper cover for construction risks;

3. the development and construction of the real estate shall be carried out on terms which are the best available for the REIT and which are no less favorable to the REIT than an arm's length transaction between independent parties; and

4. the prospects for the real estate upon completion can be reasonably expected to be favorable.

The total contract value of property development activities undertaken and investments in uncompleted property developments shall not exceed 10% of the Deposited Property of the REIT.

Renovations and Improvements

Annual repairs and maintenance expenses related to the Company's land and leasehold properties are expected to be minimal and can be funded from internally generated cash from operations. Any repairs and maintenance expenses related to the solar power plants on such land and leasehold properties are to be shouldered by the respective operators of the solar power plants situated on the properties. Management does not foresee major renovations and improvements in the next five (5) years. Further, any repairs and maintenance expenses borne by the Company are not usually capitalized but recognized as operating expenses unless they meet the capitalization policy of the Company.

Policy on Capitalization of Expenditures and Major Improvements

A unit of property, including major improvements to the property, will be capitalized if it meets the criteria below. The full acquisition cost of fixed assets that fall below the threshold (₱500,000.00) amount will be expensed in the year purchased.

A capitalizable asset should have the following characteristics:

1. it has an expected useful life of more than one year.

2. its cost exceeds a company-designated minimum amount of ₱500,000.00. Provided, that, some assets with a value lower than the capitalization limit set might be capitalized if the economic benefit associated will flow to the Company for more than one (1) year.

3. it is not expected to be sold as a normal part of business operations.

4. it is not easily convertible into cash.

Exit Strategy

The Sponsors currently have no plans to divest of their ownership in the Company. Upon completion of the Offer, the Sponsors will continue to be a majority Shareholder in the Company, with a direct shareholding of 61.7% in the aggregate, (assuming the Over-allotment Option is fully exercised). Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties.

If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors and the Citicore Group provides the Company with access to other renewable energy properties for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors which intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies. Please see the section entitled "*Business and Properties – Investment Policy*" in this REIT Plan. The Company expects to rely on the quality of the Properties and the capability of the Fund Manager and Property Manager for its operations going forward. Please see the section entitled "*The Fund Manager and the Property Manager*" in this REIT Plan. The Company also believes that it benefits from the Sponsors' market expertise, business relationships and ability to help identify investment opportunities for the Company in the Philippine renewable energy industry and property market. Please see the section entitled "*Business and Properties – Competitive Strengths*" in this REIT Plan for a discussion on the Company's strengths.

The Company has entered into certain memoranda of agreement with indirect Subsidiaries of the Sponsor with respect to the Properties to be Acquired post-Offer. See "*Certain Agreements Relating to the Company and the Properties—Properties to be Acquired"* in this REIT Plan, and "*Use of Proceeds*" in this REIT Plan. The Citicore Group also has a pipeline of renewable energy projects, and the real properties used for such projects may be considered by the Company and the Fund Manager for potential acquisition after these are completed and meet the Company's investment criteria.

Further, the Company has no current joint ownership arrangement. In the event that such an arrangement arises in the future, the Company will provide for an appropriate means of exiting that relationship.

RECENT DEVELOPMENTS RELATING TO THE COVID-19 PANDEMIC

Background

The outbreak of COVID-19, which was declared a global pandemic by organizations such as the World Health Organization, in the first quarter of 2020, has severely affected and continues to seriously affect the global economy. In a move to contain the COVID-19 outbreak, on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 and imposed an enhanced community quarantine ("**ECQ**") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except by diplomats and uniformed workers (carrying medical supplies), among others. On May 16, 2020, the Government started to ease its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine ("**MECQ**") and thereafter eased its quarantine restrictions in certain areas and Metro Manila, placing these under a general community quarantine ("**GCQ**") or modified GCQ ("**MGCQ**"). The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restraints on travel and business operations in the Philippines. The Government continues to calibrate the imposition of these measures depending on the situation in specific localities. On March 27, 2021, the Government placed Metro Manila and neighboring provinces under ECQ from March 29, 2021 to April 11, 2021, due to a surge in COVID-19 cases in these areas. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. As of the date of this REIT Plan, Metro Manila is under the Alert Level System pilot program until October 15, 2021 and is classified as under Alert Level 4, which is the second highest level, and is thus operating under the second most stringent restrictions under such program.

Impact on the Operations of the Properties

Amid COVID-19 and in compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The solar power plants on the Leased Properties continued operations because these are considered essential services, which were permitted to continue operations under the Government's community quarantine guidelines.

The impact of COVID-19 on the operations of the solar power plants on the Leased Properties has been minimal. Because the Company's Properties are all focused on solar energy assets, the Lessees enjoy a priority dispatch, and are less susceptible to changes in the demand for energy as a result of COVID-19. Despite the 4.04% year-on-year contraction in power generation in the Philippines in 2020, solar power plants continued to sustain their earnings as coal power plants were forced to temporarily shut down their operations due to quarantine measures. However, due to the decline in economic activity, many contestable customers of power generators invoked force majeure, leading to an increase in the sale of energy to WESM at prices lower than contracted rates and, consequently, lower year-on-year average revenue for certain months in 2020. Energy demand and tariffs have started to pick up in 2021.

Nevertheless, due to uncertainty brought about by COVID-19 to the Philippine economy, the Company has taken certain prudential actions, such as (i) implementing cost-reduction and cash preservation strategies, including deferral of some non-essential and capital expenditures, maximizing credit terms provided by suppliers and creditors and focusing on collection of outstanding receivables, (ii) utilization of Bayanihan Act and Bayanihan 2 Act, in relation to the deferral of principal and interest payments of loans, (iii) comprehensive and regular monitoring of the Company's liquidity position and cash flow, and (iv) review of insurance coverage to protect against potential risk.

Moving forward, the impact of the COVID-19 pandemic and measures to prevent its spread could still impact the Company's business. For example, the continued collection of lease revenues depends significantly on the energy demand in the Philippines. Further, a protracted pandemic may continue to cause economic, market, and financial disruptions worldwide and in the Philippines which can affect materially and adversely the Company's business.

Measures to Mitigate the Spread of COVID-19

The Company understands the potential material impact of COVID-19 on its financial performance, the execution of its plans and strategies, and on its Lessees and its and their customers should the situation persist in the longer-term.

The Company is fully committed to cooperate and support the Government's efforts to control the spread of COVID-19. The Company shifted to full work-from-home mode, and later to a partial work-from-home set-up for all office employees. The Company also invested in online productivity tools such as MS Office (including MS Teams) to assist its employees and to minimize loss of productivity resulting from the change in work settings.

Because the Properties are large tracts of land with less than ten personnel onsite per Property, the Company believes there is minimal risk of infection among the employees of the Company and its Lessees who work on the Properties. The Company continues to provide regular information updates on health and safety protocols to all its employees.

The Company has made contingency plans in response to the COVID-19 situation. In the event of a community lockdown or quarantine, site personnel are requested to stay in the plant throughout the duration of such measures, and Company will take all the appropriate measures as prescribed by the Government regulations and provide the necessary support to all personnel.

DIVIDEND POLICY

The Company did not declare any dividends for the years ended December 31, 2018, 2019 and 2020.

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90% of the Company's annual Distributable Income. Following the Offer, the Company intends to implement an annual cash dividend payout ratio of at least 95% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Philippine Revised Corporation Code, among others, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends on a quarterly basis each year.

The failure to distribute at least 90% of the annual Distributable Income will subject the Company, if such failure remains un-remedied within 30 days, to income tax on the taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of the taxable net income as defined in the REIT Law.

Accordingly, dividends distributed by the Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90% of the annual Distributable Income may be a ground to delist the Company from the PSE.

THE FUND MANAGER

The fund manager, Citicore Fund Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Fund Manager**"). The Fund Manager was incorporated on July 21, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Fund Manager is a wholly owned Subsidiary of CREC. The Fund Manager has general power of management over the assets of the Company, pursuant to a fund management agreement dated July 26, 2021 between the Company and the Fund Manager (the "**Fund Management Agreement**"). The Fund Manager's main responsibilities are to implement the Company's investment strategies and manage the Company's assets and liabilities for the benefit of the Company's Shareholders. The Fund Manager will manage the assets of the Company with a focus on generating steady revenues and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company and, ultimately, the distributions to the Company's Shareholders. For a more detailed discussion on the Company's business strategy, see the sections entitled "*Business and Properties – Business Strategies*" and "*Certain Agreements Relating to the Company and the Properties – Fund Management Agreement*" in this REIT Plan.

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Guaranteed Base Lease exclusive of value-added taxes (the "**Management Fee**").

The Fund Manager shall likewise be entitled to (i) an acquisition fee of 0.5% of the acquisition price of every acquisition made, exclusive of value-added taxes, and (ii) a divestment fee of 0.5% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of (x) fees paid under the Property Management Agreement, and (y) the Management Fee, acquisition fee, and divestment fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1% of the Net Asset Value of the properties under management.

In computing the Fund Management Fee, the formula to be used shall be as follows:

Fund Management Fee = (0.5% x Guaranteed Base Lease)

+ (0.5% x acquisition price, for every acquisition, if applicable)

+ (0.5% x sales price for every property divested, if applicable)

The Fund Management Fee shall be due and payable to the Fund Manager 10 days from the receipt by the Company of a billing statement. For clarity, such billing statement shall be provided no later than 10th day of the month following the determination of the Guaranteed Base Lease of the immediately preceding quarter.

THE PROPERTY MANAGER

The property manager, Citicore Property Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Property Manager**"). The Property Manager was incorporated on August 4, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Property Manager is a wholly owned Subsidiary of CREC. The Property Manager will perform the day-to-day property management functions of the Properties pursuant to a property management agreement dated as of August 9, 2021, between the Company and the Property Manager (the "**Property Management Agreement**"), in accordance with this REIT Plan, and the Company's investment strategies. See the section entitled "*Certain Agreements Relating to the Company and the Properties – Property Management Agreement*" in this REIT Plan. These functions include managing the execution of new leases and renewing or replacing expiring leases. In addition, the Property Manager will oversee CREC's operation and maintenance of the Clark Solar Power Plant; maintenance of the land premises underlying the Properties; formulation and implementation of policies and programs in respect of solar plant facility management; maintenance and optimization; secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; and oversee plant operations management.

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Guaranteed Base Lease, provided that total of such fee (the "**Property Management Fee**") and the Fund Management Fee and shall not exceed 1% of the Net Asset Value of the properties being managed.

Property Management Fee = Guaranteed Base Lease x 1.50%

The Property Management Fee shall be due and payable to the Property Manager 10 days from the receipt by the Company of a billing statement. For clarity, such billing statement shall be provided no later than 10^{th} day of the month following the determination of the Guaranteed Base Lease of the immediately preceding quarter.

INVESTOR RELATIONS OFFICE AND COMPLIANCE OFFICER

The Company's Investor Relations Office will be tasked with (a) the creation and implementation of an investor relations program that reaches out to all shareholders and informs them of corporate activities and (b) the formulation of a clear policy for accurately, effectively, and sufficiently communicating and relating relevant information to the Company's shareholders as well as to the broader investor community.

Michelle A. Magdato, the Company's Investor Relations Officer ("**IRO**"), will serve as the Company's designated investor relations manager and head of the Company's Investor Relations Office. The IRO will also be responsible for (i) ensuring that the Company's shareholders have timely and uniform access to official announcements, disclosures, and market-sensitive information relating to the Company, (ii) preparing disclosure documents to the Philippine SEC and the PSE, and (iii) disseminating the Manual and conducting the orientation program for the Board and senior management. As the Company's officially designated spokesperson, the IRO will be responsible for receiving and responding to investor and shareholder queries. In addition, the IRO will oversee most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website, and the preparation of the Company's periodic reports. The IRO will also be responsible for conveying information such as the Company's policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of the Company's operations and performance.

Raymund Jay S. Gomez is the Company's Compliance Officer, and is tasked to ensure that the Company complies with, and file on a timely basis, all required disclosures and continuing requirements of the Philippine SEC and the PSE.

The Company's Investor Relations Office and Compliance Office are both located at 11^{th} Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila.

SUMMARY OF THE OFFER

Company	Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.), a corporation organized under Philippine law. The trading symbol shall be "CREIT".
Sponsors	Citicore Renewable Energy Corporation and Citicore Solar Tarlac 1, Inc.
Selling Shareholder	Citicore Renewable Energy Corporation
Joint Global Coordinators	Unicapital Inc. ("**Unicapital**") and BDO Capital & Investment Corporation ("**BDO Capital**")
Lead Underwriter	Unicapital
Financial Advisor	Unicapital
Issue Manager	Unicapital
Lead Local Underwriters	BDO Capital and PNB Capital and Investment Corporation ("**PNB Capital**")
International Bookrunners	CIMB Investment Bank Bhd ("**CIMB**") and CLSA Limited ("**CLSA**")
Participating Underwriter	Investment & Capital Corporation of the Philippines ("**ICCP**")
Local Underwriters	Unicapital, BDO Capital, PNB Capital, and ICCP
Fund Manager	Citicore Fund Managers, Inc.
Property Manager	Citicore Property Managers, Inc.
Offer Shares	The Firm Shares and the Option Shares.
The Offer	Offer of 2,181,819,000 Firm Shares, comprising (i) 1,047,272,000 new common shares to be issued and offered by the Company on a primary basis (the "**Primary Offer**", and such shares, the "**Primary Offer Shares**"), and (ii) 1,134,547,000 existing common shares offered by the Selling Shareholder pursuant to a secondary offer (the "**Secondary Offer**", and such shares, the "**Secondary Offer Shares**"), together with an offer of up to 327,273,000 Option Shares by the Selling Shareholder pursuant to the Over-allotment Option (as described below).
Institutional Offer	1,527,273,000 Firm Shares, or approximately 70% of the Firm Shares, are being offered and sold (i) outside the United States by the International Bookrunners in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) to Domestic Investors by the Local Underwriters. The Option Shares will form part of the Institutional Offer. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholder, the Joint Global Coordinators and the International Bookrunners as well as oversubscription or undersubscription of either or both the Trading Participants and Retail Offer and the Institutional Offer. See "—*Reallocation*" below.

Trading Participants and Retail Offer	654,546,000 Firm Shares, or approximately 30% of the Firm Shares, (the "**Trading Participants and Retail Offer Shares**") are being offered in the Trading Participants and Retail Offer in the Philippines at the Offer Price. 436,364,000 Trading Participants and Retail Offer Shares (about 20% of the Firm Shares) are being allocated to all of the Eligible PSE Trading Participants at the Offer Price and 218,182,000 Trading Participants and Retail Offer Shares (about 10% of the Firm Shares) are being allocated at the Offer Price to local small investors ("**LSIs**"). Each Eligible PSE Trading Participant shall initially be allocated 3,547,000 Firm Shares. Based on the initial allocation for each Eligible PSE Trading Participant, there will be a total of 83,000 residual Firm Shares to be allocated as may be determined by the Joint Global Coordinators. LSIs shall subscribe through the PSE Electronic Allocation System ("PSE EASy"). An LSI is defined as a subscriber to a share offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱1,000,000.00 or such higher amount as may be approved by the PSE and the Philippine SEC. In the case of this Offer, the minimum subscription of LSIs shall be 1,000 Firm Shares or ₱2,550.00, and thereafter, in multiples of 1,000 Firm Shares, while the maximum subscription shall be 392,000 Firm Shares or ₱999,600.00. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Offer's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Global Coordinators shall prioritize subscriptions of small investors with amounts lower than the maximum subscription. The Local Underwriters shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer, or otherwise not taken up by the Eligible PSE Trading Participants, clients of the Local Underwriters or the general public in the Philippines, pursuant to the terms and conditions of the Domestic Underwriting Agreement. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholder, the Joint Global Coordinators and the International Bookrunners, as well as oversubscription or undersubscription of either or both the Trading Participants and Retail Offer and the Institutional Offer. See "—*Reallocation*" below.
Eligible Investors	The Trading Participants and Retail Offer Shares may be purchased by any natural person of legal age regardless of nationality, or any corporation, association, partnership, trust account, fund, or entity organized under the laws of the Philippines, or licensed to do business in the Philippines, regardless of nationality, subject to the restrictions on ownership, as described below, and the Company's right to reject an Application or reduce the number of the Firm Shares applied for subscription. The Institutional Offer Shares are being offered for sale (i) outside the United States by the International Bookrunners in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) to Domestic Investors by the Local Underwriters. Purchase of the Offer Shares in certain jurisdictions may be restricted by law. Foreign investors interested in purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and

	as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, shall represent and warrant, through the Application, that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.
Offer Price..............................	₱2.55 per Offer Share. The Offer Price will be determined based on a book building process and discussions between the Company, the Selling Shareholder, the Joint Global Coordinators and the International Bookrunners.
Stabilizing Agent	BDO Capital.
Over-allotment Option..........	Subject to the approval of the Philippine SEC, the Selling Shareholder has granted the Stabilizing Agent an option, exercisable in whole or in part, to purchase the Option Shares to be sold by the Selling Shareholder at the Offer Price, on the same terms and conditions as the Firm Shares as set out in this REIT Plan, and effect price stabilization transactions. The Over-allotment Option is exercisable from and including 30 calendar days after the Listing Date. The Over-allotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up. See the section entitled "*Plan of Distribution – The Over-allotment Option*" in this REIT Plan.
Restriction on Ownership......	The Offer Shares may be subscribed by any individual of legal age, or by any corporation, association, partnership, or trust, regardless of citizenship or nationality, subject to nationality limits under Philippine law. The Philippine Constitution and related statutes set forth restrictions on foreign ownership for companies engaged in nationalized or partly nationalized activities, including land ownership. As of the date of this REIT Plan, the Company owns land. As such, foreign shareholdings in the Company may not exceed 40% of the Company's total issued and outstanding capital stock. For more information relating to restrictions on the ownership of the Shares, please see the sections entitled "*Risk Factors," "Business and Properties,* "and "*Regulatory and Environmental Matters – Nationality Restriction*" in this REIT Plan. In the event that foreign ownership of the Company's outstanding capital stock will exceed such allowable maximum percentage, the Company has the right to reject a transfer request by a stockholder to persons other than Philippine Nationals and the right not to record such purchases in the Company's books. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, shall represent and warrant, through the Application, that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase, and hold the Offer Shares.

Offer Period	The Offer Period shall begin at 9:00 a.m. (Manila time) on February 2, 2022 and end at 12:00 noon (Manila time) on February 8, 2022. The Company, the Joint Global Coordinators and the International Bookrunners reserve the right to extend or shorten the Offer Period, subject to the approval of the PSE and the Philippine SEC. Applications must be received by the Receiving and Paying Agent not later than 12:00 noon, Manila Time on February 8, 2022 whether filed through a participating Eligible PSE Trading Participant, the Local Underwriters or filed directly with the Receiving and Paying Agent or through PSE EASy for LSI applications. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Receiving and Paying Agent, and shall be subject to the terms and conditions of the Offer as stated in this REIT Plan and in the Application. The actual subscription and/or purchase of the Offer Shares shall become effective only upon the actual listing of the Offer Shares on the PSE.
Minimum Subscription	Each application must be for a minimum of 1,000 Firm Shares, and thereafter, in multiples of 1,000 Firm Shares. Applications for multiples of any other number of Shares may be rejected or adjusted to conform to the required multiple, at the Company's discretion.
Use of Proceeds	The Company intends to use the net proceeds from the Primary Offer to acquire properties within the Citicore Group. In particular, the Company plans to use the net proceeds from the Primary Offer to fund its intended acquisition of the properties owned by Citicore Solar Bulacan, Inc. ("**Citicore Bulacan**") (formerly, Bulacan Solar Energy Corp. ("**BSEC**")) and nv vgot Philippines Solar Energy One, Inc. ("**SE1**" or "**Citicore South Cotabato**") or alternative properties of the Sponsors or any of their Subsidiaries or Affiliates, that financially and strategically meet or exceed the Company's financial and strategic investment criteria. Citicore Bulacan and Citicore South Cotabato operate solar power plants on such properties, and are wholly owned indirect subsidiaries of CREC. The Company will not receive any proceeds from the Secondary Offer. All proceeds from the Secondary Offer will be received by the Selling Shareholder. The Selling Shareholder shall use the entire proceeds from the Secondary Offer Shares and the proceeds received by Citicore Bulacan and Citicore South Cotabato in accordance with its reinvestment plan. For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see Annex 1 "*Reinvestment Plan*" of this REIT Plan. See the section entitled "*Use of Proceeds*" in this REIT Plan for further details.
Reallocation	The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as may be determined by the Joint Global Coordinators and International Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Global Coordinators and International Bookrunners the reallocation shall not apply in the event of over-application

	or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

Lock-up	The PSE Consolidated Listing and Disclosure Rules (the "**PSE Listing Rules**") require an applicant company for the Main Board to cause its existing shareholders owning at least 10% of the outstanding shares of the company not to sell, assign, or in any manner dispose of their shares for a period of 180 calendar days after the listing of the shares if the applicant company meets the track record requirements or 365 calendar days after listing date of the shares for companies which are exempt from the track record and operating history requirements of the PSE . In addition, under the PSE Listing Rules, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swaps, or similar transactions) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants, or similar instruments) done and fully paid for within 180 calendar days prior to the start of the offering period, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least 365 calendar days from full payment of the aforesaid shares. The Amended Articles of Incorporation of the Company provides that the Company shall comply with the lock-up requirement of the PSE Listing Rules, subject to any waiver or exemption that may be granted by the PSE.

The following shall be subject to the 365-day lock-up period from Listing Date:

Assuming the Over-allotment Option is fully exercised:

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Listing Date
Citicore Renewable Energy Corporation	3,117,641,132
Citicore Solar Tarlac 1, Inc.	918,720,864
Edgar B. Saavedra	1
Oliver Y. Tan	1
Manuel Louie B. Ferrer	1
Jez G. Dela Cruz	1

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Full Payment
Leonilo G. Coronel	1
Jose M. Layug, Jr.	1
Pacita U. Juan	1
Elizabeth C. Uychaco	1

Assuming the Over-allotment Option is not exercised:

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Listing Date
Citicore Renewable Energy Corporation	3,444,914,132
Citicore Solar Tarlac 1, Inc.	918,720,864
Edgar B. Saavedra	1
Oliver Y. Tan	1
Manuel Louie B. Ferrer	1
Jez G. Dela Cruz	1

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Full Payment
Leonilo G. Coronel	1
Jose M. Layug, Jr.	1
Pacita U. Juan	1
Elizabeth Anne C. Uychaco	1

	CREC's total shareholding after the Offer will be 47.63%, assuming full exercise of the Over-allotment Option, and 52.63%, assuming no exercise of the Over-allotment Option. Citicore Tarlac 1's total shareholding after the Offer will be 14.04%, assuming full exercise of the Over-allotment Option, and 14.04%, assuming no exercise of the Over-allotment Option. To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a Philippine Central Depository ("**PCD**") participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution. See the sections entitled "Principal Shareholders" and "*Plan of Distribution – Lock-Up*" in this REIT Plan. The Company and the Selling Shareholder have agreed with the International Bookrunners that neither the Company nor the Selling Shareholder will, except for the sale of the Offer Shares, issue, offer, sell, contract to sell, pledge, or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any common shares or securities convertible or exchangeable into or exercisable for any common shares or warrants or other rights to purchase common shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 180 calendar days after the listing of the Shares.
Registration, Listing, and Trading..................................	The Company has filed an application with the Philippine SEC for the registration, and an application with the PSE for the listing, of all its outstanding capital stock (including the Offer Shares). The Philippine SEC is expected to issue the Order of Effectivity and Permit to Sell on or about January 31, 2022. The PSE Board approved the listing application, subject to compliance with certain listing conditions, and a notice of approval was issued on January 14, 2022. The Offer Shares are expected to be listed on the PSE Main Board under the symbol "CREIT", on or about February 17, 2022. Trading of the Company's issued and outstanding Shares that are not subject to lock-up is expected to commence on the same date.
Dividends................................	The Company is required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings of the Company, and the income distributable as dividends by the Company shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. A REIT may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all the Company's independent Directors, and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on

	the said request within such period, the declaration shall be deemed approved. Following the Offer, the Company intends to implement an annual cash dividend payout ratio of at least 95% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Philippine Revised Corporation Code, among others, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends on a quarterly basis each year. Please see the section entitled "*Dividends and Dividend Policy*" in this REIT Plan for further details.
Procedure for Application for the Trading Participants and Retail Offer	<u>For Eligible PSE Trading Participants</u> "Application to Purchase" forms and specimen signature cards (the "**Application**") may be obtained from any of the Local Underwriters and the participating Eligible PSE Trading Participants, and shall be made available for download on the Company website. Applicants shall complete the application form, indicating all pertinent information such as the Applicant's name, address, taxpayer's identification number, citizenship, and all other information as may be required in the application form. Applicants shall undertake to sign all documents and to do all necessary acts to enable them to be registered as holders of the Offer Shares. Failure to complete the application form may result in the rejection of the Application. All Applications shall be evidenced by the application to purchase form, in quadruplicate, duly executed by the Applicants themselves or by the authorized signatory(ies) of the Applicant (in the case of an Applicant that is not a natural person), and accompanied by two completed specimen signature cards, which for applicants other than a natural person, should be authenticated by the corporate secretary (or its equivalent), and the corresponding payment for the Offer Shares covered by the Application and all other required documents. If the Applicant is an individual person, the Application must be accompanied by the following documents: • Two duly executed specimen signature cards, duly authenticated by the Applicant's nominated PDTC participant or the relevant Local Underwriter (if the Applicant is a client of any of the Local Underwriters); • Photocopy of one valid and current government-issued ID (e.g., SSS, GSIS, Driver's License, Passport or PRC) (Note: For joint applications (i.e. multiple Applicants in one Application), one valid and current government-issued ID of each applicant/investor will be required); • Proof of payment; and

- Such other documents as may be reasonably required by the relevant Local Underwriter in compliance with its internal policies regarding "knowing your customer", anti-money laundering, and combating financing of terrorism.

If the Applicant is a corporation, partnership, trust account, or any other juridical entity, the Application must be accompanied by the following documents:

- Two duly executed specimen signature cards of the authorized signatory(ies), duly authenticated by the Applicant's corporate secretary (or the equivalent corporate officer);

- a certified true copy of the Applicant's latest articles of incorporation and by-laws (or the equivalent documents) and other constitutive documents (each as amended to date) duly certified by its corporate secretary (or the equivalent corporate officer authorized to provide such certification);

- a certified true copy of the Applicant's certificate of registration issued by the relevant regulating body of the Applicant's country of incorporation or organization duly certified by its corporate secretary (or the equivalent corporate officer authorized to provide such certification);

- a duly notarized corporate secretary's certificate (or the equivalent document) setting forth the resolutions of the applicant's board of directors or equivalent body, namely: (i) authorizing the purchase of the Offer Shares indicated in the Application, (ii) identifying the list of designated signatory(ies) authorized for the purpose mentioned in (i), including each signatory's specimen signature, and (iii) certifying the percentage of the Applicant's capital or capital stock held by Philippine nationals;

- a photocopy of one valid and current government-issued IDs (e.g. SSS, GSIS, Driver's License, Passport or PRC ID) of (a) the authorized signatory/ies, duly certified as a true copy by the Corporate Secretary and (b) the Corporate Secretary, duly certified as true copy by an authorized officer of the corporation;

- proof of payment; and

- such other documents as may be reasonably required by the relevant Local Underwriter in compliance with its internal policies regarding "knowing your customer", anti-money laundering and combating financing of terrorism.

Applicants must represent and warrant, through the Application, that their purchase of the Trading Participants and Retail Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Trading Participants and Retail Offer Shares in the form as set out in the Offer Implementing Guidelines.

Applications may be rejected if (i) the subscription price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentment; (iii) the Applications are not received by the Receiving and Paying Agent or the Local Underwriters on or before the end of the Offer Period; (iv) the sale of the Offer Shares will result in a violation of foreign ownership and single entity ownership restrictions; (vii) the

	Applicant is not an Eligible Investor; (viii) the Applications do not have sufficient information as required in the Application to Purchase or are not supported by the required documents; (ix) the underwriting agreement is suspended, terminated or cancelled on or before the Listing Date; or (x) there is failure to create a valid Name-on Central Depository sub-account for the Applicant with the PDTC on or before four (4) banking days prior to the Listing Date. or (vii) as otherwise set out in the Offer Implementing Guidelines. This should be read in conjunction with the Offer Implementing Guidelines, which will be published on PSE EDGE website prior to the start of the Offer Period. <u>For Local Small Investors</u>: For LSI applicants, applications to purchase must be made online through PSE EASy (https://easy.pse.com.ph/). The system will generate a reference number and payment instruction. Applications for the Offer Shares must be settled within the Offer Period. An LSI Applicant should nominate in the Application the Eligible PSE Trading Participant through which its shares will be lodged. Otherwise, the Application shall not be accepted. In the event that an LSI Applicant does not have an existing securities account or a NoCD sub-account with an Eligible PSE Trading Participant, the LSI Applicant may open a trade account and a NoCD sub-account with the Joint Global Coordinators' affiliated broker, Unicapital Securities, Inc. and nominate said entity as its endorsing Eligible PSE Trading Participant by accomplishing an account opening form and submitting the same (done through https://www.utradeph.com/howtobegin/ and by clicking on "Open An Account"), together with any required attachments, to the relevant broker prior to submission of the Application. LSI applications shall be allocated in ascending order (i.e. from the lowest to the highest) through a distribution mechanism wherein fully paid applications will be processed on a first-come, first-served basis and upon the Receiving Agent's validation or confirmation of complete payment of the purchased shares. Multiple applications (i.e. two or more applications by the same LSI applicant) will not be allowed; and provided that there shall be no allocation of shares for partially paid subscriptions. This section should be read in conjunction with the Offer Implementing Guidelines which will be published on the PSE EDGE website.
Payment Terms for the Trading Participants and Retail Offer	The purchase price must be paid in full in Philippine Pesos upon the submission of the duly completed and signed Application and specimen signature card together with the requisite attachments. For Eligible PSE Trading Participants, payment for the Offer Shares shall be made through over-the-counter cash or check deposit payment in any BDO branch under the account "BDO Capital & Investment Corporation" with the account number 000460451146 or any other mode of payment prescribed by the Receiving and Paying Agent. For Local Small Investors, payment for the Offer Shares shall be made either by: (i) over-the-counter cash or check deposit payment in any BDO branch under the account "BDO Capital & Investment Corporation", with the account number 000460451146, (ii) online payment via BDO Online under the account "BDO Capital & Investment Corporation", with the account number 000460451146 or (iii) any other mode of payment

	prescribed by the Receiving and Paying Agent. Participating Local Small Investors in the Retail Offer may contact the Receiving and Paying Agent for alternative modes of payment. For check payments, all checks should be made payable to "BDO Capital & Investment Corporation" dated the same date as the date of submission of the Application and crossed ''Payee's Account Only". Only checks with a clearing period of no more than one banking day from date of receipt will be acceptable. As applicable, the Applications and required documents (including proof of payments) shall be transmitted to the Receiving and Paying Agent by electronic mail at creitipo@professionalstocktransfer.com on or before the end of the offer period, with the physical copies delivered to the Receiving and Paying Agent's address at 10th Floor Telecom Plaza Building 316 Gil Puyat Avenue, Makati City no later than 12:00 noon five business days after the end of the offer period.
Acceptance or Rejection of Applications for the Trading Participants and Retail Offer	Applications for the Trading Participants and Retail Offer Shares are subject to confirmation by the Joint Global Coordinators. The Company and the Joint Global Coordinators reserve the right to accept, reject, or scale down the number and amount of Trading Participants and Retail Offer Shares covered by any Application. The Company and the Joint Global Coordinators and International Bookrunners have the right to reallocate available Offer Shares in the event that the Offer Shares are insufficient to satisfy the total applications received. The Offer Shares will be allotted in such a manner as the Joint Global Coordinators and International Bookrunners may, in their sole discretion, deem appropriate, subject to distribution guidelines of the PSE. Applications with checks dishonored upon first presentation and Applications which do not comply with terms of the Offer will be automatically rejected. Notwithstanding the acceptance of any Applications, the actual subscription of the Offer Shares by the Applicant will be effective only upon the listing of the Offer Shares on the PSE. An Application may be accepted, rejected or scaled down for the following reasons: • It involves the sale of Offer Shares that will result in a violation of the foreign ownership and single entity ownership restrictions; • The minimum board lot required by the PSE is not met, or does not meet the ratio of Offer Shares as prescribed in this REIT Plan; • There exists a legal restriction prohibiting the acceptance or consummation of the Application; • The Applications are not received by the Receiving and Paying Agent on or before the end of the Offer Period; • The number of Offer Shares subscribed is less than the minimum amount of subscription; • The Application, any required supporting document, or the corresponding payment is not in accordance with the terms and conditions of the Offer; • The check submitted by the Applicant as payment is for an amount less than the Offer Price corresponding to the number of Offer

	Shares applied for, or the check submitted by the Applicant is dishonored upon first presentment, or the check is still subject to clearing of over one Banking Day from date of receipt; • There is a violation of the terms, conditions, and warranties provided under the Domestic Underwriting Agreement; • The Company or the Selling Shareholder will suffer actual or potential prejudice if the Application, by itself or together with any other Application, is accepted; • The underwriting is suspended, terminated or cancelled on or before the Listing Date; • The Applicant is not an Eligible Investor; • The Applicant, to the knowledge of any of the Local Underwriters and the International Bookrunners (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or has taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity, or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in a violation of any provision of the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019), Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**") or the rules or regulations thereunder, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anticorruption laws; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit; • The Offer Shares cannot accommodate the aggregate total number of Applications received by the Local Underwriters and the International Bookrunners; or • Failure to create a valid Name-on Central Depository sub-account for the Applicant with the PDTC on or before four banking days prior to the Listing Date.
Refunds for the Trading Participants and Retail Offer	In the event that the number of Offer Shares to be received by an Applicant, as confirmed by the relevant Local Underwriter, is less than the number covered by its Application, or if an Application is rejected by the Company, then the Receiving and Paying Agent shall refund, without interest, within five banking days from the end of the Offer Period until 30 days from the end of the Offer Period, all or a portion of the Applicant's payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving and Paying Agent, at the Applicant's risk. If such check refunds are not claimed after 30 days

	following the beginning of the refund period, such checks shall be mailed to the Applicant's registered address at the Applicant's risk.
Registration and Lodgment of Shares with PDTC	The Offer Shares will be in scripless form and are required to be lodged with the PDTC upon listing. Investors may maintain the Offer Shares in scripless form or opt, at their own cost and expense, to have the stock certificates issued to them by requesting an upliftment of the relevant Offer Shares from the PDTC's electronic system after the Offer Shares are listed on the PSE.
Tax Considerations	See the section entitled "*Taxation*" in this REIT Plan for information on the Philippine tax consequences of the purchase, ownership, and disposal of the Offer Shares.
Expected Timetable...............	The timetable of the Offer is expected to be as follows:

Bookbuild period	January 20, 2022 to January 26, 2022
Pricing...	January 27, 2022
Notice of final Offer Price to the PSE and SEC...	January 27, 2022
Receipt of Permit to Sell from the SEC	January 31, 2022
Offer Period	February 2 to February 8, 2022
Submission of Firm Order and Commitments by Eligible PSE Trading Participants	11:00 a.m. on February 4, 2022
Trading Participants and Retail Offer Settlement Date..	February 8, 2022
Listing Date and commencement of trading on the PSE	February 17, 2022

The dates included above are subject to the approval of the PSE and the SEC, market, and other conditions, and may be changed.

If, for any reason, any day of the above periods or dates is a not a banking day, then such period or date may be extended or moved, as the case may be, to the next immediately succeeding banking day, or such other date as may be agreed upon by the Company, the Joint Global Coordinators and the International Bookrunners. Notice of any adjustment to the Listing Date shall be made by publication by the Company in two newspapers of general circulation, provided that any adjustment to the Listing Date shall be subject to the approval of the PSE.

Stock Transfer Agent	Professional Stock Transfer, Inc.
Receiving and Paying Agent ..	Professional Stock Transfer, Inc.
Escrow Agent	Development Bank of the Philippines – Trust Banking Group

Philippine Counsel for the Company and the Selling Shareholder............................	Martinez Vergara Gonzalez & Serrano
Philippine Counsel for the Local Underwriters and the International Bookrunners....	Picazo Buyco Tan Fider & Santos
International Counsel for the Local Underwriters and the International Bookrunners....	Milbank LLP
Independent Auditors	Isla Lipana & Co., the Philippine member firm of the PwC Network
Risks of Investing	Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include: • risks relating to the Company's business; • risks relating to the Company's Properties; • risks relating to the Philippines; • risks relating to the Offer Shares and an investment in the Company; and • risks relating to the presentation of information in this REIT Plan. For a more detailed discussion on certain of these risks, see "*Risk Factors*" beginning on page 57, which while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares. The Offer Shares are offered solely on the basis of the information contained in the REIT Plan.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables present summary financial information of the Company. This summary should be read in conjunction with the independent auditor's report and with the financial statements of the Company and notes thereto contained in this REIT Plan, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's summary financial information as of and for the years ended December 31, 2017, 2018, 2019, and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 was derived from the audited financial statements of the Company prepared in accordance with PFRS.

The Company's summary financial information below should not be considered indicative of the results of future operations.

The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2020 and amounts in Pesos as of and for the nine months ended September 30, 2021 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2021 of ₱50.96 = U.S.$1.00. As of January 14, 2022, the Peso was at ₱51.115 against the U.S. dollar.

Statements of Comprehensive Income

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
	₱ thousands (except earnings per Share) (Audited)				**U.S.$ thousands (Unaudited)**
Revenues	270,772	260,381	248,011	269,077	5,280
Cost of services	116,231	139,352	98,376	94,624	1,857
Gross profit	**154,541**	**121,029**	**149,635**	**174,453**	**3,423**
Operating expenses	52,655	47,121	3,387	7,988	157
Income from operations	**101,886**	**73,908**	**146,248**	**166,465**	**3,267**
Other expenses – net	(104,878)	(60,492)	(66,677)	(62,350)	1,224
Income (loss) before income tax	**(2,992)**	**13,416**	**79,571**	**104,115**	**2,043**
Income tax expense	72	—	—	—	—
Net income (loss)	**(3,064)**	**13,416**	**79,571**	**104,115**	**2,043**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**(3,064)**	**13,416**	**79,571**	**104,115**	**2,043**
Basic/Diluted Earnings (Loss) per Share	**(₱ 0.001)**	**₱ 0.01**	**₱ 0.04**	**₱ 0.05**	**N/A**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (except earnings per Share) (Audited)		**U.S.$ thousands (Unaudited)**
Revenues	207,641	190,675	3,742
Cost of services	74,325	51,764	1,016
Gross profit	**133,315**	**138,911**	**2,726**
Operating expenses	(6,923)	17,700	347
Income from operations	**126,392**	**121,211**	**2,379**
Other expenses – net	36,279	2,624	51
Income before income tax	**90,113**	**118,587**	**2,327**
Income tax expense	—	—	—
Net income	**90,113**	**118,587**	**2,327**
Other comprehensive income	—	51	1
Total comprehensive income	**90,113**	**118,638**	**2,328**
Basic/Diluted Earnings per Share	**₱ 0.04**	**₱ 0.05**	**N/A**

Statements of Financial Position

	As of December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Current Assets					
Cash and cash equivalents	185,648	86,794	47,065	71,738	1,408
Trade and other receivables..................	241,115	63,454	128,630	258,905	5,081
Other current assets	136,690	12,599	11,443	11,601	228
	563,453	162,847	187,138	342,244	6,716
Noncurrent Assets					
Property and equipment - net	1,732,250	1,508,466	1,449,497	1,390,338	27,283
Right-of-use assets - net	—	—	41,811	39,685	779
Other noncurrent assets	614	10,110	8,668	8,975	176
	1,732,864	1,518,576	1,499,976	1,438,998	28,238
Total Assets	**2,296,317**	**1,681,423**	**1,687,114**	**1,781,242**	**34,954**
Current Liabilities					
Trade and other payables.......................	162,977	73,484	78,380	125,610	2,465
Loans payable – current portion............	120,192	120,749	120,914	126,446	2,481
Loan payable to a shareholder...............	278,621	—	—	—	—
Income tax payable.	72	—	—	—	—
Lease liabilities – current portion..........	—	—	21	294	6
	561,862	194,233	199,315	252,351	4,952
Noncurrent Liabilities					
Loans payable – net of current portion..	1,216,865	1,095,265	974,342	909,810	17,853
Due to related parties	140,958	—	—	—	—
Lease liabilities – net of current portion	—	—	51,410	51,061	1,002
Retirement benefit obligation................	—	—	—	2,916	57
Other noncurrent liabilities....................	8,630	10,506	1,057	—	—
	1,366,453	1,105,771	1,026,809	963,786	18,913
Total Liabilities	**1,928,315**	**1,300,004**	**1,226,124**	**1,216,137**	**23,865**
Equity					
Share capital..	540,000	540,000	540,000	540,000	10,597
Retained earnings (Deficit)	(171,998)	(158,581)	(79,010)	25,105	493
Total Equity	**368,002**	**381,419**	**460,990**	**565,105**	**11,089**
Total Liabilities and equity	**2,296,317**	**1,681,423**	**1,687,114**	**1,781,242**	**34,954**

	As of September 30,	
	2021	2021
	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Current Assets		
Cash and cash equivalents	76,764	1,506
Trade and other receivables...	40,862	802
Other current assets	27,907	548
	145,533	2,856
Noncurrent Assets		
Property and equipment - net	1,345,970	26,412
Investment properties	234,546	4,603
Right-of-use assets – net	38,091	747
Other noncurrent assets	9,113	179
	1,627,719	31,941
Total Assets	**1,773,252**	**34,797**
Current Liabilities		
Trade and other payables...	38,849	762
Due to related parties – current portion...	94,053	1,846
Loans payable – current portion..	—	—
Loan payable to a shareholder...	—	—
Income tax payable.	—	—

	As of September 30, 2021	2021
	₱ thousands	U.S.$ thousands
Lease liabilities – current portion	317	6
	133,220	2,614
Noncurrent Liabilities		
Loans payable – net of current portion	—	—
Due to related parties – net of current portion	68,522	1,345
Lease liabilities – net of current portion	50,522	991
Retirement benefit obligation	236	5
Other noncurrent liabilities	—	—
	119,279	2,341
Total Liabilities	**252,499**	**4,955**
Equity		
Share capital	540,000	10,597
Deposit for future subscription	837,011	16,425
Other comprehensive income	51	1
Retained earnings	143,692	2,820
Total Equity	**1,520,753**	**29,842**
Total Liabilities and equity	**1,773,252**	**34,797**

Statements of Cash Flows

	For the year ended December 31, 2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Net cash generated from (used in) operating activities	(51,479)	170,275	150,451	119,589	2,347
Net cash used in investing activities	(206)	(38)	(176)	—	—
Net cash provided by (used in) financing activities	(307,275)	(269,924)	(190,005)	(94,916)	(1,863)
Net increase (decrease) in cash and cash equivalents	**(358,961)**	**(99,687)**	**(39,730)**	**24,673**	**484**
Effect of exchange rate on cash	**617**	**833**	—	—	—
Cash and cash equivalents at beginning of year	**543,992**	**185,648**	**86,794**	**47,065**	**924**
Cash and cash equivalents at end of year	**185,648**	**86,794**	**47,065**	**71,737**	**1,408**

	For the nine months ended September 30, 2020	2021	2021
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net cash generated from operating activities	148,032	77,110	1,513
Net cash used in investing activities	—	—	—
Net cash provided by (used in) financing activities	(93,653)	(72,083)	(1,414)
Net increase (decrease) in cash and cash equivalents	**54,379**	**5,027**	**99**
Cash and cash equivalents at beginning of year	**47,065**	**71,737**	**1,408**
Cash and cash equivalents at end of year	**101,444**	**76,764**	**1,507**

Key Financial Data

	As of and for year ended December 31,			As of and for the nine months ended September 30,		
Key Financial Ratios	**2017**	**2018**	**2019**	**2020**	**2020[6]**	**2021**
Recurring income contribution[1]	99%	100%	100%	100%	100%	100%
Current Ratio[2]	1.00	0.84	0.94	1.36	1.36	1.09
Debt to Equity[3]	4.39	3.19	2.38	1.83	1.83	n/a

Key Financial Ratios	As of and for year ended December 31, 2017	2018	2019	As of and for the nine months ended September 30, 2020	2020(6)	2021
Return on Equity(4)	-0.01	0.04	0.19	0.20	0.18	0.11
Asset to Equity(5)	6.24	4.41	3.66	3.15	3.15	1.17

Notes:

(1) *Recurring income is composed of sale of electricity income. Recurring income contribution measures the stability of the Company's income source.*

(2) *Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the Company's ability to pay short-term obligations.*

(3) *Debt to equity ratio is derived by dividing the Company's total loans and borrowings by total equity. Debt to equity ratio measures the degree of the Company's financial leverage.*

(4) *Return on equity is derived by dividing net income by average shareholder's equity.*

(5) *Asset to equity ratio is derived by dividing total assets by shareholder's equity. Asset to equity measures the Company's financial leverage and long-term solvency.*

(6) *These ratios are derived using the statements of financial position as of December 31, 2020 and the statements of comprehensive income for the nine months ended September 30, 2020. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱342,244 thousand, ₱252,351 thousand, ₱1,036,256 thousand, ₱565,105 thousand, ₱513,047 thousand, ₱1,781,242 thousand and ₱565,105 thousand, respectively.*

Key Operating Data

The following data presents key operation metrics of the Clark Solar Power Plant.

Key Operating Data	As of and for year ended December 31, 2017	2018	2019	2020	As of and for the nine months ended September 30, 2020	2021
Total installed capacity (MWp_{DC})	22.3	22.3	22.3	22.3	22.3	22.3
Actual gross generation (GWh)	31.92	31.02	28.98	30.88	24.3	22.9
Actual net generation (GWh)	30.73	29.96	28.54	30.41	23.8	22.4
Actual energy loss (GWh)	1.19	1.06	0.44	0.47	0.5	0.36
Annual outage (internal) (in hours)	1.9	2.7	0.4	8.7	8.4	0.39
Annual outage (external) (in hours)	5.9	17.5	36.3	24.9	14.9	13.8
Plant availability rate	99.8%	99.5%	99.1%	99.2%	99.3%	99.5%
Performance ratio	82.4%	80.7%	81.3%	82.4%	81.9%	83.5%

Notes:

1. *Plant availability rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.*

2. *Performance ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.*

EBITDA

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") represents net income after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating income, or net income as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's EBITDA calculations for the periods noted:

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Net income (loss)	(3,065)	13,416	79,571	104,115	2,043
Add/Less:					
Interest expense............................	106,671	87,622	68,727	64,054	1,257
Depreciation and amortization	73,644	71,880	61,271	61,285	1,203
Provision for income tax	72	—	—	—	—
EBITDA	**177,322**	**172,918**	**209,569**	**229,454**	**4,503**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net income	90,113	118,587	2,327
Add/Less:			
Interest expense..	37,876	27,984	549
Depreciation and amortization	45,964	45,962	902
Provision for income tax	—	—	—
EBITDA	**173,953**	**192,533**	**3,778**

SUMMARY PRO FORMA FINANCIAL INFORMATION

The following tables present summary pro forma financial information for the Company based on the financial statements of the Company, adjusted to give pro forma effect to the REIT Formation Transactions as if these occurred as of January 1, the beginning of each period presented, as applicable. This summary should be read in conjunction with the Company's audited financial statements and unaudited pro forma financial information and notes thereto contained in this REIT Plan and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Please also see the "Independent Auditor's Assurance Report on the Compilation of the Pro Forma Condensed Financial Information included in a Prospectus" elsewhere in this REIT Plan.

The unaudited pro forma financial information has been prepared in accordance with Section 9, Part II of the Revised SRC Rule 68. The unaudited pro forma financial information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the U.S. Exchange Act.

The Company's historical financial information have been extracted by the Company's management from the audited financial statements as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of and for the nine months ended September 30, 2020 and September 30, 2021. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The summary pro forma financial information does not purport to represent what the result of operations and financial position of the Company would actually have been had the REIT Formation Transactions in fact occurred as of January 1 of each period presented as applicable, nor do they purport to project results of operations or the financial position of the Company for any future period or date. See "Risk Factors - Risks relating to the Presentation of Information in this REIT Plan - The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results. "For additional information regarding financial information presented in this REIT Plan, see "Presentation of Financial Information."

Pro forma Statements of Total Comprehensive Income

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
	₱ thousands (except earnings per Share) (Audited)				**U.S.$ thousands (Unaudited)**
Lease revenue	893,916	893,916	893,916	893,916	17,542
Cost of service	84,569	87,164	68,663	68,663	1,347
Gross profit	**809,347**	**806,752**	**825,253**	**825,253**	**16,195**
Operating expenses	2,424	4,177	5,117	7,899	155
Income from operations	**806,924**	**802,576**	**820,136**	**817,355**	**16,040**
Other expenses – net	(122,543)	(85,810)	(80,531)	(75,339)	(1,478)
Income before income tax	**684,380**	**716,765**	**739,605**	**742,016**	**14,562**
Income tax expense	(239,004)	(237,748)	(242,708)	(190,928)	(3,747)
Net income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**
Basic/Diluted Earnings per Share	**₱ 0.08**	**₱ 0.09**	**₱ 0.09**	**₱ 0.10**	**N/A**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (except earnings per Share) (Audited)		**U.S.$ thousands (Unaudited)**
Lease revenue	**670,437**	**670,437**	**13,156**
Cost of service	51,497	51,495	1,010
Gross profit	**618,940**	**618,942**	**12,146**
Operating expenses	7,159	17,302	340
Income from operations	**611,781**	**601,640**	**11,806**
Other expenses – net	(46,004)	(37,986)	(745)
Income before income tax	**565,776**	**563,654**	**11,061**
Income tax expense	(174,045)	(123,371)	(2,421)

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (except earnings per Share) (Audited)		U.S.$ thousands (Unaudited)
Net income	**391,732**	**440,283**	**8,640**
Other comprehensive income	—	—	—
Total comprehensive income	**391,732**	**440,283**	**8,640**
Basic/Diluted Earnings per Share	**₱ 0.07**	**₱ 0.08**	**N/A**

Pro forma Statements of Financial Position

	As of December 31,				
	2017	2018	2019	2020	2020
	₱ thousands				U.S.$ thousands
Current Assets	(Audited)				(Unaudited)
Cash and cash equivalents	665,462	654,603	1,021,281	1,228,248	24,102
Trade and other receivables	890,693	1,243,315	1,324,243	1,533,011	30,083
Other current assets	119,680	—	—	482	9
	1,675,835	1,897,919	2,345,524	2,761,741	54,194
Noncurrent Assets					
Property, plant and equipment - net	1,732,250	1,508,466	1,449,497	1,390,337	27,283
Investment properties	234,546	234,546	234,546	234,546	4,603
Right-of-use assets - net	214,329	204,786	195,242	185,698	3,644
Other noncurrent assets	614	1,779	1,779	1,779	35
	2,181,739	1,949,576	1,881,063	1,812,360	35,564
Total Assets	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**
Current Liabilities					
Trade and other payables	87,598	5,940	4,662	33,970	667
Loans payable – current portion	120,192	120,749	115,297	56,297	1,105
Loan payable to a shareholder	278,621	—	—	—	—
Due to related parties	—	—	—	—	—
Income tax payable.	112,296	133,739	229,593	159,295	3,126
Lease liabilities – current portion	5,985	269	6,750	824	16
	604,693	260,697	356,302	250,386	4,913
Noncurrent Liabilities					
Loans payable – net of current portion	236,906	115,306	—	—	—
Due to related parties	517,138	388,369	287,132	160,585	3,151
Lease liabilities – net of current portion	227,551	226,934	226,401	224,714	4,410
Deferred tax liability	252,780	356,790	369,905	401,538	7,879
Retirement benefit obligation	—	—	—	—	—
Other noncurrent liabilities	8,630	10,506	1,057	—	—
	1,243,006	1,097,905	884,495	786,836	15,440
Total Liabilities	**1,847,699**	**1,358,602**	**1,240,797**	**1,037,223**	**20,354**
Equity					
Share capital	1,374,546	1,374,546	1,374,546	1,374,546	26,973
Additional paid in capital	2,465	2,465	2,465	2,465	48
Retained earnings	632,865	1,111,882	1,608,780	2,159,868	42,384
Total Equity	**2,009,876**	**2,488,893**	**2,985,790**	**3,536,879**	69,405
Total Liabilities and equity	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**

	As of September 30,	
	2021	2021
Current Assets	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Cash and cash equivalents	1,548,450	30,386
Trade and other receivables	1,567,936	30,768

	As of September 30,	
	2021	2021
Current Assets	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Other current assets	16,904	332
	3,133,290	61,485
Noncurrent Assets		
Property, plant and equipment - net	1,345,970	26,412
Investment properties	234,546	4,603
Right-of-use assets - net	178,540	3,504
Other noncurrent assets	1,779	35
	1,760,835	34,553
Total Assets	**4,894,125**	**96,309**
Current Liabilities		
Trade and other payables	1,154	23
Due to related parties – current portion	94,053	1,846
Loans payable – current portion	—	—
Loan payable to a shareholder	—	—
Income tax payable.	148,269	2,910
Lease liabilities – current portion	8,504	167
	251,980	4,945
Noncurrent Liabilities		
Loans payable – net of current portion	—	—
Due to related parties – net of current portion	68,522	1,345
Lease liabilities – net of current portion	219,821	4,314
Deferred tax liability	376,640	7,391
Retirement benefit obligation	—	—
Other noncurrent liabilities	—	—
	664,983	13,049
Total Liabilities	**916,963**	**17,994**
Equity		
Share capital	1,374,546	26,973
Additional paid in capital	2,465	48
Retained earnings	2,600,152	51,023
Other comprehensive income	—	—
Total Equity	**3,977,162**	**78,045**
Total Liabilities and equity	**4,894,125**	**96,039**

Pro forma Statements of Cash Flows

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands				U.S.$ thousands
Net cash generated from operating activities	239,891	281,851	564,590	322,408	6,327
Net cash used in investing activities	(206)	(38)	(176)	—	—
Net cash used in financing activities	(318,547)	(293,505)	(197,736)	(115,441)	(2,265)
Net increase (decrease) in cash and cash equivalents	**(78,862)**	**(11,691)**	**366,678**	**206,967**	**4,062**
Effects of exchange rate changes in cash	617	833	—	—	—
Cash and cash equivalents at beginning of year	**743,707**	**665,462**	**654,603**	**1,021,281**	**20,041**
Cash and cash equivalents at end of year	**665,462**	**654,603**	**1,021,281**	**1,228,248**	**24,103**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands		U.S.$ thousands
Net cash generated from operating activities	244,529	399,143	7,832
Net cash used in investing activities	—	—	—
Net cash used in financing activities	(113,080)	(78,940)	(1,549)
Net increase (decrease) in cash and cash equivalents	**131,449**	**320,202**	**6,283**
Cash and cash equivalents at beginning of year	**1,021,281**	**1,228,248**	**24,103**
Cash and cash equivalents at end of year	**1,152,731**	**1,548,450**	**30,386**

Key Financial and Operating Data

	For year ended December 31,				For the nine months ended September 30,	
Key Financial Ratios	**2017**	**2018**	**2019**	**2020**	**2020**[(6)]	**2021**
Recurring income contribution[(1)]	100%	100%	100%	100%	100%	100%
Current Ratio[(2)]	2.77	7.28	6.58	11.03	11.03	12.43
Debt to Equity[(3)]	0.29	0.19	0.12	0.08	0.08	0.06
Return on Equity[(4)]	0.33	0.21	0.18	0.17	0.12	0.11
Asset to Equity[(5)]	1.92	1.55	1.42	1.29	1.29	1.23

Notes:

(1) *Recurring income pertained to rental income. Recurring income contribution measures the stability of the Company's income source.*

(2) *Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the Company's ability to pay short-term obligations.*

(3) *Debt to equity ratio is derived by dividing the Company's total loans and borrowings by total equity. Debt to equity ratio measures the degree of the Company's financial leverage. The Company's total loans and borrowings pertain to bank loans only.*

(4) *Return on equity is derived by dividing net income by average shareholder's equity.*

(5) *Asset to equity ratio is derived by dividing total assets by shareholder's equity. Asset to equity measures the Company's financial leverage and long-term solvency.*

(6) *These ratios are derived using the pro forma statements of financial position as of December 31, 2020 and the pro forma statements of comprehensive income for the nine months ended September 30, 2020. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱2,761,741 thousand, ₱250,386 thousand, ₱281,708 thousand, ₱3,536,879 thousand, 3,261,334 thousand, ₱4,574,101 thousand and ₱3,536,879 thousand, respectively.*

The following data presents key operation metrics of the solar power plants operated by the Lessees of the Leased Properties on a consolidated basis.

	As of and for year ended December 31,				As of and for the nine months ended September 30,	
Key Operating Data	**2017**	**2018**	**2019**	**2020**	**2020**	**2021**
Total installed capacity (MWp_{DC})	145	145	145	145	145	145
Actual gross generation (GWh)	197.5	203.6	205.2	204.1	160.0	146.7
Actual net generation (GWh)	194.9	200.7	202.8	201.6	157.9	144.9
Actual energy loss (GWh)	2.6	3.0	2.4	2.6	2.0	1.7
Annual outage (internal) (in hours)	144.2	144.9	84.4	41.3	39.5	31.87
Annual outage (external) (in hours)	169.4	425.3	383.8	239.7	167.7	321.01
Plant availability rate	98.1%	97.9%	97.4%	98.8%	98.9%	98.5%
Performance ratio	85.1%	83.0%	81.9%	82.6%	82.2%	84.3%

Notes:

1. Plant availability rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.

2. Performance ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.

PRO FORMA EBITDA

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") represents net income after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating income, or net income as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's EBITDA calculations for the periods noted:

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
		₱ thousands (Audited)			**U.S.$ thousands (Unaudited)**
Net income	445,376	479,017	496,897	551,088	10,815
Add/Less:					
Interest expense	124,334	104,812	82,684	77,112	1,513
Depreciation and amortization	83,188	81,424	68,688	68,703	1,348
Provision for income tax	239,004	237,748	242,708	190,928	3,747
EBITDA	**891,902**	**903,001**	**890,977**	**887,831**	**17,423**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (Audited)		**U.S.$ thousands (Unaudited)**
Net income	391,732	440,283	8,640
Add/Less:			
Interest expense	47,671	38,087	747
Depreciation and amortization	51,527	51,525	1,011
Provision for income tax	174,045	123,371	2,421
EBITDA	**664,975**	**653,266**	**12,819**

RISK FACTORS

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses, rather than profit, may be incurred as a result of buying and selling securities. The Company's past performance is not a guide to the Company's future performance. There may be a large difference between the buying price and the selling price of the Offer Shares. For investors that deal in a range of investments, each investment carries a different level of risk.

Prospective investors should be aware of the potential risks of investing in companies with smaller market capitalizations and should make the decision to invest only after due and careful consideration. The characteristics of companies with smaller market capitalizations mean that such companies are more suited to professional and other sophisticated investors.

Investors should carefully consider all the information contained in this REIT Plan, including the risk factors described below, before deciding to invest in the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, may have an adverse effect on the Company's business, financial condition, results of operations, the market price of the Offer Shares, and the Company's ability to make dividend distributions to the Company's shareholders. All or part of an investment in the Offer Shares may be lost.

This REIT Plan also contains forward-looking statements and forward-looking financial information (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of the Company could differ materially from those anticipated in these forward-looking statements and forward-looking financial information as a result of certain factors, including the risks faced by the Company as described below and elsewhere in this REIT Plan.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the sections entitled "Business and Properties," "Management's Discussion and Analysis of Financial Condition and Results of Operation," "Board of Directors and Senior Management – Corporate Governance," and "Certain Agreements Relating to The Company and the Properties" in this REIT Plan. See also the industry report of Frost & Sullivan attached to this REIT Plan.

This risk factors discussion does not purport to disclose all of the risks and other significant aspects of investing in the Offer Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors may request publicly available information on the Company from the Philippine SEC. An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of this Offer or the nature of risks involved in purchasing, holding and trading the Shares. Each investor should consult his or her own counsel, accountant, and other advisers as to the legal, tax, business, financial, and other related aspects of an investment in the Shares.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only.

Risks Relating to the Company's Business

The Company has no prior operating history as a REIT and may not be able to operate its business successfully or generate sufficient cash flows to make or sustain distributions. Further, the Pro Forma Financial Statements were prepared for this REIT Plan and may not necessarily represent the Company's consolidated financial position, results of operation and cash flows.

Subject to compliance with the REIT Law, the Company will operate as a real estate investment trust. The Company has acquired the Leased Properties through the REIT Formation Transactions. Prior to its designation as a REIT entity, the Company did not have an operating history as a REIT by which its performance may be judged. Accordingly, there is no assurance that the Company will achieve its investment objectives.

In addition, the Pro Forma Financial Statements are prepared on the basis of the assumption that all the Leased Properties were part of CREIT for such period prior to the REIT Formation Transactions. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements actually occurred at an earlier date, and does not purport to project the results of operations of the Company for any future period or date. For further details, see "*Selected Financial and Operating Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." See also "*—Risks Relating to the Presentation of Information in this REIT Plan—The presentation of pro forma financial information in this REIT Plan may not necessarily represent the Company's consolidated financial position, results of operation and cash flows, may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results*."

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the real estate and renewable energy industries. The Citicore Group also has significant experience in property management, and many of the directors and officers of the Property Manager have gained valuable property management experience working with the Citicore Group and other companies in the real estate and renewable energy industries. For further discussion, see also "*The Fund Manager and the Property Manager*".

The Company's and its Lessees' businesses are exposed to the risks inherent in the Philippines energy market.

The Company's business comprises the leasing of the Leased Properties to the Lessees who operate solar power plants on such properties. Further, the property lease rental rates for the Leased Properties comprise and the Properties to be Acquired are expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the relevant lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties and the Properties to be Acquired. As such, the Company's prospects and results of operations are highly dependent on the success of the Philippine energy market as a whole.

While the Clark Solar Power Plant leased by the Company to CREC is qualified to avail of the FIT system and has a 20-year offtake contract with the National Transmission Corporation ("**TransCo**") commencing on March 12, 2016, which provides a FIT rate per kilowatt hour of energy output, the solar power plants located on its other Leased Properties are not FIT-eligible. The underlying bilateral power sales contracts of such of the Company's Lessees and their customers, and the Company's expected rental payments from such Lessees, are highly dependent on the consumption of energy by such Lessees' key customers and the overall energy demand in the Philippines. In addition, consistent with the Company's investment strategy, the Company expects that additions to its property portfolio will comprise of income-generating renewable energy properties, such as the Properties to be Acquired. As such, the Company and its lessees are dependent on the Philippine energy market as a whole. Many factors contribute to the fluctuations in demand and prices of energy in the Philippines, including the general demand and supply of energy, increase and decrease in the economic activity, inflationary pressures, government policies with respect to the procurement of renewable energy and government policies on the escalation of FIT rates.

There can be no assurance that the Philippine energy market will stabilize or continue to expand. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activities may adversely affect the demand for, and price of, energy generated by the Company's and its lessees' solar power plants. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect our results of operations. Moreover, the Company cannot foresee when the disruptions to industrial or business activities caused by the outbreak of COVID-19 will cease.

The Company believes it is able to manage these risks through its land lease rental rates for its Leased Properties and expected land lease rental rates for the Properties to be Acquired, and in particular, the guaranteed base annual rate which is independent of the operating performance the relevant Lessee's solar power plant. However, the Company's Lessees, as solar power plant operators, are subject to risks inherent in the solar power generation industry, and there is no assurance the Lessees will continue to be able to support such guaranteed payments in the future. The Company also believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal, and other Government initiatives to promote and encourage the growth of renewable energy industry in the Philippines, such as the Renewable Portfolio Standards ("**RPS**") proposed under the Government's National Renewable Energy Program which require distribution utilities to source a portion of their power from renewable energy sources, help manage the risk of a downturn in demand for energy in the Philippines.

In addition, the Company and the Fund Manager take a prudent approach to financial management, which includes closely monitoring the Company's capital and cash positions and maintaining discipline in the Company's capital commitments. Moreover, the Company intends to expand its renewable energy portfolio to include run-of-river hydro, onshore wind, and other renewable energy sources to cater to a wider market segment, such as customers that consume energy outside solar output hours.

The Government may amend, revoke, reduce or eliminate subsidies and economic incentives for solar energy, which could impact the profitability of the solar plants of the Company's Lessees located on the Leased Properties or the Properties to be Acquired.

Because the Leased Properties and Properties to be Acquired focus on solar energy generating projects, the Company's future profitability depends on the support of the Government for the renewable energy sector, including the Government's ability to increase FIT rates and expand the FIT system to new renewable energy projects. Under Republic Act 9513 or the Renewable Energy Act of 2008, the National Renewable Energy Board ("**NREB**") is mandated to formulate and promulgate feed-in tariff system rules, which cover, among others, the following:

- Priority connections to the grid for electricity generated from emerging renewable energy resources within the Philippines

- Priority purchase and transmission of, and payment for, such electricity by the grid system operators

- Determine fixed tariff to be paid to qualified renewable energy

The Clark Solar Power Plant operated by CREC received a certificate of endorsement for FIT eligibility under COE-FIT No. S-2016-04-020 by the Philippine Department of Energy ("**DOE**"). As a result of such endorsement, CREC is qualified to avail of the FIT system which provides a FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016. The solar power plants of the Bulacan Property and South Cotabato Property which the Company intends to acquire after the completion of the Offer are also FIT-eligible. Regular FIT rate adjustments are enacted upon issuance of resolution of ERC.

For the year ended December 31, 2020 and the nine months ended September 30, 2021, prior to the transfer of the operations of the Clark Solar Power Plant to CREC, 100.0% of the Company's revenues came from the operations of the Clark Solar Power Plant. On a pro forma basis, for the year ended December 31, 2020 and the nine months ended September 30, 2021, the Clark Solar Power Plant was considered as lease assets and contributed 27.9% to the Company's total lease income both for the year ended December 31, 2020 and the nine months ended September 30, 2021.

The revocation, reduction, modification or elimination of government mandates and economic incentives could materially and adversely affect the growth of the renewable energy industry or result in increased price competition, either of which could cause the Company's revenues to decline and materially and adversely affect the Company's results of operations.

While the Company believes that solar power projects may continue to offer attractive internal rates of return, any changes that reduce or eliminate subsidies may cause a decrease in demand and considerable downward pressure on market prices and the value of the Company's and its lessees' solar power plants and the Company's Properties. The Company believes that is able to manage the foregoing risks as the development of new solar energy technologies has and will continue to result in higher capacity factor and lower capital expenditure for the development of solar power projects, and will reduce the importance of Government incentives and subsidies in making solar power projects attractive and viable investments in the future. However, there is no assurance that such technologies will continue to be developed, or that the Company or its lessees will be able to take advantage of such technologies in the future without having to incur significant capital expenditure or at all. The Company also believes that any action by the Government to revoke any incentives will require a significant shift in policy, involving both executive and legislative branches of the Government, and extensive discussions with stakeholders in the renewable energy industry and the financial sector.

Certain Lessees' operations are covered by certain tax exemptions and incentives, the loss of which could increase the Lessees' tax liability and decrease any net income the Company might have in the future.

The Lessees benefit from certain tax incentives, such as zero VAT rating, an income tax holiday for seven years until 2023, and tax exemption on carbon credits. If the Lessees' tax exemptions or incentives expire or are revoked or repealed, the Lessees' income from their solar power plants will be subject to the corporate income tax rate, which is currently fixed at 25% of net taxable income, and which will reduce the Lessees' profitability. There is no assurance that the Lessees will be able to sustain preferential tax rates for their respective solar power plant projects or obtain similar tax incentives for future projects.

The Company believes that any action by the Government to revoke any incentives will require a significant shift in policy, involving both executive and legislative branches of the Government, and extensive discussions with stakeholders in the renewable energy industry and the financial sector. Further, because the lease payments to the Company for the Leased Properties and the expected lease payments for the Properties to be Acquired include a guaranteed annual base rate, the Company believes it can manage the foregoing risk as it will benefit from a steady flow of rental income. However, the Company's Lessees, as solar power plant operators, are subject to risks inherent in the solar power generation industry, and there is no assurance the Lessees will continue to be able to support such guaranteed payments in the future. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue".*

A decrease in the cost-competitiveness of solar energy, the development of new technologies to generate solar power and changes to Government laws and applicable rules and regulations may expose the Company and its Lessees to stranded-asset risk.

As the Company's business comprises the leasing of the Leased Properties to the Lessees who operate solar power plants on such properties, the Company and the Company's lessees are subject to risks inherent in the solar power generation industry. See "*--The Company's and its Lessees' businesses are exposed to the risks inherent in the Philippines energy market."* These risks include the reduction or removal of subsidies and economic incentives for solar energy, the loss of tax exemptions and incentives, new technological innovations and changes to societal attitudes about existing solar power generation technologies. For further details, see "*The Government may amend, revoke, reduce or eliminate subsidies and economic incentives for solar energy, which could impact the profitability of the solar plants of the Company's lessees located on the Leased Properties or the Properties to be Acquired"* and "*The Company's and certain lessees' operations are covered by certain tax exemptions and incentives, the loss of which could increase the Company's or its lessees' tax liability and decrease any net income the Company might have in the future."*

There can be no assurance that reduced Government support of the solar energy industry, the adoption of new technologies, changes to environmental laws and regulations or other developments in the future will not result in the Company's lessees having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate their solar energy generation projects. In particular, developments in the downstream energy sector, such as in residential solar PV technologies and electricity storage, could materially and adversely affect the growth of renewable energy companies operating in the centralized electricity generation market like the Company and its Lessees and thus materially and adversely affect the Company's results of operations. Thus, a significant portion of the captive market may shift away from solar power plants utilizing existing solar power generation technologies towards those relying on other types of renewable energy technologies or even non-renewable energy sources, which may expose the Lessees' businesses to stranded-asset risk (i.e., the hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

The Company believes it is able to manage these risks through its property lease rental rates for its Leased Properties and expected property lease rental rates for the Properties to be Acquired, and in particular, the guaranteed base annual rate which is independent of the operating performance the relevant Lessee's solar power plant. However, the Company's Lessees, as solar power plant operators, are subject to risks inherent in the solar power generation industry, and there is no assurance the Lessees will continue to be able to support such guaranteed payments in the future. The Company also believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal, and other Government initiatives to promote and encourage the growth of renewable energy industry in the Philippines, such as the Renewable Portfolio Standards ("**RPS**") proposed under the Government's National Renewable Energy Program which require distribution utilities to source a portion of their power from renewable energy sources, help manage the risk of a downturn in demand for energy in the Philippines. In addition, the Company and the Fund Manager take a prudent approach to financial management, which includes closely monitoring the Company's capital and cash positions and maintaining discipline in the Company's capital commitments. Moreover, the Company intends to expand its renewable energy portfolio to include run-of-river hydro, onshore wind, and other renewable energy sources to cater to a wider market segment, such as customers that consume energy outside solar output hours.

The Company may be unable to implement its investment and acquisition growth strategy.

As part of the Company's growth strategy, it intends to acquire the Properties to be Acquired and other real estate properties of the Citicore Group with renewable energy project developments. The Company may not be able to successfully implement its investment and acquisition growth strategy, and expand the Company's property portfolio at any specified rate or to any specified size, or make acquisitions or investments on favorable terms or within a desired time frame. The Company also depends on the Citicore Group's ability develop and construct its pipeline projects and manage such projects until they meet the Company's investment criteria.

The acquisition of any additional property will be subject to due diligence and customary closing conditions, and there can be no assurance that the Company will be satisfied with the due diligence findings or able to agree to acceptable terms for the acquisition or that the closing will occur on a timely basis or at all. Although the Company, through the support of the Sponsors, is able to access a viable property inventory, if the Company's intended acquisition of additional properties is not completed for any reason, the Company's investment strategy and expected revenue growth will be adversely affected.

Further, the Company faces active competition in acquiring suitable and attractive properties which meet the Company's financial and strategic investment criteria, including from private investment funds. There is no assurance that the Company will be able to compete effectively against such entities and the Company's ability to make acquisitions under its acquisition growth strategy or acquisitions that are accretive may be adversely affected. Even if the Company were able to successfully acquire properties or other investments, there is no assurance that such acquisitions will achieve the intended return on such acquisitions or investments.

The industry in which the Company operates is capital intensive and the Company may from time to time require significant amounts of capital for purposes such as acquisitions or redevelopment. Since the amount of borrowings that the Company can incur to finance acquisitions is limited by the REIT Law, such future acquisitions may be dependent on the Company's ability to raise other forms of capital, including through additional equity issuances which may result in a dilution of investors' shareholdings. The uncertainty of raising equity capital and protracted timetable to raise such capital may be viewed negatively by potential vendors of properties, which may limit the selection pool of the Company for attractive commercial properties.

To manage the foregoing risks, the Company will work together with the Property Manager and Fund Manager to build on the Company's strengths, including its opportunity to acquire properties from the Citicore Group's pipeline projects, and its growth strategies, including new acquisitions. While the Sponsor and the Citicore Group are poised to be a major source of income generating renewable energy projects to grow the asset portfolio of the Company, the Company is not restricted to the Citicore Group and can acquire assets from third parties provided that these meet the investment objective and criteria of the Company. The Company also did not have any borrowings as of September 30, 2021, and has the capacity for leverage within the limits of, and in accordance with, the REIT Law.

The Company and its Lessees are exposed to credit and collection risks from their customers.

The Company is exposed to credit and collection risks related to its customers which include the customers of its Lessees who operate solar power plants on the Leased Properties and customers of the operators of solar power plants on the Properties to be Acquired. There can be no assurance that the Lessees' customers will pay the Lessees in a timely manner or at all. In such circumstances, the Lessees' working capital needs would increase, which could, in turn, affect the amount of revenue generated by the Lessees, the amount and timing of rent payable to the Company by its Lessees, the timing of dividend payout of the Company, or the ability to divert resources to new ventures that will provide future growth to the Company. In case of continuing default of its customers, the Lessees may also have to sell excess energy produced to the WESM which may result in lower revenues realized.

To manage these risks, the Lessees' management have implemented a credit rating system for customers, where credit terms and deposit requirements are granted based on the credit standing of the respective customer. The Company also believes that CREC's sales to TransCo, being a Government-owned-and-controlled entity, have a low risk of default. The Company's other Lessees' key customers include creditworthy purchasers such as large diversified conglomerates such as AC Energy Corporation, multinational companies such as Shell Energy Philippines, industrial park operators such as Freeport Area of Bataan and Economic Power Management, Inc. (EPMI) a wholly owned subsidiary of Laguna Technopark, developer of one of the country's leading world class industrial parks, among others.

The Company is dependent on the operations of and revenue from its Lessees operating the solar power plants on the Leased Properties.

The Company's revenues from the Leased Properties are from lease payments which s comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. As such, the Company is dependent on the operations of its lessees, including their successful management of their solar power plants, their ability to sell energy to customers, their ability to bill and collect payments from customers, and their ability to manage and control cash flows and operational costs and expenses. On a pro forma basis, for the year ended December 31, 2020 and the nine months ended September 30, 2021, the Clark Solar Power Plant was considered as lease assets and contributed 27.9% to the Company's total lease income both for the year ended December 31, 2020 and the nine months ended September 30, 2021.

The conduct and performance of the Company's Lessees are not under the Company's control or supervision, and their performance will affect their ability to pay rent to the Company or increase their average three-year historical net operating revenue, or achieve or exceed their target base energy generation. In addition, the Company's Lessees may not be able to properly maintain and operate their solar power plants or renew contracts with their customers, which could further affect the amount of, and the Lessees' ability to pay, rent payable to the Company and materially and adversely affect the Company's results of operations. If the Lessees in the future are unable to minimize unexpected equipment failures and other industrial accidents, effectively manage the performance of their solar power plants, and maintain their relationships with their customers and third-party service providers, increase the efficiency and production capabilities of their solar power plants, or continue to manage risks associated with debt financing and refinancing activities, the Lessees', and in turn, the Company's, business, results of operations, financial condition and prospects could be materially and adversely affected. There is also no assurance that the Company's Lessees will not be delayed or will not default in respect of their respective lease payments, which will materially and adversely affect the Company's results of operations and ability to distribute dividends.

The Company believes it is able to manage these risks through its property lease rental rates for its Leased Properties and the expected property lease rental rates for the Properties to be Acquired, and in particular, the guaranteed annual base rental rate which is independent of the operating performance of the relevant lessee's solar power plant for the current fiscal year. However, the Company's Lessees, as solar power plant operators, are subject to risks inherent in the solar power generation industry, and there is no assurance the Lessees will continue to be able to support such guaranteed payments in the future. CREIT also intends to maintain appropriate oversight over the operations of the Lessees, including with respect the timing of lease payments made to the Company. The Company also maintains good relationships with its other Lessees, all of which are part of the Citicore Group and the Company and the Fund Manager will monitor lease payment schedules to ensure that lease payments are made on time.

The Company is exposed to concentration risk as all its lease income is currently, and post-Offering is expected to be, derived from lessees within the Citicore Group.

Post-Offering, the Company intends to add the Bulacan Property and the South Cotabato Property to its portfolio using the net proceeds of the Primary Offer. The lease income from the Toledo Property, the Clark Solar Power Plant, the Silay Property and the Bulacan Property is expected to contribute 27.3%, 21.7%, 20.8% and 15.5%, respectively, of the Company's total lease income for the year ended December 31, 2022. The Company's remaining expected lease income is expected to be derived from the South Cotabato, Armenia Property and the Dalayap Property. As such, the Company is expected to derive its lease income from seven properties with each such lessee being a member of the Citicore Group. Thus, any conditions that adversely impact the Citicore Group may in turn adversely affect the Company's business, financial condition and results of operations. The Company however believes that it is able to manage the foregoing risk through the geographic diversification of its portfolio. If the Company acquires the Bulacan Property and the South Cotabato Property, two of its properties will be located in Visayas, one will be located in Mindanao and four will be located in Luzon. In addition, the Company believes that its Lessees' customers are well-diversified across industries and that the power generation industry is relatively resilient to volatility in the business cycle.

The Lessees' operations are affected by seasonal weather changes.

The Company's revenues are correlated to the amount of electricity generated and sold by the solar power plants operating on the Leased Properties and the Properties to be Acquired, which in turn is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. The Company carefully selected the locations of the Leased Properties as those with solar irradiation between 4.7 - 5.5 $kWh/m^2/day$ based on the long-term historical irradiation data of National Renewable Energy Laboratory (NREL), a national laboratory of the U.S. Department of Energy based in Texas.

The Company believes that such seasonality is effectively managed as its Lessees have installed systems to (i) monitor the daily output of such power plants and (ii) calibrate and improve output, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the photo-voltaic ("**PV**") panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), spectrum temperature, and the effects of seasonal weather variability. Further, the Company's rental income from the Leased Properties comprise (i) a guaranteed annual base rental rate independent of the plant performance of the Lessees and (ii) a variable rental rate to capture the upside benefit from better plant generation output as a result of higher irradiance.

The Company may face risks associated with debt financing and refinancing activities in the event the Company incurs additional debt in the future.

As of September 30, 2021, the Company had no outstanding loan borrowings. In the future, the Company may require additional debt financing to achieve the Fund Manager's asset enhancement strategies or for the purchase of additional assets, but in doing so, will always observe the maximum amount of leverage as provided under the REIT Implementing Rules and Regulations.

The Company may be subject to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to pay distributions at expected levels and meet required payments of principal and interest under such financing. The Company may also not be able to refinance its future indebtedness or that the terms of such refinancing will not be as favorable as the terms of the original indebtedness. In addition, the Company may be subject to certain covenants in connection with its borrowings that may limit or otherwise adversely affect its operations and ability to make distributions to Shareholders. In the event the Company continues to refinance its future indebtedness, the Company may continue to hold indebtedness on its balance sheet and continue to make interest repayments which will reduce the amount of Distributable Income that may be paid to Shareholders.

In addition, if the Company is unable to refinance or obtain support from the Sponsors with respect to the repayment of its future indebtedness upon maturity, the Company may default on such indebtedness. This may cause the Company to dispose of assets to repay, or cause lenders (including bondholders or any trustee) to enforce such repayment obligations, which may include attachment of the Company's properties and receivables, which will materially and adversely affect the Company's results of operations and financial condition.

To manage these risks, the Company intends to repay its future indebtedness through internally generated funds and/or to refinance such indebtedness in whole or in part. The Company and the Fund Manager take a prudent approach to financial management and cost control, including closely monitoring its capital and cash positions and maintaining discipline in its capital commitments. The REIT Law also permits REITs to leverage debt, both total borrowings and deferred payments, up to 35% of Deposited Property Value.

The incurrence by the Company of debt in the future or any increase in its interest (including in relation to any future indebtedness or refinancing thereof) will reduce the Distributable Income payable to its Shareholders, and the requirement for REITs to distribute at least 90% of its Distributable Income will limit the amount of internally generated funds available to the Company to pay such indebtedness.

The incurrence by the Company of debt in the future or any increase in its interest (including in relation to its bonds or refinancing thereof) will reduce the Distributable Income payable to its Shareholders.

Further, the requirement for the Company to distribute at least 90% of its Distributable Income under the REIT Law will limit the amount of internally generated funds that the Company will be able to set aside and allocate to repay any indebtedness it may incur in the future. As such, the Company may have to seek to refinance its future indebtedness upon maturity. In the event the Company is unable to procure facilities to refinance such indebtedness and the Company is unable to set aside and allocate enough cash to repay such indebtedness upon maturity, the Company may be at risk of default on such indebtedness. This may cause the Company to dispose of assets to repay, or cause lenders (including bondholders or any trustee) to enforce such repayment obligations, which may include attachment of the Company's properties and receivables, which will materially and adversely affect the Company's results of operations and financial condition.

To manage these risks, the Company intends to repay its future indebtedness through internally generated funds and/or to refinance such indebtedness in whole or in part. The Company and the Fund Manager take a prudent approach to financial management and cost control, including closely monitoring its capital and cash positions and maintaining discipline in its capital commitments. The REIT Law also permits REITs to leverage debt, both total borrowings and deferred payments, up to 35% of Deposited Property Value.

Opposition from local communities and other parties may adversely affect the Company's financial condition, results of operations and cash flows.

The operation of the Lessees' solar power plants, and the development and construction of the Citicore Group's solar power plants may have significant consequences on agricultural activities, and the ecosystem of the areas where such power plants are located. Further, the repair or operation of the Lessees' solar power plants and the construction of the Citicore Group's solar power plants under development, may disrupt the activities and livelihoods of local communities where such power plants are located, and may be subject to opposition from the local communities, resulting in delays and disruptions to the Company's and its lessees' business or the completion of the Citicore Group's pipeline projects.

Solar power plant projects may be subject to opposition, such as through litigation or by other means, from public interest groups, local communities or non-governmental organizations, in relation to the environmental impact or in relation to land acquisition, acquisition and use of rights of way and construction activities and the impact thereof on the livelihood of affected communities.

To manage these risks, the Citicore Group engages in significant community building activities, including through providing support to farmers by procurement of crops and incorporating agro-solar initiatives. As of September 30, 2021, the Citicore Group and the Company have successfully managed local community relations and the Company and its lessees have not experienced any disruptions to the plant operations in the Properties as a result of such relationship.

The Company's results of operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or other disputes with employees.

The solar power plants operated by the Company's Lessees engage full-time employees focused on the operations and maintenance of such assets. The Company and its Lessees generally consider their labor relations to be harmonious. However, there can be no assurance that the Lessees will not experience future disruptions to operations due to labor disputes or other issues with employees, which could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

Various labor laws govern the Lessees' relationship with their employees and affect operating costs. These laws include minimum wage requirements, mandatory health benefits, overtime compensation, and other terms and conditions of employment. These and significant changes in labor regulations could materially affect the Company's business, financial condition, operating results or cash flow.

Further, the Lessees may engage third-party service providers from time to time with respect to the operation and maintenance of their respective solar power plants. The engagement of third-party service providers carries certain inherent risks, including potential actions from employees of third-party service providers who may claim an employee-employer relationship with the Lessees and the risk that third-party contracting arrangements in place may be found by the DOLE to be "labor-only contracting", which could have a significant impact on labor costs. The Lessees are also exposed to litigation risk from their employees or the employees of their various third-party contractors, who may implead the lessees as a party to their labor cases and labor disputes against these third-party contractors.

To manage these risks, the Company's Lessees implement a stringent procurement process that seeks to ensure among others that the third-party service providers they engage are legitimate, qualified, and competent with an outstanding record of experience and the relevant accreditations. They are only sought to be contracted for one (1) year where few months before expiry, the respective companies would have the opportunity to carefully evaluate their performance in the past year to be considered for renewal. These contracts are flexible enough to cover changes in labor laws and regulations especially on adjustments on wages and other employee benefits but are strict as well on ensuring that these are fully implemented. These providers are made to submit proofs and execute affidavits that all wages and benefits are paid well and on-time before their billing for every following month is processed and paid.

The Company believes that its Lessees also endeavor to maintain good relationships with their respective employees. Each entity implements a grievance mechanism which permits open communication between and among management and employees. The Company also believes that the Lessees' stakeholder engagement and relationship with the local government units where they operate enable them to access manpower resources when necessary.

There may be potential conflicts of interest between the Company, the Fund Manager, the Property Manager, and the Sponsors which may cause damage or loss to the Company and Shareholders.

The Sponsors, their Subsidiaries, and Affiliates are engaged in the investment in, and the development of, renewable energy properties and infrastructure in the Philippines. The Fund Manager and the Property Manager are wholly owned Subsidiaries of CREC, which is one of the Sponsors. Certain executive officers of the Company, the Fund Manager and the Property Manager are also compensated by CREC. The Sponsors will remain as the largest shareholders of the Company after the Offering, and certain members of management and the Board of Directors of the Company will continue to remain as part of the management and the board of directors of the Sponsors. As a result, the strategy and activities of the Company, the Fund Manager or the Property Manager may be influenced by the overall interests of the Sponsors. See "*The Fund Manager and the Property Manager—The Fund Manager of the Company—Conflict of Interest*" and "*The Fund Manager and the Property Manager—The Property Manager of the Company—Conflict of Interest*" on pages 238 and 244, respectively, of this REIT Plan.

While the Company's investment plan allows the acquisition of assets from third parties, the Fund Manager may give preference and/or recommend that the Company acquire other assets from the Sponsors or parties related to the Sponsors in the future.

To manage such risks, the Fund Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions under the REIT Law. Pursuant to the Company's investment strategy, such property will (1) be primarily focused on renewable energy projects, with particular focus on solar power plants, but may be other types of renewable energy properties available in the market, (2) be located in underdeveloped areas with validated resource assessment and potential for future township developments to drive long-term appreciating land values, and (3) host renewable energy projects that have achieved successful plant testing and commissioning with stable off-take contracts for 100% of such project's expected generation output. While the Sponsor and the Citicore Group are poised to be a major source of income generating renewable energy projects to grow the asset portfolio of the Company, the Company is not restricted to the Citicore Group and can acquire assets from third parties provide that these meet the investment objective and criteria of the Company. See the section entitled "*Business and Properties – Investment Policy*" on page 166 of this REIT Plan.

There may be direct competition between the Company and the Company's Sponsors.

The Sponsors and their Subsidiaries are engaged in, among other things, the investment in, and the development of, renewable energy projects in the Philippines. As a result, there may be circumstances where the Company competes directly with the Sponsors for property acquisitions or lessees, which could lead to lower revenue and slower portfolio growth and could adversely affect distributions to the Company's Shareholders. There can be no assurance that the interests of the Company will not conflict with, or be subordinated to, those of the Sponsors in such circumstances. See "*Business and Properties—Competitive Strengths*" on page 158, respectively, of this REIT Plan.

In addition, the Company has engaged Citicore Fund Managers, Inc., an entity incorporated in 2021, as the Company's Fund Manager and Citicore Property Managers, Inc., an entity incorporated in 2021, as the Company's

Property Manager to assist it in the property management of the properties held by the Company. Each of the Property Manager and the Fund Manager is a wholly owned Subsidiary of CREC, which is one of the Sponsors. In the future, the Company may decide to engage a different fund manager or property manager for its properties and any future properties acquired by the Company. Such replacement fund manager and property manager may also be related to the Sponsors. There can be no assurance that the Fund Manager or the Property Manager or a potential future fund manager or property manager related to the Sponsors will not favor properties that the Sponsors have retained in their own property portfolios over those owned by the Company when providing such services to the Company.

To manage such risks, each of the Fund Manager and the Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. See *The Fund Manager and the Property Manager – The Fund Manager—Conflict of Interest*" and "*The Fund Manager and the Property Manager – The Property Manager —Conflict of Interest*" on pages 238 and 244, respectively, of this REIT Plan.

The Selling Shareholder may encounter delays in the implementation of its reinvestment plan.

CREC (the Selling Shareholder and a Sponsor) has identified ten renewable energy projects in its reinvestment plan that are in various stages of completion. The expected net proceeds from the sale of the Secondary Offer Shares will cover only a portion of CREC's funding requirements in these projects. Of the ten projects, three projects are still at a "site selection" stage with the remaining seven identified projects having obtained the relevant service contracts.

While CREC believes it can conclude its technical and legal due diligence and proceed to acquire the parcels of land for the projects at the site selection stage within one year of date of its receipt of proceeds from the sale of the Secondary Offer Shares, such projects may encounter delays or might not advance past the site selection stage depending on the outcomes of negotiations with prospective landowners. To manage the foregoing risk, CREC, within one year of its receipt of the proceeds from sale of the Secondary Offer Shares, may reallocate the earmarked proceeds for the three projects at the site selection stage to the other seven projects identified in its reinvestment plan. For a more detailed discussion on the use of net proceeds by CREC, see Annex 1 "*Reinvestment Plan*" of this REIT Plan.

The Fund Manager and the Property Manager are newly incorporated entities and do not have an established track record and operating history.

The Fund Manager is a wholly owned Subsidiary of CREC, and was incorporated on July 21, 2021. The Fund Manager, as of the date of this REIT Plan, has had no operating history relating to management of REITs. There can be no assurance that the Company, under the direction of the Fund Manager, will be able to generate sufficient revenue from operations to make distributions at expected levels to Shareholders.

The Property Manager is a wholly owned Subsidiary of CREC and was incorporated on August 4, 2021. The Property Manager has had no operations and property management experience by which its past performance may be evaluated. As a recently established entity, there is no operating history that could guide investors in assessing the likely future performance of the Property Manager, and in turn, the Company's likely future performance.

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the real estate and renewable energy industries. The Citicore Group has significant experience in property management (and in particular with respect to solar power plant properties), and many of the directors and officers of the Property Manager have gained valuable experience working with the Citicore Group and other companies in the real estate and renewable energy industries. Please see the section entitled "*The Fund Manager and the Property Manager – The Fund Manager of the Company – Directors and Executive Officers of the Fund Manager*" on page 239 of this REIT Plan and "*The Fund Manager and the Property Manager – The Property Manager of the Company – Directors and Executive Officers of the Property Manager*" on page 244 of this REIT Plan.

The Fund Manager may not successfully implement the Company's investment policies.

Certain aspects of the Company's activities, including investments and acquisitions, will be determined by the Fund Manager in accordance with this REIT Plan and the investment strategy of the Company. See the section entitled "*Business and Properties – Investment Policy*" on page 166 of this REIT Plan. While the Fund Manager intends to focus on investments in renewable energy properties in the Philippines, the Fund Management Agreement gives the Fund Manager wide powers to invest in other types of assets, including investment of corporate funds in money market instruments, subject to compliance with the requirements on allowable investments of a REIT under the REIT Law. See the section entitled "*Business and Properties – Investment Policy – Investment Limitations*" on page 167 of this REIT Plan. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves, as well as risks and uncertainties in the compliance by the Company and the Fund Manager of the requirements of the REIT Law.

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the renewable energy industry. Further, the Fund Manager has the legal obligation to act on behalf of and in the best interest of the Company. See "*Business and Properties—Business Strategies—Fund Manager*" on page 164 of this REIT Plan.

The Fund Manager may not be able to successfully execute the Company's stated strategy.

The Company's investment strategy is primarily to invest in income-generating renewable energy assets in the Philippines either through acquisitions or own developments to the extent allowed by the REIT Law. The Fund Manager intends to help the Company secure a growing income-generating property portfolio that provides a competitive return to investors. See the section entitled "*Business and Properties – Investment Policy*" on page 166 of this REIT Plan. No assurance can be given that the Company will achieve successful results or that the Company's portfolio will expand at all, or at any specified rate or to any specified size. The Fund Manager may not be able to make investments or acquisitions on desired terms in a desired time frame since the renewable energy projects need to be developed, constructed and commissioned successfully. The Company's strategy to invest in income-generating renewable energy assets is also dependent on the Company's ability to appropriately fund such investments. The Company may rely on external sources of funding to expand the Company's portfolio, which may not be available on favorable terms or at all. Even if the Company was able to successfully complete additional investments, there can be no assurance that the Company will achieve its intended return on investments. See "*Business and Properties—Business Strategies—Fund Manager*" and "*Certain Agreements relating to the Company and the Properties—Fund Management Agreement*" on pages 164 and 269, respectively, of this REIT Plan.

One of the Company's strategies for growth is to increase yields and total returns through a combination of the optimization by the Sponsors and their subsidiaries of power plant operations, and the acquisition of additional properties. In connection with any such development, the Company and the Fund Manager will incur risks associated with any such asset optimization or acquisition activities. These risks include the risk that optimization or acquisition opportunities explored by the Fund Manager may be abandoned; the risk that the costs of undertaking such a project may exceed original estimates, possibly making the project uneconomical; and the risk that rents of a completed project will not be sufficient to make the project profitable. In case of an unsuccessful project, the Company's loss could exceed its investment in the project. The Company's strategy is also dependent on the Company's ability to appropriately fund such investments and external sources of funding may not be available on favorable terms or at all.

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the real estate and renewable energy industries. Further, the Fund Manager has the legal obligation to act on behalf of and in the best interest of the Company. The Company also has the ability to replace the Fund Manager, in the event of the occurrence of certain grounds for termination, and procure the services of other licensed asset management services providers as may be allowed under the REIT Law and the Fund Management Agreement. See "*Business and Properties—Business Strategies—Fund Manager*" on page 164 of this REIT Plan and "*Certain Agreements Relating to the Company and the Properties – Fund Management Agreement*" on page 269 of this REIT Plan.

The Company, its officers or directors may be involved in legal and other proceedings from time to time and regulatory disputes in the course of the Company's business, including tax assessments from the BIR.

In the ordinary course of the Company's business, claims and disputes involving the Fund Manager, the Property Manager, lessors, lessees, lessees' customers, business partners, and regulatory authorities such as the BIR may be brought against or by the Company in connection with its contracts or business. Claims may be brought against the Company for breach of contract, law, or regulation, as well as claims relating to taxes, among others. If found to be liable, the Company would have to incur a charge against earnings to the extent a reserve had not been established for the matter in the Company's accounts, or to the extent the claims were not sufficiently covered by the Company's insurance.

For example, although the Company endeavors to pay all taxes and fees on or before their relevant due dates; it has and may continue to receive, in the ordinary course of business, Letters of Authority ("**LOA**") from the BIR which is the official document that empowers a revenue officer to examine and scrutinize a taxpayer's books of accounts and other accounting records, in order to determine the taxpayer's correct internal revenue tax liabilities. In the event of validly assessed deficiencies, the Company settles the obligations as soon as possible.

The Company has received LOAs for taxable years 2018 (the "**2018 LOA**") and 2017 (the "**2017 LOA**"). Pursuant to the 2018 LOA, the Company was assessed deficiency documentary stamp tax and expanded withholding tax of ₱351,219.00 which the Company paid on July 13, 2021. For taxable year 2017, the BIR issued a Preliminary Assessment Notice dated December 3, 2020 and Formal Letter of Demand dated January 8, 2021 informing the Company that it has deficiency income tax, VAT, expanded withholding tax, final withholding tax, documentary stamps tax and other administrative penalties amounting to ₱4,042,133.61 ("**2017 Assessment**"). The Company did not receive the Formal Letter of Demand and only became aware of the 2017 Assessment after it received on May 31, 2021, a Warrant of Distraint and/or Levy issued by the BIR in view of the Company's failure pay the 2017 Assessment. The Company submitted a request for compromise agreement and cancellation of the Warrant of Distraint and/or Levy on June 10, 2021. On June 11, 2021, the Company paid a total of ₱2,932,392.56. The Company was informed that in view of the payment, the Revenue District Office has endorsed the application for compromise settlement to the Technical Working Group which is tasked to make final recommendation to the approving authority. As the amount of the compromise settlement exceeds ₱1,000,000, the application shall be subject to the final approval of the National Evaluation Board ("**NEB**") which is composed of the BIR Commissioner and the four Deputy Commissioners.

The Company believes that 2017 Assessment and the Warrant of Distraint and/or Levy were issued because of miscommunications brought about by the various quarantine restrictions in Metro Manila. Although the assessment is not material, the Company has since settled the deficiencies and has put in place additional internal procedures to prevent similar events from occurring in the future.

Additionally, from time to time, the Company, its officers or directors may be involved in other types of disputes with various parties and may be adversely affected by complaints, investigations and litigation from customers or regulatory authorities. On September 3, 2020, a complaint was filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violation of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. From such complaint, criminal charges were filed against the Respondents in the Regional Trial Court ("**RTC**") of Lapu-Lapu City and the Office of the Ombudsman. The RTC of Lapu-Lapu issued a warrant of arrest for the Respondents for which bail was posted and the warrants of arrest were eventually set aside on November 26, 2021. Arraignment is scheduled on February 9, 2022. On the other hand, the Office of the Ombudsman issued a Joint Resolution on July 20, 2021 which the Respondents received on November 5, 2021 finding probable cause to indict the Respondents for acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. The two other charges brought against the Respondents for violation of Section 3(j) of RA No. 3019 and Section 4(g) of RA No. 6713 were dismissed. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. To date, Respondents have not received any update, order or resolution from the Office of the Ombudsman. The Company firmly believes that the Respondents are fully compliant with all applicable laws, rules and regulations and did not commit any of the alleged violations of the Anti-Dummy law, RA No. 3019 or RA No. 6713. The Company further understands that the Respondents will diligently respond to all allegations in the proper fora and abide by the judicial process and they are confident that the cases will eventually be dismissed, and the Company believes that the Respondents will prevail over what they believe is an attempt to bring down Megawide's reputation and credibility. Nonetheless, should the Respondents be unsuccessful, the Company believes that the expertise and experience of its senior management team and board of directors will help diminish any potential disruption to the business operations of the Company caused by such legal proceedings. The Company will also aim to continue to identify and develop key internal employees and to recruit external talent to help achieve its corporate objectives.

Regardless of the outcome, these disputes and investigations may lead to legal or other proceedings and may result in substantial costs and the diversion of resources and management's attention. In addition, the Company may have disagreements with regulatory bodies in the course of operations, which may subject it to administrative and other legal proceedings and unfavorable decisions that may result in penalties, or other liabilities. Any of these outcomes could materially adversely affect the Company's, financial condition and results of operations. See also "*Business—Legal Proceedings—NBI Anti-Fraud Division and Atty. Larry T. Iguidez vs. Atty. Steven Y. Dicdican, Et Al. NPS Docket No. XVI-Inv-20k00362*" on page 188 of this REIT Plan for more information.

Further, to manage these risks relating to disputes, as a policy, the Company seeks to maintain good relationships with the Fund Manager, the Property Manager, lessors, lessees, lessees' customers, regulators and other parties whom the Company regularly deals with and to resolve disputes early and amicably, when appropriate, both claims brought against or by the Company. However, if not resolved through negotiation, claims are often subject to lengthy and expensive litigation or arbitration proceedings such that the amounts ultimately realized from claims by the Company could differ from the balances included in its financial statements. Such claims could therefore have an adverse impact on the Company's business, financial condition and results of operations. As of the date of this REIT Plan, the Company is not involved in any material litigation, nor, to the Company's knowledge, is any material litigation currently threatened against it. See also "*Business—Legal Proceedings*" on page 188 of this REIT Plan for more information.

The Company will continue to be controlled by Citicore Holdings, Inc. and its shareholders and their interests may differ significantly from the interests of the Company's other shareholders.

After the Offering (and assuming the Over-allotment Option is fully exercised), the Sponsors shall continue to hold 61.7% of the Shares of the Company. Each of the Sponsors is directly or indirectly wholly owned by Citicore Holdings, Inc. ("**CHII**"), which is controlled by Edgar Saavedra. As of September 30, 2021, Edgar Saavedra was the beneficial and record owner of approximately 44.98% of CHII which, through CPI, owns 100% of CREC and Citicore Solar Tarlac 1, Inc.'s (formerly nv vogt Philippine Solar Energy Three, Inc.) issued and outstanding shares. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by Citicore Holdings, Inc. from engaging in activities that compete directly with the Company's businesses or activities, which could have a negative impact on the Company. Neither can there be any assurance that the Citicore Holdings, Inc. or its shareholders will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of Citicore Holdings, Inc. or its shareholders may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Citicore Holdings, Inc. or its shareholders may direct the voting of the Sponsors' Shares in a manner that is contrary to the interests of the Company or the Company's other shareholders. There can be no assurance that Citicore Holdings, Inc. or its shareholders will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders.

The Company believes that this risk is managed through good relations and continuing support from the Sponsors, which will collectively remain as the largest shareholders of the Company after the Offering. The Company has also established a Related Party Transaction Review and Compliance Committee to review related party transactions entered into by the Company. Further, the Fund Manager and Property Manager are required to establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. See "*Related Party Transactions*", "*The Fund Manager and the Property Manager – The Fund Manager—Conflict of Interest*" and "*The Fund Manager and the Property Manager – The Property Manager —Conflict of Interest*" on pages 310, 238 and 244, respectively, of this REIT Plan.

The Company's business is dependent upon the expertise and experience of the Fund Manager's and Property Manager's managers and employees and certain services provided by the Citicore Group.

As part of its transition to a REIT, the Company will only maintain a few employees. As such, the Company will be primarily dependent on the expertise and experience of the Fund Manager's and the Property Manager's directors, senior management, and other key employees for the success of the Company's business, including in particular, with respect to the leasing and management of the Leased Properties. Most of these individuals possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience. See the sections entitled "*Board of Directors and Senior Management*," "*The Fund Manager and the Property Manager – The Fund Manager of the Company – Directors and Executive Officers of the Fund Manager*" and "*The Fund Manager and the Property Manager – The Property Manager of the Company – Directors and Executive Officers of the Property Manager*" on pages 296, 239 and 244, respectively, of this REIT

Plan. If one or more of these directors or members of senior management are unable or unwilling to continue in their present positions, the Fund Manager or the Property Manager may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, the Company's business, results of operations, and future prospects.

The Company believes that it is able to manage the foregoing risks through the support of CREC which has significant experience in corporate finance matters. Further, many of the directors and officers of the Fund Manager have extensive experience working in the real estate and renewable energy industries. The Citicore Group also has had significant experience in property management, and many of the directors and officers of the Property Manager have gained valuable property management experience working with the Citicore Group and other companies in the real estate and renewable energy industries. Please see the section entitled "*The Fund Manager and the Property Manager – The Fund Manager of the Company – Directors and Executive Officers of the Fund Manager*" on page 239 of this REIT Plan and "*The Fund Manager and the Property Manager – The Property Manager of the Company – Directors and Executive Officers of the Property Manager*" on page 244 of this REIT Plan.

The Company is party to a number of related party transactions.

In the ordinary course of the Company's business, it has transactions with related parties. In particular, such related parties include members of the Citicore Group. These agreements and the Company's other related party transactions are described in greater detail under the section entitled "*Related Party Transactions*" in this REIT Plan and the notes to the Company's financial statements appearing elsewhere in this REIT Plan. Such interdependence may mean that any material adverse changes in the operations or financial condition of related parties could adversely affect the Company's results of operations.

With respect to the Leased Properties, the Company leases (i) the Clark Solar Power Plant to CREC, (ii) the Armenia Property to Citicore Tarlac 1, (iii) the Toledo Property to Citicore Cebu, (iv) the Silay Property to Citicore Negros Occidental, and (v) the Dalayap Property to Citicore Tarlac 2. The Company has also entered into a memorandum of agreement with each of Citicore Bulacan and Citicore South Cotabato with respect to the acquisition and leasing of the Properties to be Acquired. The foregoing agreements and the Company's other related party transactions have been entered into on an arm's length basis. See "*Related Party Transactions*" and "*Certain Agreements Relating to the Company and the Properties"* on page 310 and 260, respectively, of this REIT Plan for more information.

The Company expects that it will continue to enter into transactions with related parties, including with respect to the Properties to be Acquired, which the Company will acquire from, and lease to, Affiliates of the Sponsors. See "*Use of Proceeds*" and "*Certain Agreements Relating to the Company and the Properties"* on page 92 and 260, respectively, of this REIT Plan for more information. These transactions may involve potential conflicts of interest which could be detrimental to the Company or its Shareholders. However, under the REIT Law, any related party transaction of the Company must comply with certain minimum requirements which include (a) full, fair, timely, and accurate disclosures to the PSE and SEC of the identity of the parties, their relationship with the Company, and other important terms and conditions of the transaction; (b) fair and reasonable terms, including the contract price; (c) approval by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all Independent Directors of the Company; (d) a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Philippine SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and (e) any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the Company.

Furthermore, under Section 50 of the National Internal Revenue Code of the Philippines, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business.

On January 23, 2013, the BIR issued Revenue Regulations No. 2-2013 on Transfer Pricing Guidelines (the "**Transfer Pricing Guidelines**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR

Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises.

The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis.

There is no assurance if the BIR will view these transactions as arm's length on the basis of the Transfer Pricing Guidelines. There can be no assurance that the Company's level of related party transactions, if questioned and determined against the Company, will not have an adverse effect on the Company's business or results of operations or financial position.

On July 8, 2020, the BIR issued Revenue Regulations No. 19-2020 to ensure the effective implementation of Philippine Accounting Standards (PAS) 24 on Related Party Disclosures for tax purposes. In order to ensure that proper disclosures of related party transactions are made and that these transactions have been conducted at arm's length, an entity's financial statements shall contain disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related party transactions. The taxpayer is required to disclose information on the amount of the transaction, the amount of outstanding balances, provisions for doubtful debts related to the amount of outstanding balances, and expense recognized during the period in respect of bad or doubtful debts due from related parties. Accordingly, the BIR requires the submission of BIR Form No. 1709 or Information Return on Transactions with Related Party and its supporting documents following the guidelines prescribed by the related revenue issuances for the submission of the required attachments to the Annual Income Tax Return.

The Company believes that the corporate governance provisions and related party transaction policies adopted by the Company, the Fund Manager and the Property Manager would help the Company manage the risk of conflicts of interest relating to related party transactions. See the sections entitled "*Related Party Transactions*" and "*Board of Directors and Senior Management*" on pages 310 and 296 of this REIT Plan.

The business and operations of the Company and its Lessees have been and will continue to be adversely affected by the global outbreak of COVID-19.

The profitability of the Company and its Lessees depends on the demand for energy and energy prices in the Philippines. Although the Company's revenue, prior to its transition to become a REIT, for the year ended December 31, 2020 increased by 8.5% year-on-year from 2019, the uncertainty and disruption brought by COVID-19 could adversely affect the demand for energy and energy prices in the Philippines and the completion of renewable energy assets of the Citicore Group which could be acquired by the Company to grow its portfolio and increase its revenue. For the nine months ended September 30, 2021, the Company's revenue decreased by 8.9% from the same period in 2020 prices decreased due to lower generation output and irradiation during the entire first half of 2021. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 128 in this REIT Plan.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and millions of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As at the date of this REIT Plan, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, prohibition of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine ("**ECQ**") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" (the "**Bayanihan Act**"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("**IATF**") placed high-risk local government units under modified ECQ ("**MECQ**") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 29, 2020, the Government placed Metro Manila under general community quarantine ("**GCQ**"), allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on August 4, 2020, the Government again placed Metro Manila under MECQ until August 18, 2020. Starting August 19, 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under general community quarantine. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On September 11, 2020, the Bayanihan to Recover as One Act (the "**Bayanihan 2 Act**") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act conferred emergency powers to President Duterte and was in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2 Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

In March 2021, the Philippines, and in particular, Metro Manila experienced another surge of COVID-19 infections, prompting the Government to reimplement ECQ in Metro Manila and nearby areas from March 29, 2021 to April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to MECQ. Thereafter, beginning May 15, 2021, the Government further reclassified the quarantine classification for the same regions to GCQ. Metro Manila has been under Alert Level 2 since November 2, 2021.

The Government expects the country's gross domestic product to fall by 5% due to the economic effects of the outbreak, and the resulting domestic shutdowns, reduced tourism, disrupted trade and manufacturing and financial market spillovers. On May 7, 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in 22 years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019. In early August 2020, the Philippine Statistics Authority revised the first quarter estimates, stating that the economy contracted by 0.7% compared to same period in the prior year, and that GDP for the second quarter of 2020 contracted by 16.5%, bringing the country to a technical recession. In November 2020, the National Economic Development Authority and Philippine Statistics Authority reported that the Philippine economy contracted by 11.5% year-on-year in the third quarter of 2020, resulting in a nine month contraction of 10% compared to the previous year. According to Frost & Sullivan, while the Philippine's GDP growth contracted by 3.9% in 2020, it is expected to recover and grow by 11.2% in 2021 and by 8.0% in 2022. The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, the hospitalization or quarantine of the Company's, its Property Manager's, or its lessees' employees, delay or suspension of supplies from the Company's or its lessees' suppliers, disruptions or suspension of the Company's or its lessees' operational activities, or the completion of the Citicore Group's renewable energy projects under development.

The disruption to business may also cause contestable customers to invoke force majeure which would result in sale of energy by the Company or its lessees to the WESM at rates lower than contracted rates. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on the Company's operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations. See "*Business and Properties – Recent Developments*" for measures taken by the Company to address the effect of COVID-19 on its operations.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition and results of operations.

The duration of border controls, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the business of the Company, whether any further restrictions will be imposed by the Government in response to COVID-19, and the recovery trajectory for the Company remains uncertain. Even when restrictions are lifted, there may be a period of significantly reduced economic activity, increased unemployment and reduced consumer spending, each of which will continue to affect the Company's business operations, financial condition, results of operations and prospects.

To manage these risks, the Company has implemented various measures for the safety of its lessees, suppliers, service providers and employees. See "*Business and Properties—Recent Developments Relating to the COVID-19 Pandemic"* on page 170 of this REIT Plan.

Damage to, or other potential losses involving, the Company's assets or the solar power plants located on the Leased Properties may not be covered by insurance.

The operations of the solar power plants located on the Company's Leased Properties are subject to a number of risks generally associated with the generation of electricity. These risks could include typhoons, fires, earthquakes and other natural disasters and calamities, breakdowns, failures or substandard performance of equipment, improper installation or operation of equipment, accidents, acts of terrorism, operational and logistical issues, and labor disturbances. These events may cause personal injury and loss of life and damage to, or the destruction of, property and equipment of the solar power plants located on the Company's Leased Properties or the Properties to be Acquired and may result in the limitation or interruption of the Company's and its lessees' business operations and the imposition of civil or criminal liabilities. The Company's and its lessees' insurance policies may not be sufficient to cover any material losses that they may incur in the future, and they may not be able to renew their insurance arrangements, on similar terms or at all. In addition, certain types of losses such as the outbreak of infectious disease or any resulting losses, may be uninsurable or the required insurance premiums may be too expensive to justify obtaining insurance.

Moreover, the scope of insurance coverage that the Company and its lessees can obtain or the Company's and its lessees' ability to obtain such coverage at reasonable rates may be limited and the Company's and its lessees' insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance rates, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect the Company's business, financial condition and results of operations.

To manage this risk, the Company, the Fund Manager and CREC intend to work together to ensure that the Company's and its Lessees' insurance coverage complies with the Company's risk management policies, industry standards and the REIT Law. See "*Certain Agreements Relating to the Company and the Properties – Fund Management Agreement*" on page 269 of this REIT Plan. The Company and its Lessees also maintain comprehensive property and liability insurance policies with coverage features and insured limits that the Company believes are consistent with market practice in in its industry. The policies also cover acts of terrorism, sabotage, riots, strikes, civil commotion, malicious damage, rebellion, revolution, mutiny, war and counter insurgency. There are no significant or unusual excess or deductible amounts required under such policies. The amount of coverage under such policies is enough to replace the Company's Clark Solar Power Plant leased to CREC and the lessees' respective solar power plants.

The Company and its lessees may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew them on expiration.

The Company and the lessees are required to maintain business licenses, permits and other authorizations, and is also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety, environmental standards. The Company's and its lessees' licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If the Company or any of its lessees fails to meet the terms and conditions of any of its licenses, permits or other authorizations necessary for the Company's or such lessee's operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of properties, or other adverse consequences. In addition, there is no certainty that any given license, permit or authorization will be deemed sufficient by the relevant governmental authorities to fully cover activities conducted in reliance on such license, permit or authorization.

There can be no assurance that the Company or its lessees will continue to be able to renew the necessary licenses, permits and other authorizations for its properties as necessary or that such licenses, permits and other authorizations will not be revoked. The Company's failure to obtain, maintain, or renew, the material licenses, permits and certifications, as listed under *"Business and Properties – Regulatory Compliance"* on page 179 to 180 of this REIT Plan, could have an adverse effect on the Company's business, financial condition and results of operations, or otherwise subject the Company to the payment of fines or charges imposed by the relevant regulatory agency.

To manage this risk, the Company and the Property Manager intend to work together to ensure that the Company's licenses and permits are renewed on time, and that the Company complies with the terms and conditions of its licenses and permits. The Property Manager is tasked with maintaining appropriate oversight over the operations of the lessees, including with respect the timing of lease payments made to the Company. The Property Manager also has an in-house legal and compliance department which monitors the renewal of, and compliance with, the permits and licenses of the lessees of the Company. As of the date of this REIT Plan, the Company has acquired, maintained, or is in the process of renewing its regulatory permits and licenses in the ordinary course of business. The Company has also not received any citations with respect to its regulatory permits and licenses.

RISKS RELATING TO THE COMPANY'S PROPERTIES

The Company's assets and the Lessees' solar power plants are subject to the risk of losing revenue in the event they are rendered inoperable for an indefinite time period due to force majeure events, and the Company and the Lessees may be required to undertake significant repair and replacement works.

If any of the Company's assets or the Lessees' solar power plants are rendered inoperable due to force majeure events, there can be no assurance that the Lessees will be able to successfully achieve the projected net electricity generation values, which could materially affect the Company's and its Lessees' business prospects, financial condition, results of operations and cash flow. The Company's revenues and its Lessees' net operating revenue will also be affected, which could materially and adversely affect the amount of Distributable Income available to the Company for distribution to its Shareholders.

To manage these risks, the Company and its Lessees maintain comprehensive insurance policies that cover business interruption for approximately two months on an aggregate Property-wide basis or more than five months for the largest solar power plant operating on the Properties. The insurance policies also cover risks of certain force majeure events up to the full replacement cost of the solar power plants operating on the Properties. However, there can be no assurance that the Company's or its Lessees' insurance policies will cover repair and replacement costs, whether partially or fully, which could materially affect the Company's or its Lessees' business, prospects, financial condition, results of operations and cash flows. See "*Business and Properties – Insurance"* on page 186 of this REIT Plan.

The Lessees' solar power plants are exposed to unscheduled, unplanned and prolonged internal and external outages resulting in potential loss in revenues.

Unscheduled or unplanned internal plant outages refers to unexpected breakdown of major equipment (including failure, damage to or explosions caused by battery storage) resulting in substantial or total solar power plant shutdown until such equipment is replaced or restored. From 2017 to 2020, the Lessees' solar power plants experienced an annual average loss of 124.0 hours or 0.44% of annual average solar power generation hours (i.e., total available operating hours for solar power generation) due to unscheduled internal outages. From 2017 to 2020, the Lessees' solar power plants have also consistently achieved an average plant availability rate of 98.1%.

On the other hand, unscheduled external outages refer to electricity grid outages at the regional or national level that disrupt the transmission of electricity and could result in curtailment of energy offtake below expected levels. For example, there could be failures in the transmission towers, power conductors or insulators of the National Grid Corporation of the Philippines ("**NGCP**"). From 2017 to 2020, the Lessees' solar power plants experienced an annual average of 364.4 hours or 1.3% of annual average solar power generation hours due to unscheduled external outages. The occurrence of any prolonged unscheduled internal or external outages would reduce the revenue of the Company's Lessees, which would result in a material adverse effect on the Company's and its Lessees' business, prospects, financial condition, results of operations and cash flows.

Each of the solar power plants operated by the Lessees have a design life of 30 years, which can be further extended by another 25 years with additional capital expenditures at the end of the design life. The operations teams of the Lessees regularly and diligently conduct preventive and predictive maintenance on all major equipment in the respective power plants operated by them to minimize unscheduled or unplanned internal outages. The Company believes that the Clark Solar Power Plant operated by CREC and the solar power plants of the Lessees are well kept and well maintained as evidenced by their high average plant availability rate of 98.1% from 2017 to 2020. The Company and CREC have also invested in a computerized monitoring and maintenance system to efficiently track various preventive maintenance programs and initiatives for the Lessees' solar power plants. The Lessees also keep an inventory of spare parts which are not locally available and which may take a lead time of three to four months to order. Each of the Lessees also maintains inventory for critical equipment like solar panels, inverters, and others to avoid any prolonged shutdown of their respective solar power plants.

To manage the risk of external plant outages, the Company carefully selects the sites or locations where its or its lessees' solar power plants are located, taking into consideration transmission grid stability and reliability.

The Lessees may be unable to maintain sufficient operating cash for maintenance and other similar costs of the solar power plants, and the Lessees' operating cash may be insufficient to cover necessary costs of the solar power plants.

The Company expects its Lessees to keep their respective solar power plants in good working order. Accordingly, the Lessees may from time to time need to expend funds to complete routine maintenance, as well as extraordinary maintenance, in the event of damage from weather disturbances such as typhoons, earthquake, or floods or from other unforeseen events.

To manage this risk, the Lessees have, in the past, and expect to, in the future, conduct regular maintenance with cash sourced through their respective operating cash flow. The Company does not expect its Lessees to incur any significant amount of capital expenditure in the future for the solar power plants.

However, there can be no guarantee that the Company or its Lessees will be able to maintain operating cash at the desired level or that the Company's or its Lessees' operating cash will be sufficient to cover maintenance and other similar costs in the event of an extraordinary occurrence. Insufficient operating cash may have an adverse effect on the Company's business, financial condition, and results of operations.

The solar power plants located on the Leased Properties may be subject to an increase in operating and other expenses.

The Company's ability to make distributions to shareholders could be adversely affected if operating and other expenses of the solar power plants located on the Leased Properties increase without a corresponding increase in revenues. Factors which could increase operating and other costs include:

- increase in the cost of labor, materials and insurance;
- restoration costs in case of events such as floods, natural disasters and accidents;
- increase in raw material costs such as diesel fuel, water and coolants;
- adverse weather conditions;
- unforeseen legal, tax and accounting liabilities; and
- other unforeseen operational and maintenance costs.

Any significant increase in operations and maintenance costs will reduce the net operating revenue generated by the Company's lessees from the solar power plants located on the Leased Properties, will materially and adversely affect the business, prospects, financial condition, results of operations and cash flows of the lessees, and decrease the amount of Distributable Income of the Company available to Shareholders.

To manage these risks, the Company and CREC intend to maximize operational efficiencies by leveraging on the economics of scale as the property portfolio of the Company and the solar assets of the Citicore Group continue to expand. The lessees' solar operations and maintenance teams have successfully reduced the levelized cost of energy ("**LCOE**") relating to the solar power plants of the lessees of the Company from an average of ₱0.85 per kwh as of December 31, 2017 to ₱0.30 per kwh as of December 31, 2020.

The loss of key customers of the Company's Lessees or a downturn in the business of such customers could have an adverse effect on the Company's financial condition and results of operations.

As of September 30, 2021, the top five customers of the Company's Lessees comprise 85.6% of 123.0MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the largest customer of the Lessees accounted for 40.6% of the total contracted capacity of the solar power plants located in the Leased Properties.

Accordingly, the Company's financial condition and results of operations and ability to make distributions may be adversely affected by the bankruptcy or insolvency, or a downturn in the business, of its lessees' key customers. In addition, if a key customer decides not to renew its power purchase agreement or to terminate its power purchase agreement before it expires, while subject to considerable pre-termination payments due such Lessee, the Company's financial condition and results of operations and ability to make distributions may be adversely affected. The loss of any key customers could result in the Company's lessees selling excess energy to the WESM which would reduce the amount of realizable revenue from such energy sales.

To manage these risks, the Lessees' management have implemented a credit rating system for customers, where credit terms and deposit requirements are granted based on the credit standing of the respective customer. The Company also believes that CREC's sales to TransCo, being a Government-owned-and-controlled entity, have a low risk of default. The Company's Lessees' key customers include creditworthy purchasers such as large diversified conglomerates such as AC Energy Corporation, multinational companies such as Shell Energy Philippines, industrial park operators such as Freeport Area of Bataan and Economic Power Management, Inc. (EPMI) a wholly owned subsidiary of Laguna Technopark, developer of one of the country's leading world class industrial parks, among others.

The Company also believes that its Lessees have strong and stable relationships with their respective customers. CREC has a 20-year offtake contract with TransCo, which commenced on March 16, 2016 with respect to the sale of power from Clark Solar Power Plant. All of the customers of the operators of the solar power plants located on the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of September 30, 2021, 2.8% will expire in 2021, 16.0% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025. Many of the customers have been clients of such solar power plant operators since 2017 and have renewed their contracts.

The appraised values of the Company's Leased Properties may be different from the actual realizable value and are subject to change.

The appraised values of the Company's Properties as contained in the valuation certificates attached to this REIT Plan were prepared by Cuervo Appraisers and are based on multiple assumptions containing elements of subjectivity and uncertainty.

As a result of these assumptions, the appraised values of the Company's properties may differ materially from the price that the Company could receive in an actual lease or sale of the Properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the Company's Properties, as well as national and local economic conditions, may affect their value. In particular, the valuation of the Company's properties could stagnate or even decrease if the market for comparable properties in the Philippines experiences a downturn whether as a result of Government policies directed to the property sector or changing market conditions due to the ongoing COVID-19 pandemic or otherwise.

Property prices may also decrease in the future, which could result in lower changes in the appraised value of the Company's Properties. If the fair value of the Properties cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, at which time any difference between the fair value and the carrying amount will be recognized in profit or loss for that period. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The valuer uses the income approach, and particularly, a discounted cash flow analysis for the Properties. The fair value of the Company's investment properties may have been higher or lower if the valuer had used a different valuation methodology or if the valuation had been conducted by other qualified independent professional valuers using a different valuation methodology. In addition, upward revaluation adjustments reflecting unrealized capital gains on the Company's investment properties as of the relevant statement of financial position dates are not profit generated from the sales or rentals of the Company's investment properties and do not generate any cash inflow to the Company until such investment properties are disposed of at similarly revalued amounts. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may decrease or increase.

To manage these risks, the Company, together with the Fund Manager and the Property Manager, intend to continue to identify properties in key provincial areas which they believe have growth and development potential. See "*Business and Properties—Business Strategies—Property Manager*" and "*Business and Properties—Business Strategies—Fund Manager*" on pages 165 and 164 of this REIT Plan.

The Company's Properties (other than the Armenia Property) are leasehold rights, and titles over such land leased by the Company may be contested by third parties.

The Properties (other than the Armenia Property) are leased by the Company from other parties which own or derive rights from the owners of the land. In particular, in the case of the Clark Property, the Company leases the land from Clark Development Corporation. In case of the Toledo Property, the Company leases the land from Leavenworth Realty Development which holds usufructuary rights granted by the owner of the land. For the Silay Property, the land is owned by Claudio Lopez, Inc. For the Dalayap Property, a 56,000 sq.m. portion of the land is owned by Ma. Paula Cecilia David and Juan Francisco David, and a 47,731 sq.m. portion of the land is subleased by the Company from Benigno S. David and Vivencio M. Romero Jr., who, in turn, lease such area from the landowner.

These arrangements expose the Company to risks over the ownership of these lands and rights derived from such ownership. If the Company's operations are affected by any issues regarding the land underlying the Properties, the Company could be in breach of its lease agreements with its lessees and may have to settle reparations with the affected parties. The Company's entitlement to rental payments may also be materially and adversely affected. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations.

If the land lease agreements of the Company are amended, terminated or cancelled, including as a result of any of market-standard events of default included in such agreements (see "*Certain Agreements Relating to the Company and the Properties for more details*"), the Company and its lessees could face a substantial disruption to their operations and such circumstances would have a material adverse effect on the Company's business, financial condition and results of operations, including on the Company's ability to make distributions. Similarly, the nonrenewal of the lease agreements upon expiration thereof may have a material adverse effect on the Company's business, financial condition and results of operations.

To manage these risks, the Company intends to register its leases with the relevant land registries in the Philippines to protect its rights against third parties. The Company believes it is also able to manage this risk through contractual remedies and safeguards in its contracts, which generally includes a prohibition on the lessor from assigning the lease without the consent of the Company, and also includes the explicit consent of the property owner to registration of the lease. The Company has complied with its obligations under the land lease agreements and has not caused any event of default. The Company and the Property Manager shall also continue to actively monitor the Company's compliance with its obligations under the Company's land lease agreements to ensure that the Company does not trigger an event of default which could lead to the termination of such land lease agreements.

The Company also has rights of first refusal with respect to the land underlying the Toledo Property and Dalayap Property which gives a priority right to the Company to purchase such land in the event that the owner or rightholder thereof disposes of such property. The Company does not have any rights of first refusal with respect to the disposal of the Clark Property and the Silay Property, which means that the land underlying such properties may be transferred at any time without giving the Company a priority right to acquire such property. Nonetheless, the Company believes that the non-inclusion of such right does not materially adversely affect the Company or its business or results of operations, since its leasehold rights are protected under its lease contract even in the event of change of ownership of the underlying land.

See also "*Certain Agreements Relating to the Company and the Properties*" for more details on the land lease agreements.

The Company may face increased competition from other renewable and non-renewable energy projects and properties.

The bilateral contracts between the Company's Lessees and their customers, are generally subject to direct competition from both renewable and non-renewable players in the Philippine energy industry. See "*Business and Properties—Competitive strengths*", "*Business and Properties—Business strategies*" and "*Industry Overview*" in this REIT Plan.

To manage these risks, the Company believes that its lessees have had, and continue to maintain, strong and stable relationships with their customers. See "*The loss of key customers of the Company or its lessees or a downturn in the business of such customers could have an adverse effect on the Company's financial condition and results of operations*."

The Company may be adversely affected by the illiquidity of real estate investments.

Real estate investments, particularly investments in land or leasehold rights, such as the Company's investments in the Properties, are relatively illiquid. Such illiquidity may affect the Company's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, or other conditions, which could materially and adversely affect the Company's financial condition and results of operations, and its ability to make distributions to Shareholders.

To manage the foregoing risk, the Company, together with the Fund Manager, will actively manage its capital structure and intend to implement a well-balanced risk management strategy. The Company also has the ability to obtain debt financing if necessary pursuant to and in accordance with the REIT Law. See "*Business and Properties—Business Strategies*" in this REIT Plan.

Divestment by the Sponsors could inhibit the Company's growth.

Upon completion of the Offer, the Sponsors will continue to collectively hold at least a majority of the Shares of the Company, with a direct shareholding of at least 61.7%, (assuming the Over-allotment Option is fully exercised). If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors provides the Company with access to other renewable energy properties and projects for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors who collectively intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies.

Risks Relating to the Philippines

Risks relating to the Philippines are systemic in nature and outside the Company's control. However, the Company intends to continue to maintain appropriate financial and operational controls and policies within the context of the prevailing business, economic and political environment taking into consideration the interests of its shareholders, customers, and other stakeholders.

All of the Company's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

All of the Company's assets are located in the Philippines, and the Company derives all of its revenues and operating profits from the Philippines and its business is dependent on the state of the Philippine economy. Demand for the Company's services are directly related to the strength of the Philippine economy (including overall growth and income levels) and the overall levels of business activity in the Philippines.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of its currency and the imposition of exchange controls.

Other factors that may adversely affect the Philippine economy include:

- reduced business, industrial, manufacturing or financial activity in the Philippines or elsewhere in Southeast Asia;
- scarcity of credit or other financing available to the Government, corporations or individuals in the Philippines;
- fluctuations in currency exchange rates and interest rates or prolonged periods of inflation or deflation;
- levels of employment, consumer confidence and income;
- delays in obtaining government approvals and permits;
- Government budget deficits;
- public health epidemics or outbreaks of diseases, such as outbreak of COVID-19 in the Philippines or in other countries in Southeast Asia;
- significant changes to the Government's economic, social or tax policies; natural disasters, including tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally;
- geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the West Philippine Sea;
- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings; and
- other regulatory, political or economic developments in or affecting the Philippines.

Any deterioration in economic conditions in the Philippines as a result of these or other factors could materially and adversely affect the Company or its consumers, customers and contractual counterparties. This, in turn, could materially and adversely affect the Company's business, financial condition and results of operations and its ability to implement its business strategy.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's business.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso depreciated from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

While the value of the Peso has recovered since 2010, its valuation may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. This may negatively affect the general economic conditions and business environment in the Philippines, which, in turn, could have a material and adverse impact on the Company's business, financial position and financial performance. On January 14, 2022, the exchange rate between the Peso and the U.S. dollar quoted on the BSP Reference Exchange Rate Bulletin was U.S.$1.00 = ₱51.115.

The Philippines has, from time to time, experienced political and military instability, including acts of political violence.

In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents and a chief justice of the Supreme Court of the Philippines, the removal of another chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administrations. In addition, a number of officials of the Philippine Government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery or usurpation of authority.

On February 11, 2020, upon order of President Rodrigo Duterte, through Executive Secretary Salvador Medialdea, Department of Foreign Affairs Secretary Teodoro Locsin, Jr. signed the notice of termination of the Visiting Forces Agreement ("**VFA**"). The notice was received by the Deputy Chief of Mission of the Embassy of the United States in the Philippines on the same date. It is believed that this was caused by the revocation of the U.S. Visa of Senator Ronald "Bato" dela Rosa, one of President Duterte's allies. As former Chief of the Philippine National Police ("**PNP**"), Senator dela Rosa led the anti-drug campaign of President Duterte which resulted in thousands of deaths of Filipinos suspected of involvement in illegal drugs. According to a U.S. State Department report, a high level of extra-judicial killings was recorded specifically during dela Rosa's term as PNP Chief. The termination of the VFA was also believed to have been caused by President Duterte's pursuit of an independent foreign policy which seeks to distance the Philippines and the United States, reach out to Russia for closer ties and create diplomatic and economic relations with China in the midst of the latter's encroachment of the Philippines' exclusive economic zone in the West Philippine Sea. The VFA was signed by the Philippines and the United States in 1998. It provides access to the Philippines for U.S, service members on official business, and procedures on resolving issues that may arise as a result of U.S. forces' presence in the Philippines. The VFA is also seen as a symbol of the U.S. - Philippines alliance, which is believed to deter China from encroaching on Philippine sovereignty. In July 2021, President Duterte decided to recall or retract the termination letter for the VFA.

In June 2020, journalist Maria Ressa was convicted by the Regional Trial Court for violations of anti-dummy law and cyber libel. Her conviction elicited concern from the international community and has been criticized by various groups as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice ("**DOJ**") from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a quo warranto proceeding that her appointment was invalid. The removal of Chief Justice Sereno became controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking, among other offenses. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes. In addition, the Philippine legislature passed the Anti-Terrorism Act of 2020 (approved by President Duterte in June 2020), which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which they believe may be used to target government critics.

Currently, the Duterte administration is pushing for a shift to a federal form of government. For this purpose, the President created a consultative committee to review the 1987 Constitution and draft a federal constitution. Such discussions on proposed amendments or revisions to the 1987 Constitution ("**charter change**") are once again alive as lawmakers and loyal allies of President Duterte push for charter change a year before the campaign period for the 2022 presidential elections officially commences.

House of Representatives Speaker Lord Allan Velasco and Senators Ronald "Bato" dela Rosa and Francis Tolentino are justifying charter change by limiting the proposed amendments to the economic provisions of the Constitution, arguing that easing constitutional restrictions on foreign ownership, through a constituent assembly, would help cushion the blow of the effects of the COVID-19 pandemic on the Philippine economy. However, authorities on constitutional law have expressed that the creation of a Constituent Assembly may potentially open the floodgates for the amendment and revision of any provision or even the entirety of the Constitution, and thus potentially allowing the revision of the Constitution to create a federal government. In addition, the Constitution is silent on whether the House and Senate should be voting jointly or separately as a constituent assembly – an issue that has led to disagreement in past attempts for charter change, and is expected to become an issue based on current circumstances, considering the popular opposition to the Duterte administration and its policies. President Duterte has also expressed his support for charter change in order to further intensify the government's efforts against leftist party-list groups, a matter which may, based on the current political climate, attract considerable opposition and cause political instability.

In the 2019 midterm Senate election, the opposition fielded the *Otso Diretso* coalition, while the administration fielded their slate under the *Hugpong ng Pagbabago* banner. *Hugpong* won 9 of the 12 seats contested, while *Otso Diretso* won no seats. *Hugpon*g, which was launched by Davao City Mayor and President Duterte's daughter, Sara Duterte, won in the Davao Region. The Philippine general elections for national, provincial, and local officials are scheduled to take place on May 9, 2022. Incumbent President Rodrigo Duterte is ineligible for re-election. However, his daughter Sara Duterte is a prospective frontrunner in the upcoming elections, based on a survey by Pulse Asia Research which indicated that around 26% of Filipino adults would support her. The Commission on Elections aims to publish the official list of candidates for the 2022 presidential elections in January 2022. As of the date of this REIT Plan, several candidates have filed their certificates of candidacies to run for president or vice-president.

An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

There is no assurance that the political environment in the Philippines will be stable or that the current or any future government will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment for power generation companies. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a material and adverse impact on the Company's business, financial position and financial performance.

Acts of terrorism and violent crimes could destabilize the country and could have a material adverse effect on the Company's business, financial position and results of operations.

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in January 2019, bombs were detonated in the Jolo Cathedral in the Municipality of Jolo, Sulu and a Mosque in Zamboanga City, Zamboanga del Sur. In May 2017, the city of Marawi in Lanao del

Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("**ISIS**"). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. Martial law in Mindanao was lifted on January 1, 2020, however certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to the Company's business and materially and adversely affect the Company's financial conditions, results of operations and prospects.

Continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the Armed Forces of the Philippines, which could destabilize parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Lessees' operations and result in losses not covered by the Company's or the Lessees' insurance.

The Philippines, which is located along the Pacific Ring of Fire and a typhoon belt, has experienced a number of major natural catastrophes over the past years, including typhoons, volcanic eruptions, earthquakes, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events. In January 2020, the Taal Volcano entered into a period of intense unrest beginning with phreatic or steam-driven activity in several points inside the Main Crater that progressed into magmatic eruption. The Philippine Institute of Volcanology and Seismology ("**PHIVOLCS**") raised the alert level to Alert Level 4 on January 12, 2020. Pursuant to such events, PHIVOLCS ordered the total evacuation of the Volcano Island and high-risk areas within a 14-kilometre radius from the Taal Main Crater. Although PHIVOLCS has since lowered the Alert Level covering Taal to Level 1, there can be no assurance that the Taal Volcano will not increase seismic activity or erupt in the future. In November 2020, 2 typhoons, Super Typhoon Rolly/Goni and Typhoon Ulysses/Vamco, brought strong winds and rain to the country. These back-to-back weather disturbances caused major destruction to property and massive flooding in various parts of the Philippines. Natural catastrophes, such as any renewed eruption of the Taal Volcano or strong typhoons, may cause damage to the terminals and materially disrupt and adversely affect the business, operations, and financial condition of the Company. There is no assurance that the insurance coverage the Company and its Lessees maintain for these risks will adequately compensate it for all damages and economic losses resulting from natural catastrophes. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Public health epidemics, outbreaks of diseases and the ongoing COVID-19 pandemic, and measures intended to prevent its spread could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as "swine flu," occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization ("**WHO**") declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebola-free, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of overseas Filipino workers in the Ebola-hit West African countries;(b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the *Public Health Emergency of International Concern on the Ebola Virus Disease* outbreak.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (i.e., the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and later discharged and cleared of the disease by the *Department of Health*. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, reports of an American woman who stayed in the Philippines for four weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the *Aedes aegypti* mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting.

In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In September 2019, the Department of Health confirmed that Polio re-emerged in the Philippines, nineteen years after the country was declared polio-free by the WHO in 2000. As of November 25, 2019, the total number of confirmed polio cases is eight (8).

In late 2019, COVID-19, an infectious disease that was first reported to have been transmitted to humans in 2019 has spread globally over the course of 2020, and in March 2020, it was declared as a pandemic by the World Health Organization. Please also refer to the discussion under the risk factor entitled "*The business and operations of the Company have been and will continue to be adversely affected by the global outbreak of COVID-19*."

The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities and may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes arising from competing and overlapping claims over certain islands and features in the West Philippine Sea. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tension in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the internal arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the Permanent Court of Arbitration rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine Government, under the Duterte administration, has taken action to de-escalate tensions concerning the territorial dispute with China. On June 9, 2019, a fishing boat manned by Filipino fishermen was rammed by a Chinese vessel at Recto Bank, an underwater reef formation being claimed by both the Philippines and China in the portion of the South China Sea portion that Manila calls the West Philippine Sea. The Filipino fishermen were abandoned in open sea and were eventually rescued by a Vietnamese vessel. This incident increased tensions between China and the Philippines. The owners of the Chinese vessel have since apologized to the Filipino fishermen and remuneration is being arranged for the fishermen.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and financial performance.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as the Company, than is regularly made available by public companies in the U.S. and other countries. As a result, public shareholders of the Company may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although the Company complies with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions.

Investors may face difficulties enforcing judgments against the Company.

Considering that the Company is organized under the laws of the Republic of the Philippines and a significant portion of its operating assets are located in the Philippines, it may be difficult for investors to enforce judgments against the Company obtained outside of the Philippines. In addition, all of the directors and officers of Company are residents of the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Award. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction in accordance with its jurisdictional rules; (ii) the party against whom enforcement is sought did not receive notice of the proceedings; (iii) judgment was obtained by collusion, fraud, or on the basis of a clear mistake of law or fact; or (iv) the judgment is contrary to the laws, public policy, customs or public order of the Philippines.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed their ratings of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. In May 2021, S&P's affirmed its rating of BBB+, with stable outlook, for the Philippines' long-term foreign currency-denominated debt. In July 2021, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to negative, to reflect the downside risks and possible challenges associated with unwinding the exceptional policy response to the health crisis and restoring sound public finances as the pandemic recedes.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine

Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

The Philippine real estate and renewable energy industries are subject to extensive regulation from the Government, including local governmental authorities, and the Philippine Competition Commission.

The Philippine real estate and renewable energy industries are subject to extensive government regulation. See "*Regulatory and Environmental Matters*" in this REIT Plan.

The Company must comply with the various requirements of the Government, including local governmental authorities in the areas in which the Company's Properties are located, regulations of the Energy Regulatory Commission ("**ERC**") and the Philippine Department of Energy ("**DOE**"), the regulations of the Philippine Competition Commission (the "**PCC**") and the requirements under the REIT Law. See "*Regulatory and Environmental Matters—Real Estate Laws—The REIT Law*" in this REIT Plan.

The Government influences the property sector by imposing industry policies and economic measures, including those that affect the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development, and foreign investment. Property laws and regulations, including relevant judicial decisions, are at times ambiguous and may be subject to inconsistent and contradictory interpretations. The Government also influences the energy sector by imposing industry policies and economic measures, including those that affect FIT rates, tax incentives, the classification of land available for power plant development, foreign exchange restrictions, financing of projects, acquisition and development, and foreign investment. Property and energy laws and regulations, including relevant judicial decisions, are at times ambiguous and may be subject to inconsistent and contradictory interpretations. Further, such laws and regulations are constantly evolving and therefore consistent interpretations of such regulations are difficult to anticipate. New laws and regulations or modifications may also be passed, which would impose more stringent and complex requirements on the Company, thereby adversely affecting the Company's business, financial condition, and results of operations.

On August 8, 2015, Republic Act No. 10667, otherwise known as the Philippine Competition Act (the "PCA") became effective. The PCA prohibits and penalizes anti-competitive agreements and abuse of dominance. It likewise provides for mandatory notification for mergers and acquisitions meeting the set thresholds under the PCA and its Implementing Rules and Regulations. Given the usual volume of the Citicore Group's transactions, mergers or acquisitions undertaken by the Company may meet the notification threshold under the PCA and its Implementing Rules and Regulations. The mandatory process of notification may delay the consummation of the Company's transactions. Notably, the Bayanihan 2 Act exempts mergers or acquisitions with transaction values below ₱50,000,000,000 from mandatory review for a period of two years from the effectivity of the Bayanihan 2 Act. Such transactions are likewise exempt from the PCC's motu proprio review for a period of one year from the effectivity of the Bayanihan 2 Act (see "*Regulatory and Environmental Matters*").

In addition, government regulations strictly mandate compliance with environmental laws. The Company incurs expenses for the purpose of complying with environmental laws and regulations, which costs consist primarily of payments for Government regulatory fees.

RISKS RELATING TO THE OFFER SHARES AND AN INVESTMENT IN THE COMPANY

There has been no prior market for the Shares, so there may be no liquidity in the market for the Offer Shares and the price of the Offer Shares may fall.

There has been no prior trading in the Shares and there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained. Further, only five REITs have so far been listed on the PSE, and being listed recently on August 13, 2020, February 24, 2021, August 12, 2021, September 14, 2021 and October 1, 2021 and such REITs have had limited trading track records.

The Offer Price has been determined after taking into consideration a number of factors including, but not limited to, the Company's prospects, the market prices for shares of companies engaged in related businesses similar to that of the Company's business and prevailing market conditions. The price at which the Shares will trade on the PSE at any point in time after the Offer may vary significantly from the Offer Price.

The actual performance of the Company and the Properties could differ materially from the forward-looking statements and forward-looking financial information in this REIT Plan.

In accordance with the requirements of the Philippine SEC, the Company has prepared projected financial information which are included in this REIT Plan, including forward-looking statements and forward-looking financial information regarding, among others, forecast and projected dividend yields for Forecast Period 2021, Projection Year 2022 and Projection Year 2023 (the "**Projections**") (see "*Forward-Looking Statements" and "Profit Forecast and Profit Projection – Assumptions*" in this REIT Plan). The Company's revenue and profit are dependent on a number of factors, including the receipt of rental income from the Leased Properties, and the acquisition and lease of the Properties to be Acquired. These may adversely affect the Company's ability to achieve the forecast and projected dividends as events and circumstances assumed may not occur as expected, or events and circumstances may arise which are not anticipated. No assurance is given that the assumptions will be realized and the actual dividends will be as forecasted and projected in the section entitled "*Profit Forecast and Profit Projection*" of this REIT Plan.

The Company does not, as a matter of course, make public projections as to future financial or operational results due to the inherent unreliability of such projections. The Company has prepared the Projections solely for the purpose of complying with requirements of the Philippine SEC and the Company's independent auditor, PwC Philippines, has examined the Profit Forecast and Profit Projection of the Company in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, *The Examination of Prospective Financial Information*. However, there can be no assurance that the Projections and the assumptions used in preparing them are reasonable or that they can or will be achieved. All information and assumptions used in the preparation of the Projections are as of September 30, 2021 and do not reflect the actual results of the Company or events following such date. There can be no assurance that since the date of the Projections, there has not been, and will not be, any change, development, event or circumstance that has arisen which may cause the actual financial and operational results of the Company to differ significantly from the Projections. The forecasts contained in the Projections are subject to significant business, macroeconomic and competitive uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the Company's control. Depending upon operating, macroeconomic and other business conditions, the Company may adapt or vary its operating, financing and other business decisions in ways which could cause the Company's actual financial results to materially vary from those set out in the Projections. The Company's business involves a significant number of risks, uncertainties, contingencies and other factors that could cause its future performance, financial condition and results of operations to vary significantly from the Projections and therefore the Company cannot provide any assurance that the Projections will accurately reflect its future results. The Company has no obligation to update the Projections even in the event of material changes to the Company's operational and financial outlook or to the assumptions used in the Projections. None of the Company, any of its advisors, the International Bookrunners, or the Local Underwriters accepts any responsibility for the information contained in the Projections. As a result, investors should not rely on the Projections when making a decision to invest in the Shares.

In addition, the commissioned industry report prepared by Frost & Sullivan on the renewable energy market in the Philippines attached to this REIT Plan, reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is not indicative of future economic and market conditions applicable to the Company.

Property yield on real estate held by the Company is not equivalent to distribution yield on the Shares.

Generally, property yield depends on Net Operating Income and is calculated as the Gross Revenue less direct operating expenses of the Properties and any other property the Company may acquire. The dividend yield on the Company's Shares, however, depends on the dividends payable on the Company's Shares, after taking into account other expenses including but not limited to (i) taxes, (ii) the fees of the Fund Manager and Property Manager and (iii) other operating costs including administrative fees, as compared with the purchase price of the Company's Shares paid by investors.

The Company may not be able to make distributions and the level of distributions may fall.

The Net Operating Income earned from the Company's real estate investments depends, among other factors, on the amount of Rental Revenues received from the Leased Properties, revenues from the acquisition and leasing of additional properties, and the level of property, operating, and other expenses incurred. If properties owned by the Company do not generate sufficient Net Operating Income, the Company's income, cash flow, and ability to make distributions will be adversely affected. No assurance can be given as to the Company's ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that the EBITDA of the Company's lessees or rental payments to the Company will increase, that the increases in rent, if any, will not be lower than the inflation rate, or that the receipt of rental or other revenue in connection with expansion of the Properties or future acquisitions of properties will increase the Company's cash available for distribution to shareholders.

The Company faces risks associated with compliance with the requirements to pay out its Distributable Income to Shareholders.

The Company is required by the REIT Law to distribute annually a total of at least 90% of its Distributable Income as dividends to its Shareholders. If the required pay out from the Company's Distributable Income is greater than its cash flows from operations, it may have to borrow in order to comply with the REIT Law. Should there be any change in tax law or policy which results in certain expenses of the Company ceasing to be adjustable, the impact may be to cause the Company's required payout from the Distributable Income to exceed its cash flows from operations. If the Company fails to distribute dividends as required under the REIT Law, the Company may be subject to increased tax liability and potential tax penalties. The failure to cure such a breach within 30 days from the time of the occurrence of the event will subject the Company to income tax on its taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of its taxable net income as defined in the REIT Law. As such, dividends distributed by the Company may be disallowed as a deduction for purposes of determining taxable net income. See the section entitled "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*" in this REIT Plan for additional details. In addition, a violation of the REIT Law may obligate the Company to pay a fine or cause the imprisonment of the officers of the Company. Under the REIT Law, a fine of not less than ₱200,000 but not more than ₱5 million or imprisonment of not less than six years and one day but not more than 21 years, or both at the discretion of the court, shall be imposed upon any person, association, partnership or corporation, its officer, employee or agent, who acting alone or in connivance with others, violates any of the provisions of the REIT Law. If the offender is a corporation, partnership or association or other juridical entity, the penalty may, at the discretion of the court, be imposed upon such juridical entity and/or upon the officer or officers of the corporation, partnership, association or entity responsible for the violation, and if such officer is an alien, he shall in addition to the penalties prescribed, be deported without further proceedings after service of sentence. Such prosecution and conviction of the offender under the REIT Law and the imposition of the above penalties shall be without prejudice to the administrative, civil and criminal liabilities of the offender under the SRC.

Shareholders may bear the effects of tax adjustments on income distributed in prior periods.

Distributions will be based on the Company's Distributable Income. The taxable net income of the Company as initially computed for purposes of determining the amount to be distributed to Shareholders (the "**initial taxable net income**") may, however, be different from the taxable net income as may be determined by the BIR (the "**adjusted taxable net income**"). The difference between the initial taxable net income and the adjusted taxable net income will be added to or subtracted from, as applicable, the taxable income available for distribution in subsequent periods to the Shareholders. Similarly, if the Company distributes gains on the sale of properties held by the Company and such gains are subsequently assessed for unpaid taxes, the Distributable Income for subsequent periods will be reduced for such unpaid taxes and the Shareholders in such subsequent distribution periods may receive reduced dividends. See the sections entitled "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*" and "*Taxation*" in this REIT Plan for further details.

There can be no guarantee that the Offer Shares will remain admitted in admitted asset status and as allowable investments for insurance and pre-need companies under the Pre-need Code.

On October 20, 2021, the Company received an approval from the Insurance Commission of the Philippines to consider the Offer Shares as admitted assets and allowable investments for insurance and pre-need companies, respectively. Such approval, however, does not constitute a recommendation or endorsement by the Insurance Commission of the Philippines, and insurance and pre-need companies should undertake their independent research and due diligence before any purchase of the Offer Shares. There is no guarantee that the Company will continue to comply with the relevant provisions of the Insurance Code, as amended by R.A. No. 10607, the Pre-need Code and all applicable circular letters and advisories issued by the Insurance Commission of the Philippines to maintain the status of the Offer Shares as admitted assets and allowable investments.

There can be no guarantee that the Offer Shares will be listed on the PSE, or that there will be no regulatory action that could delay or affect the Offer.

Purchasers of the Trading Participants and Retail Offer Shares will be required to pay for such Offer Shares on the Trading Participants and Retail Offer Settlement Date, which is expected to be on or about February 8, 2022 and purchasers of the Institutional Offer Shares will be required to pay on the Institutional Offer settlement date, which is expected to be on or about February 15, 2022, or such other date that may be agreed between the Company and the Joint Global Coordinators. There can be no guarantee that listing will occur on the anticipated Listing Date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares onto the PSE, the market for the Offer Shares will be illiquid and shareholders may not be able to trade the Offer Shares. This may materially and adversely affect the value of the Offer Shares.

The market price of the Shares may be volatile, which could cause the value of investors' investments in the Shares to decline.

The market price of the Company's Shares may be affected by multiple factors, including:

- volatility in stock market prices and volume;
- fluctuations in the Company's revenue, cash flow, and earnings;
- general market, political, and economic conditions;
- differences between the Company's actual financial and operating results and those expected by investors and financial analysts;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks in general and other stocks in similar industries;
- the market value of the Company's assets;
- market news and rumors;
- changes to government policies, legislation, or regulations; and
- general operational and business risks.

In addition, many of the risks described elsewhere in this REIT Plan could adversely affect the market price of the Company's Shares.

In part as a result of recent global economic downturns, the global equity markets have historically experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these could adversely affect the market price of the Company's Shares.

Future sales of Shares in the public market may adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of the Company's business and operations, the Company will consider the funding options available to the Company at the time, which may include the issuance of new Shares. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, the percentage ownership of existing Shareholders may be reduced, Shareholders may experience subsequent dilution or such new securities may have rights, preferences, and privileges senior to those of the Offer Shares. Furthermore, the market price of the Shares may decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers, or issuances may occur. Such development could also adversely affect the prevailing market price of the Shares or the Company's ability to raise capital in the future on favorable terms.

Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer.

The Offer Price of the Offer Shares may be substantially higher than the net asset value per Share of the outstanding Shares. Therefore, purchasers of Offer Shares may experience immediate and substantial dilution and the Company's existing shareholders may experience a material increase in the net asset value per share of the Shares they own. See "*Dilution*" in this REIT Plan.

The Company has broad discretion to determine how to use the proceeds received from the Primary Offer and may use them in ways that may not enhance the Company's operating results or the price of the Company's Shares.

The Company plans to use the net proceeds of the Primary Offer to fund the Company's future investments in real estate properties in the Philippines in accordance with the Company's investment policy, including the Company's intended acquisition of the Properties to be Acquired, or alternative properties from the Sponsors, or any of their Subsidiaries or Affiliates, that financially and strategically meets or exceeds the Company's financial and strategic investment criteria, as described under the section entitled "Use of Proceeds" in this REIT Plan.

The Company and the Fund Manager have broad discretion over the use and investment of the net proceeds of the Primary Offer, and accordingly, investors will need to rely upon their judgment with respect to the use of proceeds with only limited information concerning the Company's and the Fund Manager's specific intentions.

The Shares are subject to Philippine foreign ownership limitations.

According to the REIT Law, if a REIT owns land located in the Philippines, it must comply with foreign ownership limitations imposed under Philippine law. In connection with the ownership of private land, Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

As of the date of this REIT Plan, the Company owns land in the Philippines. As such, the Company's foreign shareholdings may not exceed 40% of its total issued and outstanding capital stock.

As such, the Company will be unable to allow the issuance or transfer the Company's Shares to persons other than Philippine Nationals, and will be unable to record transfers in the Company's books, if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the applicable nationality requirements. In addition, if the Company's foreign ownership exceeds 40% of the Company's outstanding capital stock, foreign shareholders may be required to divest ownership or may be diluted to comply with the foreign ownership restrictions. For more information, please refer to the section entitled and "*Regulatory and Environmental Matters – Nationality Restriction*" in this REIT Plan.

The Offer Shares may not be a suitable investment for all investors.

Each potential investor in the Offer Shares must determine the suitability of that investment in light of his or her own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Company and its business, the merits and risks of investing in the Offer Shares, and the information contained in this REIT Plan;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on his or her overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for purchasing and receiving dividends on the Offer Shares is different from the potential investor's currency;
- understand and be familiar with the behavior of any relevant financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate, and other factors that may affect its investment and its ability to bear the applicable risks.

Shareholders may be subject to limitations on minority shareholders' rights and regulations may differ from those in more developed countries.

The Company's corporate affairs are governed by its Articles of Incorporation and By-Laws and Republic Act No. 11232 or the Philippine Revised Corporation Code of the Philippines ("**Philippine Revised Corporation Code**"). The laws of the Philippines relating to the protection of interests of minority shareholders differ in some respects from those established under the laws of more developed countries. Such differences may mean that the Company's minority shareholders may have less protection than they would have under the laws of more developed countries. The obligation under Philippine law of majority shareholders and directors with respect to minority shareholders may be more limited than those in certain other countries such as the United States or the United Kingdom. Consequently, minority shareholders may not be able to protect their interests under current Philippine law to the same extent as in certain other countries.

The Philippine Revised Corporation Code, however, provides for minimum minority shareholders protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Philippine Revised Corporation Code of the Philippines also grants shareholders an appraisal right allowing a dissenting shareholder to require the corporation to purchase his shares in certain instances. Derivative actions are rarely brought on behalf of companies in the Philippines. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

Delisting and its Tax Consequences

There is no assurance that the Company will be able to maintain or continue its listing on the PSE in the future. In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory. Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the Tax Code and Section 19 of the REIT Law. Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the Tax Code.

The foregoing is without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT's investors at the time of final delisting the book value/acquisition cost of their shares.

Risks Relating to the Presentation of Information in this REIT Plan

Certain information contained herein is derived from unofficial publications.

Certain information in this REIT Plan relating to the Philippines, the industry in which the Company competes, and the market in which the Company operates, including statistics relating to market size, is derived from various Government and private publications. This REIT Plan also contains industry information prepared from available public sources and independent market research conducted by Frost & Sullivan to provide an overview of the renewable energy market in which the Company operates, and information derived from an assessment report conducted by CICERO Green on the environmental and social sustainability of the Company's operations. The information contained in those sections might not be consistent with other information regarding the Philippine renewable energy industry or the sustainability of the Company's operations. Similarly, industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company, the International Bookrunners, the Local Underwriters or any of their respective Affiliates or advisers, and might not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines. In particular, the sections entitled "*Summary of the Shades of Green Assessment*" and "*Industry Overview*" in this REIT Plan do not present the opinions of the Company, the International Bookrunners, the Local Underwriters, or any of their respective Affiliates. Prospective investors are cautioned accordingly.

The presentation of financial information in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results.

The presentation of financial information in this REIT Plan includes historical consolidated financial information for the Company as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021. With the REIT Formation Transactions coming into effect subsequent to September 30, 2021, the historical financial information presented may be of limited used to investors moving forward. While the presentation of historical financial results of the Company included in this REIT Plan may provide a reference to investors in relation to the Company's financial performance and financial position in prior periods, there is no assurance that such presentation will accurately depict the Company's financial results had the REIT Formation Transactions been effected earlier, or that such presentation be indicative of future results of operations or financial position, and should not be relied upon as being so indicative.

For further details, see "*Selected Financial Information and Operating Information*" on page 118 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 128.

The presentation of pro forma financial information in this REIT Plan may not necessarily represent the Company's consolidated financial position, results of operation and cash flows, may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results.

This REIT Plan includes unaudited pro forma financial information to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements occurred at an earlier date. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements actually occurred at an earlier date, and does not purport to project the results of operations of the Company for any future period or date. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS. The pro forma results of operations and financial position of the Company included herein are necessarily based on certain assumptions, and such information is not necessarily indicative of the operating results or financial position that would have been achieved had these transactions been completed prior to such periods, and it is not indicative of future results of operations or financial position, and should not be relied upon as being so indicative.

USE OF PROCEEDS

The gross proceeds that the Company will receive from the Primary Offer Shares will be ₱2,670.5 million (U.S.$52.2 million) and the Company estimates that the net proceeds from the Primary Offer Shares will be approximately ₱2,554.8 million (U.S.$50.0 million) after deducting the applicable underwriting fees, costs and expenses for the Offer payable by the Company.

The Company will not receive any proceeds from the sale of the Secondary Offer Shares by the Selling Shareholder.

The Selling Shareholder will receive all of the proceeds from the sale of the Secondary Offer Shares. Taxes and issue management, underwriting and selling fees and certain other fees and expenses pertaining to the Secondary Offer will be paid by the Selling Shareholder.

The Selling Shareholder estimates that the net proceeds from the Secondary Offer Shares after deducting expenses, will be approximately ₱2,803.8 million, and that the net proceeds from the Secondary Offer assuming full exercise of the Over-allotment Option after deducting expenses, will be approximately ₱3,616.0 million.

Expenses

Based on an Offer Price of ₱2.55 per Offer Share, the Company estimates that the total proceeds from the offer of Primary Offer Shares, total expenses for the offer of Primary Offer Shares and the net proceeds from the offer of Primary Offer Shares will be:

	Estimated Amounts (₱) (in millions)
Estimated Total proceeds from the offer of Primary Offer Shares	2,670.5
Estimated Expenses:	
Underwriting and selling fees for the offer of the Primary Offer Shares[1]	53.4
Taxes to be paid (*Documentary Stamp Tax)*	2.6
Philippine SEC Registration, Filing and Legal Research Fees	3.3
PSE Filing Fee	20.0
Estimated professional fees[2]	32.7
Estimated other expenses	3.6
Total estimated expenses from the offer of Primary Offer Shares	115.7
Estimated net proceeds from the offer of Primary Offer Shares	2,554.8

Notes:

(1) The aggregate amount refers to the underwriting and selling fees payable to the Local Underwriters and the International Bookrunners, including a base fee of 2.0% of the gross proceeds. The estimated underwriting and selling fees payable to the International Bookrunners is ₱22.25 million, while the estimated underwriting and selling fees payable to the Local Underwriters is ₱89.02 million, in each case subject to agreement among the Joint Global Coordinators and the International Bookrunners on any clawback, clawforward or other such mechanism. This does not reflect fees relating to the Over-allotment Option which may or may not be exercised by the Stabilizing Agent to purchase up to 327,273,000 Option Shares from the Selling Shareholder.

(2) Estimated professional fees include legal fees of ₱25.36 million, accounting fees of ₱2.67 million, fees of industry consultant ₱3.0 million and stock transfer agent and receiving and paying agent fees totalling to ₱1.62 million.

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts. The estimated expenses set forth in the table above reflect the estimated expenses relating to the Primary Offer and are presented in this REIT Plan for convenience only. Taxes and underwriting and selling fees and certain other fees and expenses specifically pertaining to the sale of the Secondary Offer Shares by the Selling Shareholders will be paid by the Selling Shareholders, including fees to Eligible Trading Participants of approximately ₱5.8 million.

	Estimated Amounts (₱ millions)	
	Secondary Offer Shares	Secondary Offer Shares and Option Shares (assuming full exercise of Over-allotment Option)
Estimated total proceeds from the offer of the Selling Shareholders' Shares	2,893.1	3,727.6
Estimated Expenses:		
Underwriting and selling fees for the offer of the Secondary Offer Shares[1]	57.9	74.6
Taxes to be paid	17.4	22.4
Crossing expenses[2]	14.1	14.7
Total estimated expenses from the offer of the Selling Shareholders' Shares	89.3	111.7
Estimated net proceeds from the offer of the Selling Shareholders' Shares	2,803.8	3,616.0

Notes:

(1) The aggregate amount refers to the underwriting and selling fees payable to the Local Underwriters and the International Bookrunners , including a base fee of 2.0% of the gross proceeds.

(2) Crossing expenses refer to fees related to the sale of secondary shares such as value added tax, commissions, transfer fees, PCD fees, selling fees, SCCP fees, Securities Investors Protection Fund, Philippine SEC fees, and block sale fees.

The Company will not receive any of the proceeds from the sale of the Selling Shareholder's Shares. The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above. The estimated amounts used to determine the estimated net proceeds are presented in this REIT Plan for convenience only.

Estimated other expenses include fees for roadshow expenses, publication, and other third-party services (e.g. stock transfer, receiving agency, LSI application processing fees, and printing, publication, and out-of-pocket expenses) that the Company and the Selling Shareholder expect to incur in relation to the Offer.

Use of Proceeds

Primary Offer

Details on the proposed use of net proceeds from the Primary Offer, based on the Offer Price of ₱2.55 per Offer Share, after deducting the applicable underwriting fees, costs and expenses for the Offer payable by the Company, are as follows:

Use of Proceeds	Estimated Amounts	Estimated Timing of Disbursement
	₱ millions	
Acquisition of the Bulacan Property	1,786.9	up to 1Q 2022
Acquisition of the South Cotabato Property	767.9	up to 1Q 2022
Estimated Net Proceeds	₱ 2,554.8	

The net proceeds from the Primary Offer shall be used exclusively to purchase the above properties. In the event that the net proceeds from the Primary Offer is less than the expected amount, the Company intends to allocate the proceeds in order of priority as follows:

1. Bulacan Property

2. South Cotabato Property

In addition to the Properties, after the Offer, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, which are wholly owned indirect subsidiaries of

CREC through its 100% ownership of Citicore Solar Holdings, Inc. and Sikat Solar Holdco Inc., respectively, and are affiliates of the Company. Please see "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These Properties to be Acquired are described below:

- **Bulacan Property —** a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of $15MWp_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

- **South Cotabato Property —** a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of $6.23MWp_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

CREC will cause the proceeds received by Citicore Bulacan and Citicore South Cotabato in connection with the foregoing to be used in accordance with its reinvestment plan. For a more detailed discussion on the use of net proceeds by CREC, see Annex 1 "*Reinvestment Plan*" of this REIT Plan.

The proposed use of proceeds described above represents a best estimate of the use of the net proceeds of the Primary Offer based on the Company's current plans and expenditures. The actual amount and timing of disbursement of the net proceeds from the Primary Offer for the uses stated above will depend on various factors which include, among other things, changing market conditions or new information regarding the cost or feasibility of the Company's plans. The Company's cost estimates may change as it develops its plans, and actual costs may be different from its budgeted costs.

To the extent that the net proceeds from the Primary Offer are not immediately applied to the above purposes, the Company will invest the net proceeds from the sale of the Primary Offer Shares in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates subject to compliance with and as permitted by the REIT Law.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

Secondary Offer

The entire proceeds from the Secondary Offer will be used by the Selling Shareholder in accordance with its reinvestment plan. In accordance with the Revised REIT IRR, the proceeds from the Offer may be reinvested in income-generating real estate assets in the Philippines within one year from the receipt thereof. Thus, pending the use or disbursement of such proceeds, the Selling Shareholder may invest the net proceeds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn interest at prevailing market rates subject to compliance with and as permitted by the REIT Law. For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see Annex 1 "*Reinvestment Plan*" of this REIT Plan.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Selling Shareholder's current plans and anticipated expenditures. In the event there is any change in the Selling Shareholder's reinvestment plan, including force majeure, market conditions and other circumstances, the Selling Shareholder will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is in the best interest of the Selling Shareholder. The Selling Shareholder's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Selling Shareholder's management may find it necessary or advisable to alter its plans.

Undertakings on Use of Proceeds

The Company undertakes not to use the net proceeds from the Primary Offer for any purpose, other than as discussed above. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the Philippine SEC and PSE in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board or the Executive Committee, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds:

i. any disbursements made in connection with the planned use of proceeds from the Primary Offer;

ii. quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;

iii. annual summary of the application of the proceeds on or before January 31 of the following year; and

iv. approval by the Board or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by its treasurer and external auditor on the accuracy of the foregoing information reported to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds as described in the REIT Plan, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board as required in item (iv) above

DIVIDENDS AND DIVIDEND POLICY

REIT Law Distribution Requirements

The REIT Law provides that a REIT, to be entitled to the tax benefits under the REIT Law and to maintain its status as a public company, is directed to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) ("**Distributable Income**") as dividends to its shareholders. Such distribution must be no later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT subject to the following, as provided under Section 7 of the REIT Law and Section 4 of the Revised REIT IRR:

The dividends shall be payable only from the unrestricted retained earnings of the REIT as provided for under Section 42 of the Philippine Revised Corporation Code. However, the retained earnings of the REIT may only be restricted and not available for distribution under the circumstances enumerated under Section 42 of the Philippine Revised Corporation Code and when approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT; provided finally, once the purpose of the restriction is accomplished, the REIT shall immediately cancel the restriction and distribute the corresponding retained earnings upon majority vote of the members of the board of directors.

The percentage of dividends with respect to any class of stock to be received by the Public Shareholders to the total dividends with respect to that class of stock distributed by the REIT from out of its Distributable Income must not be less than such percentage of their aggregate ownership of the total outstanding shares of the REIT with respect to that class of stock. Any structure, arrangement, or provision which would have the effect of diminishing or circumventing in any form this entitlement to dividends shall be void and of no force and effect.

The income distributable as dividend by the REIT shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. The audited financial statements of the REIT shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the REIT Law and the Revised REIT IRR. However, the audited financial statements shall not be required before the REIT can distribute quarterly and/or semi-annual dividends; provided, the REIT has reasonable grounds to believe that the maximum dividends that it may distribute in such fiscal year shall not be more than its Distributable Income based on its audited financial statements for such fiscal year, as provided above.

A REIT may declare either cash, property, or stock dividends; provided that, in addition to the requirements of the Philippine Revised Corporation Code, the declaration of stock dividends must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT and stockholders representing not less than two-thirds of the outstanding capital stock at a regular meeting or special meeting called for that purpose, and subject to approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on the said request within such period, the same shall be deemed approved.

Distributable Income excludes proceeds from the sale of REIT's assets that are re-invested by the REIT within one year from the date of the sale. Gain from the said sale shall, however, form part of the distributable income.

The income distributable by the REIT shall be adjusted by deducting the following unrealized or non-actual gains and losses:

- Unrealized foreign exchange gains, except those attributable to cash and cash equivalents;
- Fair value adjustment or the gains arising from marked-to-market valuation which are not yet realized;
- If and when applicable, fair value adjustment of investment property resulting to gain;
- The amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;

- Adjustment due to a deviation from any of the prescribed accounting standard which results to gain; and

- Other unrealized gains or adjustments to the income as a result of certain transactions accounted for under the PFRS.

- Non-actual expenses/losses that are allowed to be added back to distributable income shall be limited to the following items:

- Depreciation on revaluation increment (after tax);

- Adjustment due to any of the prescribed accounting standard which results to a loss; and

- If and when applicable, loss on fair value adjustment of investment property (after tax).

Record Date

Pursuant to existing Philippine SEC regulations, all cash dividends declared by listed companies must have a record date which shall not be less than 10 calendar days and not more than 30 calendar days from the date the cash dividends are declared. Under such rules, if no record date is specified, the record date will be deemed fixed at 15 calendar days from such declaration.

With respect to stock dividends, the record date shall be not less than 10 calendar days nor more than 30 calendar days from the date of shareholder approval, which is necessary for the declaration of such stock dividends. If no record date is set, under Philippine SEC rules, the record date will be deemed fixed at 15 calendar days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the Philippine SEC.

Under the Revised Disclosure Rules of the PSE, the disclosure by a listed company of the record date for dividend declarations must not be less than 10 trading days from said date. The rules of the PSE also provide that the payment date shall not be more than 18 trading days from the record date.

The Company's Dividend Policy

The Company did not declare any dividends for the years ended December 31, 2018, 2019 and 2020.

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90% of the Company's annual Distributable Income. Following the Offer, the Company intends to implement an annual cash dividend payout ratio of at least 95% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law and the Revised REIT IRR, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Philippine Revised Corporation Code, among others, the terms and conditions of the Company's outstanding loan facilities in the event the Company incurs indebtedness, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, when there is need for special reserve for probable contingencies. The Company intends to declare and pay out dividends on a quarterly basis each year.

The failure to distribute at least 90% of the annual Distributable Income will subject the Company, if such failure remains un-remedied within 30 days, to income tax on the taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of the taxable net income as defined in the REIT Law. Accordingly, dividends distributed by the Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90% of the annual Distributable Income may be a ground to delist the Company from the PSE.

EXCHANGE RATES

Fluctuations in the exchange rates between the peso and the U.S. dollar and other foreign currencies will affect the equivalent in U.S. dollars or other foreign currencies of the Peso price of the Offer Shares on the PSE, of dividends distributed in Pesos by the Company, if any, and of the Peso proceeds received by investors on a sale of the Offer Shares on the PSE, if any. Fluctuations in such exchange rates will also affect the peso value of the Company's assets and liabilities which are denominated in currencies other than Pesos.

The following table sets forth certain information concerning the exchange rate (based on BSP's Reference Exchange Rate Bulletin) between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Pesos per U.S.$1.00:

	Philippine Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average(1)**	**High(2)**	**Low(3)**
2016	49.81	47.49	49.98	45.92
2017	49.92	50.40	51.80	49.40
2018	52.72	52.66	54.35	49.77
2019	50.74	51.80	52.89	50.49
2020	48.04	49.62	51.32	48.03
2021	50.77	49.27	50.96	47.67

Notes:

(1) Average exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

(2) Highest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

(3) Lowest daily exchange rate quoted on BSP's Reference Exchange Rate Bulletin for the period

On January 14, 2022, the exchange rate between the Peso and the U.S. dollar quoted on the BSP Reference Exchange Rate Bulletin was U.S.$1.00 = ₱51.115.

PROFIT FORECAST AND PROFIT PROJECTION

This section contains forward-looking statements, which are based on the assumptions set forth in this section of the REIT Plan and are subject to certain risks and uncertainties which could cause actual results to differ materially from estimates, forecasts and projections. Under no circumstances should the inclusion of such information herein be regarded as a representation, guarantee, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Company, the Local Underwriters and the International Bookrunners, the Sponsors or any other party involved in the Offer, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Shares are cautioned not to place undue reliance on these forward-looking statements which are made only as of the date of this REIT Plan.

The projections are based upon a number of assumptions and forecasts that are subject to significant business, macroeconomic and competitive uncertainties and contingencies, many of which are beyond the Company's control. Depending upon operating, macroeconomic and other business conditions, the Company may adopt or vary its operating, financing and other business decisions in ways which could cause the Company's actual financial results, taken on a consolidated basis, to materially vary from those set out in this section.

The Company's business involves a significant number of risks, uncertainties and other factors that could cause its future performance, financial condition and results of operation to vary significantly from the projections forecasts and therefore the Company cannot provide any assurance that the projections forecasts will accurately reflect its future results. In consideration of these risks and uncertainties associated with the projections and forecasts, any investor who views the projections and forecasts at or about the time that such investor is making an investment decision with respect to any of the Company's securities should not rely upon projections or forecasts in making such investment decision.

These projections and forecasts do not, under any circumstances, create any implication that the information and assumptions used herein are correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date. See "Risk Factors - Risks relating to the Presentation of Information in this REIT Plan - The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results."

The Philippine SEC does not recommend any investments or investment strategies and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this REIT Plan.

None of the Company, the Local Underwriters and the International Bookrunners, the Sponsors, or any other party involved in the Offer guarantee the performance of the Company, the repayment of capital or the payment of any distributions, or any particular return on the Shares. The forecast and projected yields stated in the following table are calculated based on:

- *The Offer Price; and*
- *The assumption that the date of the sale of the Offer Shares is February 17, 2022.*

*Such yields will vary accordingly if the date of the sale of the Offer Shares is not February 17, 2022, or for investors who purchase Shares in the secondary market at a market price that differs from the Offer Price. For the avoidance of doubt, Shareholders shall only be entitled to dividends of the Company if they are shareholders as of the record date of such dividend declaration. The following table shows the Company's projected statements of comprehensive income and distribution for the period commencing on November 1, 2021 and ending on December 31, 2021 ("**Forecast Period 2021**"), for the year ending December 31, 2022 ("**Projection Year 2022**"), and the year ending December 31, 2023 ("**Projection Year 2023**"). The financial year end of the Company is December 31. To reflect the conclusion of all the REIT Formation Transactions, the Company's Forecast Period 2021 commences on November 1, 2021. The projected profit for Forecast Period 2021, Projection Year 2022 and Projection Year 2023 (the "**Profit Forecast and Profit Projection**") may be different to the extent that the actual date of sale of Shares is other than February 17, 2022, being the assumed date of the sale of the Offer Shares. The Company is solely responsible for the Profit Forecast and Profit Projection, including the assumptions set out on in this REIT Plan.*

*PwC Philippines has examined the Profit Forecast and Profit Projection, excluding certain non-PFRS measures, their reconciliation, calculation and amounts such as Funds from Operations, Adjusted Funds from Operations ("**AFFO**"), AFFO payout ratio, dividend payout ratio, illustrative price range per share, dividends, offer price, dividend yield, net operating income and capital expenditure which have been prepared on the basis of the assumptions set out in this section of the REIT Plan, in accordance with Philippine Standard on Assurance Engagements (PSAE) 3400, The Examination of Prospective Financial Information. This section should be read together with PwC Philippines' report titled "Independent Auditor's Reasonable Assurance Report on Examination of the Profit Forecast and Profit Projection" set out in Annex 4 of this REIT Plan.*

FORECAST AND PROJECTED STATEMENTS OF TOTAL COMPREHENSIVE INCOME AND DISTRIBUTION

The Profit Forecast and Profit Projection are set forth below:

	Forecast Period 2021(1) (November 1 to December 31, 2021)	Projection Year 2022(1) (Full Year from January 1 to December 31, 2022)	Projection Year 2023(1) (Full Year from January 1 to December 31, 2023)
	(Unaudited) ₱ millions, except for dividends per share and illustrative price range per share		
REVENUE			
Rental Income			
Fixed Rental Income	64.77	1,327.17	1,327.17
Variable Rental Income	1.93	26.22	26.58
	66.69	**1,353.39**	**1,353.75**
COST AND EXPENSES			
Direct operating expenses	14.91	95.36	96.87
General and administrative expense	5.46	19.64	20.69
	20.37	**115.00**	**117.55**
OTHER INCOME (CHARGES)			
Interest and other financing charges	(0.89)	(15.61)	(15.35)
Interest income	0.24	2.00	2.00
	(0.65)	(13.61)	(13.35)
PROFIT BEFORE TAX	**45.67**	**1,224.78**	**1,222.84**
INCOME TAX			
Current	—	—	—
NET INCOME	**45.67**	**1,224.78**	**1,222.84**
Distribution adjustments(6)	(19.02)	(129.82)	(54.53)
DISTRIBUTABLE INCOME	**26.65**	**1,094.96**	**1,168.31**
Dividend payout ratio (%)(2)	851%	107%	106%
Dividends(3)	226.73	1,166.38	1,239.72
No. of outstanding shares(4)	6,545.45	6,545.45	6,545.45
Dividends per share	₱ **0.03**	₱ **0.18**	₱ **0.19**
Illustrative price range per share (₱)			
Offer Price	2.55	2.55	2.55
With 5% discount on Offer Price	2.42	2.42	2.42
With 10% discount on Offer Price	2.30	2.30	2.30
Dividend yield (%)(5)			
Offer Price	1.4%	7.0%	7.4%
With 5% discount on Offer Price	1.4%	7.4%	7.8%
With 10% discount on Offer Price	1.5%	7.8%	8.3%

Notes:

(1) The Profit Forecast and Profit Projection prepared by the Company pertain to the Properties as of the date of this REIT Plan, and the Bulacan Property and the South Cotabato Property, both of which are intended to be acquired by the Company following the Offer.

(2) Dividend payout ratio is derived by dividing dividends by full year distributable income.

(3) *The dividends for the Forecast Period 2021 will be distributed to Shareholders, including investors in the Offering. Forecasted and projected dividends are based on adjusted funds from operations (“**AFFO**”). Refer to the discussion in the “Dividends” section below for the reconciliation of net income in accordance with PFRS to AFFO.*

(4) *No. of outstanding shares is the 6,545,454,004 common shares as of the Listing Date.*

(5) *Dividend yield is derived by dividing dividends per share by the offer price per share. The number of outstanding shares at the end of Forecast Period 2021, Projection Year 2022, and Projection Year 2023 is equal to 6,545,454,004.*

(6) *Distribution adjustments refer to the straight-line adjustments on lease income.*

ASSUMPTIONS

The Company has prepared the Profit Forecast and Profit Projection on the following assumptions. The Company considers these assumptions to be appropriate and reasonable as at the date of this REIT Plan. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of the Company.

Revenue and Net Profit Contribution of Each Property

The forecast and projected contributions of each of (i) the Properties and (ii) the Bulacan Property and the South Cotabato Property (the “**Properties to be Acquired**”) to the Company’s gross revenue and net profit are as follows:

Contribution to Revenue	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Leased Properties						
Clark Solar Power Plant	46.99	72.6	293.83	21.7	293.76	21.7
Armenia Property	9.68	14.9	58.78	4.3	58.84	4.3
Toledo Property	—	—	369.16	27.3	369.19	27.3
Silay Property	—	—	281.48	20.8	281.78	20.8
Dalayap Property	8.09	12.5	49.46	3.7	49.54	3.7
Properties to be Acquired						
Bulacan Property	—	—	210.08	15.5	210.04	15.5
South Cotabato Property	—	—	90.61	6.7	90.60	6.7
Total	64.77	**100.0%**	1,353.39	**100.0%**	1,353.75	**100.0%**

Contribution to Net Profit	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Leased Properties						
Clark Solar Power Plant	34.59	66.6	219.99	18.1	219.96	18.1
Armenia Property	9.44	18.2	57.26	4.7	57.14	4.7
Toledo Property	—	—	344.81	28.3	344.10	28.3
Silay Property	—	—	265.29	21.8	264.50	21.7
Dalayap Property	7.88	15.2	41.08	3.4	41.11	3.4
Properties to be Acquired						
Bulacan Property	—	—	202.14	16.6	202.15	16.6
South Cotabato Property	—	—	87.16	7.2	87.17	7.2
Total	51.91	**100.0%**	1,217.72	**100.0%**	1,216.13	**100.0%**

The forecast and projected contributions of each of the Properties and the Properties to be Acquired to the Company’s Net Operating Income are set forth in the table below. “**Net Operating Income**” is calculated as revenue and income less costs and expenses (excluding depreciation and amortization).

Contribution to Net Operating Income	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Leased Properties						
Clark Solar Power Plant	46.05	72.7	287.95	21.8	287.89	21.9
Armenia Property	9.44	14.9	57.26	4.3	57.14	4.3
Toledo Property	—	—	358.95	27.2	358.13	27.2

Contribution to Net Operating Income	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Silay Property	—	—	274.20	20.8	273.34	20.7
Dalayap Property	7.88	12.4	48.12	3.6	48.06	3.6
Properties to be Acquired						
Bulacan Property	—	—	204.70	15.5	204.67	15.5
South Cotabato Property	—	—	88.26	6.7	88.26	6.7
Total	63.37	**100.0%**	1,319.43	**100.0%**	1,317.50	**100.0%**

REVENUES AND INCOME

Revenue and income comprise:

- Rental income from the Leased Properties and Properties to be Acquired.

Revenue

The forecast and projected revenues for the Properties and the Properties to be Acquired are as follows:

Contribution to Revenue (excluding revenue not related to the Properties or the Properties to be Acquired)	Forecast Period 2021 (Unaudited)		Projection Year 2022 (Unaudited)		Projection Year 2023 (Unaudited)	
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Leased Properties						
Clark Solar Power Plant	46.99	72.6	293.83	21.7	293.76	21.7
Armenia Property	9.68	14.9	58.78	4.3	58.84	4.3
Toledo Property	—	—	369.16	27.3	369.19	27.3
Silay Property	—	—	281.48	20.8	281.78	20.8
Dalayap Property	8.09	12.5	49.46	3.7	49.54	3.7
Properties to be Acquired						
Bulacan Property	—	—	210.08	15.5	210.04	15.5
South Cotabato Property	—	—	90.61	6.7	90.60	6.7
Total	64.77	**100.0%**	1,353.39	**100.0%**	1,353.75	**100.0%**

The following assumptions have been made by the Company to projected revenue:

Rental Income

- Rental Income presented above includes the effect of straight-line basis of accounting over the lease term, in compliance with PFRS 16. In computing the straight-line basis, the Company only considers the guaranteed base lease but not the variable lease arrangements with its lessees. The guaranteed base lease is based on a three-year historical average of the plant generation output multiplied by the tariff rate, while variable lease amounts represents 50% of the excess of the base revenue. For Forecast Period 2021, Projection Year 2022 and Projection Year 2023, the Company recognized adjustments from straight-line method of ₱19.02 million (increase), ₱129.82 million (increase) and ₱54.53 million (increase), respectively.

- 100% of Rental Income (exclusive of straight-line rent) for the Forecast Period 2021, Projection Year 2022 and Projection Year 2023 are based on executed contract of leases as of the date of the REIT Plan. The terms of the lease contracts range from 18 to 25 years.

- Rental Income represents the sum of a Guaranteed Base Lease and Variable Lease. The "**Guaranteed Base Lease**" is the basic lease payment accruing to the lessee that the lessor will receive independent of the lessee's solar power plant performance for the lease period. The Guaranteed Base Lease is paid every month and is divided equally for the year. The schedule of the Guaranteed Base Lease are as follows:

Lease Period	Guaranteed Annual Base Lease (₱ Amount)							
	Clark Solar Power Plant	Silay Property	Toledo Property	Armenia Property	Dalayap Property	Bulacan Property	South Cotabato Property	Total
Year 2021	42,817,389.58			8,195,034.72	7,121,859.65			58,134,283.95
Year 2022	266,167,738.93	241,740,881.42	338,504,047.09	50,427,256.99	44,133,874.96	176,564,860.57	77,872,875.00	1,195,411,534.96
Year 2023	265,110,170.15	278,753,682.54	365,626,040.95	56,238,358.80	48,609,330.53	174,700,619.57	77,434,277.82	1,266,472,480.36
Year 2024	269,528,035.43	278,901,498.28	366,081,804.13	56,234,124.23	48,598,578.38	177,876,944.71	78,725,963.65	1,275,946,948.81
Year 2025	274,337,464.45	280,102,516.91	367,900,562.12	56,444,239.52	48,775,771.85	181,297,299.10	80,126,010.58	1,288,983,864.53
Year 2026	279,236,197.56	281,305,755.02	369,724,709.72	56,654,589.14	48,952,988.12	184,784,272.37	81,555,708.59	1,302,214,220.52
Year 2027	284,238,793.51	282,511,338.13	371,554,449.25	56,865,195.19	49,130,243.71	188,339,649.90	83,015,851.31	1,315,655,521.00
Year 2028	289,335,652.84	283,719,392.98	373,389,985.22	57,076,079.98	49,307,555.20	191,965,268.67	84,507,255.25	1,329,301,190.14
Year 2029	294,566,775.24	284,930,047.52	375,231,524.36	57,287,265.98	49,484,939.35	195,663,018.68	86,030,760.53	1,343,194,331.66
Year 2030	299,897,964.58	286,143,430.94	377,079,275.69	57,498,775.88	49,662,413.00	199,434,844.65	87,587,231.52	1,357,303,936.26
Year 2031	305,344,628.73	287,359,673.73	378,933,450.51	57,710,632.57	49,839,993.14	203,282,747.54	89,177,557.58	1,371,648,683.80
Year 2032	310,896,930.12	288,578,907.63	380,794,262.48	57,922,859.14	50,017,696.89	207,208,786.24	90,802,653.80	1,386,222,096.30
Year 2033	316,596,934.32	289,801,265.71	382,661,927.67	58,135,478.89	50,195,541.48	211,215,079.32	92,463,461.79	1,401,069,689.18
Year 2034	322,409,080.25	291,026,882.40	384,536,664.54	58,348,515.32	50,373,544.31	215,303,806.76	94,160,950.41	1,416,159,443.99
Year 2035	328,349,715.39	292,255,893.45	386,418,694.06	58,561,992.16	50,551,722.90	219,477,211.80	95,896,116.62	1,431,511,346.38
Year 2036	327,008,248.82	293,488,436.03	388,308,239.70	58,775,933.35	50,730,094.90	218,806,020.22	95,481,995.82	1,432,598,968.84
Year 2037	325,669,002.23	294,724,648.71	390,205,527.49	58,990,363.07	50,908,678.11	218,135,524.22	95,068,295.89	1,433,702,039.72
Year 2038	324,331,899.74	295,964,671.49	392,110,786.06	59,205,305.71	51,087,490.49	217,465,661.94	94,654,991.15	1,434,820,806.58
Year 2039	242,247,648.52	297,208,645.84	394,024,246.71	59,420,785.90	51,266,550.13	216,796,370.78	94,242,055.66	1,355,206,303.54
Year 2040		248,713,928.93	395,946,143.41	59,636,828.50	42,871,562.74	216,127,587.46	93,829,463.18	1,057,125,514.22
Year 2041			165,781,963.70	59,853,458.63		215,459,247.99	93,417,187.19	534,511,857.51
Year 2042				60,208,762.10		208,772,134.41	93,080,254.25	362,061,150.76
Year 2043				60,398,610.45		207,706,567.29	92,633,657.38	360,738,835.12
Year 2044				60,589,123.12		206,641,247.57	92,187,295.65	359,417,666.34
Year 2045				60,780,326.23		205,576,108.26	91,741,141.32	358,097,575.81
Year 2046				50,810,205.14		204,511,081.58	91,295,166.36	346,616,453.08

- The "Variable Lease" is the additional lease payment accruing to the lessor based on 50% of the incremental revenue in excess of the agreed base lease revenue of the lessee.

- The agreed base lease revenue of the lessee is the trailing 3-year historical average for the lessee's power generation revenue, calculated by multiplying the 3-year historical average of the respective solar plant's net generation output (measured in kilowatt hours ("kWh")) by the 3-year historical average selling price to customers (measured in ₱ per kWh). Set out in the table below is the base revenue of each of the Properties:

Power Generation Revenue

Period	Clark Property	Silay Property	Toledo Property	Armenia Property	Dalayap Property	Bulacan Property	South Cotabato Property
Year 2018	260,381,466	246,040,721	353,970,173	52,831,132	45,669,451	172,367,787	76,643,951
Year 2019	248,010,727	291,955,925	487,396,912	72,302,896	66,100,866	175,528,470	77,097,825
Year 2020	269,076,808	292,140,607	277,068,169	50,984,582	45,377,607	196,940,720	88,771,597
Average (₱)...	**259,156,334**	**276,712,418**	**372,811,751**	**58,706,203**	**52,382,641**	**181,612,326**	**80,837,791**

- The Variable Lease is determined at the end of the year and is payable 30 days thereafter. The schedule of the base revenue of the lessees are as follows:

Lease Period	Annual Base Revenue (₱ Amount)							
	Clark Solar Power Plant	Silay Property	Toledo Property	Armenia Property	Dalayap Property	Bulacan Property	South Cotabato Property	Total
Year 2021	48,976,026.64			9,884,214.44	8,749,206.75			67,609,447.83
Year 2022	302,004,602.41	292,383,257.09	400,832,004.16	61,552,344.41	54,686,553.62	202,757,361.14	89,957,162.04	1,404,173,284.87
Year 2023	300,796,584.00	333,380,059.54	430,655,389.77	67,918,019.26	59,608,702.01	201,946,331.70	89,597,333.40	1,483,902,419.68
Year 2024	305,430,485.49	333,373,179.84	430,646,502.68	67,916,617.69	59,607,471.91	205,057,402.29	90,977,619.07	1,493,009,278.97
Year 2025	310,458,710.54	334,502,484.88	432,105,322.09	68,146,685.92	59,809,392.83	208,433,210.59	92,475,360.67	1,505,931,167.52
Year 2026	315,597,515.33	335,639,293.40	433,573,834.38	68,378,282.81	60,012,655.37	211,883,259.00	94,006,040.31	1,519,090,880.60
Year 2027	320,849,819.41	336,783,820.92	435,052,317.97	68,611,452.25	60,217,298.09	215,409,507.62	95,570,527.62	1,532,494,743.88
Year 2028	326,218,625.83	337,936,285.54	436,541,054.58	68,846,238.68	60,423,359.96	219,013,972.64	97,169,717.12	1,546,149,254.35
Year 2029	313,318,190.16	339,096,907.98	438,040,329.34	69,082,687.07	60,630,880.46	222,698,727.90	98,804,528.92	1,541,672,251.83
Year 2030	337,318,190.16	340,265,911.62	439,550,430.82	69,320,842.92	60,839,899.53	226,465,906.67	100,475,909.47	1,574,237,091.19
Year 2031	343,055,394.09	341,443,522.57	441,071,651.07	69,560,752.30	61,050,457.60	230,317,703.36	102,184,832.38	1,588,684,313.37
Year 2032	348,921,997.70	342,629,969.67	442,604,285.74	69,802,461.82	61,262,595.57	234,256,375.35	103,932,299.17	1,603,409,985.02
Year 2033	354,921,459.83	343,825,484.58	444,148,634.08	70,046,018.70	61,476,354.89	238,284,244.79	105,719,340.10	1,618,421,536.97
Year 2034	361,057,338.70	345,030,301.82	445,704,999.03	70,291,470.69	61,691,777.47	242,403,700.57	107,547,015.06	1,633,726,603.34
Year 2035	367,333,294.82	346,244,658.81	447,273,687.28	70,538,866.18	61,908,905.76	246,617,200.28	109,416,414.39	1,649,333,027.52
Year 2036	365,863,961.64	347,468,795.90	448,855,009.32	70,788,254.12	62,127,782.75	245,630,731.48	108,978,748.74	1,649,713,283.95
Year 2037	364,400,505.79	348,702,956.46	450,449,279.53	71,039,684.09	62,348,451.94	244,648,208.55	108,542,833.74	1,650,131,920.10
Year 2038	362,942,903.77	349,947,386.91	452,056,816.23	71,293,206.31	62,570,957.40	243,669,615.72	108,108,662.41	1,650,589,548.75
Year 2039	271,118,349.12	351,202,336.77	453,677,941.74	71,548,871.60	62,795,343.74	242,694,937.25	107,676,227.76	1,560,714,007.98
Year 2040		293,723,382.25	455,312,982.46	71,806,731.43	52,518,046.79	241,724,157.50	107,245,522.85	1,222,330,823.28
Year 2041			190,400,945.39	72,066,837.94		240,757,260.87	106,816,540.75	610,041,584.95
Year 2042				72,329,243.92		239,794,231.83	106,389,274.59	418,512,750.34
Year 2043				72,594,002.84		238,835,054.90	105,963,717.49	417,392,775.23
Year 2044				72,861,168.85		237,879,714.68	105,539,862.62	416,280,746.15
Year 2045				73,130,796.82		236,928,195.82	105,117,703.17	415,176,695.81
Year 2046				61,169,118.58		235,980,483.04	104,697,232.36	401,846,833.98

COSTS AND EXPENSES

Costs and expenses consist of direct operating expenses and general and administrative expenses.

Direct Operating Expenses

	Forecast Period 2021	Projection Year 2022	Projection Year 2023
		(Unaudited) ₱ millions	
Depreciation and amortization	9.42	71.41	71.41
Fund management fee	1.37	5.99	6.36
Property management fee	4.12	17.96	19.09
	14.91	**95.36**	**96.87**

Brief descriptions of the assumptions which have been considered in calculating the direct costs are as follows:

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Solar plant and equipment useful life is up to 30 years whereas substantiation and transmission lines have useful lives of up to 15 years.

Amortization mainly relates to right-of-use assets which are amortized equally within the lease contract duration. Right-of-use assets are recognized at the present value of the lease payment, discounted using the Company's incremental borrowing rate, which is equivalent to lease liabilities, adjusted for any accrued rent or advance payments.

Rental payments on the Company's leased land are presented based on PFRS 16 as amortization on right-of-use assets and interest expense on lease liabilities. Rental payments pertains to the land lease where the Clark Solar Power Plant, the Toledo Property, the Silay Property, and Dalayap Property are located.

	Lessor	Rental rate
Clark Property	Clark Development Corporation	₱140,000.00 per annum with 10% escalation starting on the 4th year and compounded every 3 years thereafter
Toledo Property	Leavenworth Development, Inc.	₱6,000,000 per annum with a 12% escalation every five years
Silay Property	Claudio Lopez, Inc.	₱98,925.63 / hectare per annum with 2% annual escalation
Dalayap Property	Ma. Paula Cecilia David and Juan Francisco David;	₱205,333.34 / month; starting November 1, 2026 - ₱225,867.77 / month
	Benigno David and Vivencio Romero, Jr.	₱172,333.34 / month; Starting on November 1, 2026 - ₱189,566.67 / month

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Guaranteed Base Lease, exclusive of value-added taxes (the "**Management Fee**").

The Fund Manager shall likewise be entitled to (i) an acquisition fee of 0.5% of the acquisition price of every acquisition made, exclusive of value-added taxes, and (ii) a divestment fee of 0.5% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of (x) fees paid under the Property Management Agreement, and (y) the Management Fee, acquisition fee, and divestment fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1% of the Net Asset Value of the properties under management.

In computing the Fund Management Fee, the formula to be used shall be as follows:

Fund Management Fee = (0.5% x Guaranteed Base Lease)

+ (0.5% x acquisition price, for every acquisition, if applicable)

+ (0.5% x sales price for every property divested, if applicable)

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Guaranteed Base Lease, provided that total of such fee (the "**Property Management Fee**") and the Fund Management Fee and shall not exceed 1% of the Net Asset Value of the properties being managed.

Property Management Fee = Guaranteed Base Lease x 1.50%

General and Administrative Expenses

	Forecast Period 2021	Projection Year 2022	Projection Year 2023
		(Unaudited) ₱ millions	
Professional fees...	1.00	1.00	1.04
Board fee..	1.60	6.40	6.66
Taxes and licenses..	2.86	12.24	12.99
	5.46	19.64	20.69

Assumptions considered in calculating the operating expenses and general and administrative expenses are as follows:

Professional fees

This represents recurring expenses such as audit fees, tax and legal fees, and other expenses. This are based on prevailing rates and is adjusted for inflation at a rate of 4.0% per annum.

Board fees

This represents per diem fees of directors and are based on prevailing rates and is adjusted for inflation at a rate of 4.0% per annum.

Taxes and licenses

This represents payments to government with respect to business registration with BIR and local government, as well payment of local business, usually based on a percentage gross receipts.

OTHER INCOME (CHARGES)

Interest income

Interest income consists of interest earned from cash and cash equivalents based on an assumed 2% interest rate.

Interest expense and other financing charges

Interest expense pertains to accretion cost on the balance of lease liabilities with reference to the incremental borrowing rates.

PROVISION FOR (BENEFIT FROM) INCOME TAX

The income from leased property will be taxed at 25% after the Company pays off dividends as a percentage of distributable income. For Forecast Period 2021, Projection Year 2022 and Projection Year 2023, the Company will be paying out more than 100% of its Distributable Income as dividends. The Company will be able to deduct dividend distributions from its taxable income pursuant to the implementing rules and regulations of the REIT Law. Please see "*Regulatory and Environmental Matters*" for more information.

CAPITAL EXPENDITURE

Capital expenditure incurred is expected to be capitalized as part of the Deposited Property. The Company does not forecast any significant capital expenditure for Forecast Period 2021, Projection Year 2022 or Projection Year 2023. Capital expenditure will come from future injection of land or properties used for harnessing power or both based on the investment plan of the Company.

Annual repairs and maintenance expenses related to the Company's Clark Solar Power Plant will be borne by CREC as the operator of the plant. Management does not foresee major renovations and improvements in the next five (5) years.

DIVIDENDS

Funds from operations ("**FFO**") is equal to net income, excluding gains or losses from sales of property, and adjusted by adding back non-cash expenses such as the effect of straight-line adjustment on rental income based on PFRS 16, depreciation of property, plant and equipment, and amortization of right-of-use assets. Adjusted funds from operations ("**AFFO**") is calculated by subtracting from FFO the recurring capital expenditures that are capitalized by the Company and then amortized, but which are necessary to maintain the Company's properties and its revenue stream. "**Recurring capital expenditure**" comprises capital expenditures required for maintenance including major repairs, overhauls, and major replacement parts for equipment. Capital expenditures are spending for acquisition or major maintenance that will preserve, improve or prolong the useful life of an existing asset.

The Company believes that the use of FFO and AFFO, combined with the required PFRS presentations, improves the understanding of the Company's operating results among investors. AFFO is an important measurement because the Company's leases generally have contractual escalations of base rents that are not directly observable in the Company's statements of total comprehensive income due to application of straight-line method of recognizing rental income. Non-cash expenses such as depreciation on property, plant and equipment and amortization of right-of-use assets are added while capital expenditures on existing investment properties are deducted in the calculation of AFFO. Hence, the Company believes that AFFO provides a better measure of its dividend-paying capability.

AFFO should not be considered as an alternative to cash flows from operating activities (calculated pursuant to PFRS) as an indicator of the Company's liquidity.

	Forecast Period 2021[1] (Unaudited)	Projection Year 2022[1] (Unaudited)	Projection Year 2023[1] (Unaudited)
		(₱ millions)	
Net income	45.67	1,224.78	1,222.84
Distribution adjustments[2]	(19.02)	(129.82)	(54.53)
Distributable Income	26.65	1,094.96	1,168.31
Depreciation and amortization	9.42	71.41	71.41
Funds from operations (FFO)	36.07	1,166.38	1,239.72
Capital expenditures on existing investment properties and intangible assets	—	—	—
Adjusted funds from operations (AFFO)	36.07	1,166.38	1,239.72

	Forecast Period 2021[1] (Unaudited)	Projection Year 2022 (Unaudited)	Projection Year 2023 (Unaudited)
		(₱ millions except %)	
AFFO from January 1 to October 31, 2021	247.35	—	—
AFFO	**283.42**	**1,166.38**	**1,239.72**
AFFO payout ratio	80%	100%	100%
Dividends[3]	**226.73**	**1,166.38**	**1,239.72**
Distributable Income	137.69	1,094.96	1,168.31
In excess of Distributable Income	89.04	71.41	71.41
Dividends as a percentage of Distributable Income[4]	**165%**	**107%**	**106%**

Notes:

(1) Forecast Period 2021 assumes that the Company is listed starting February 17, 2022.

(2) Distribution adjustments refer to the straight-line adjustments on lease income.

(3) Dividends are derived by multiplying AFFO by their respective payout ratio.

(4) Dividends as percentage of Distributable Income are derived by dividing dividends by Distributable Income.

The REIT Law expects a REIT to distribute annually a total of at least 90% of its Distributable Income. For avoidance of doubt, the Company will declare the dividends for the financial year 2021 after the Listing Date. Shareholders, including investors in the Offering, will be entitled to dividends that have accrued as of the record date of the dividend declaration, provided that such Shareholders remain shareholders of record as of such date.

ACCOUNTING STANDARDS

The Company has adopted the Philippine Financial Reporting Standards (“**PFRS**”).

The Company assumes that the change in applicable accounting standards or other financial reporting requirement will not have a material effect on the Profit Forecast and Profit Projection. Significant accounting policies adopted by the Company in the preparation of the Profit Forecast and Profit Projection are set out in the audited financial statements of the Company as of and for the year ended December 31, 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021.

OTHER ASSUMPTIONS

The Company has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- For the Forecast Period 2021, Projection Year 2022 and Projection Year 2023, the Company assumed that it will purchase the land in Bulacan and South Cotabato from Citicore Solar Bulacan and Citicore Solar Cotabato, respectively, and enter into lease agreement with the same entities effective January 1, 2022. Other than this, the Company did not assume acquisition of new property for the Forecast Period 2021, Projection Year 2022 and Projection Year 2023.

- For the Forecast Period 2021, Projection Year 2022 and Projection Year 2023, the Company used the terms and conditions of its existing land lease contracts.

- Except for the Properties to be Acquired, The Company did not assume acquisition of new property for the Forecast Period 2021, Projection Year 2022 and Projection Year 2023.

- The fair values of the property portfolio remain unchanged for the Forecast Period 2021, Projection Year 2022 and Projection Year 2023.

- There will be no pre-termination of any leases (unless notice has already been given).

- There will be no change in the applicable tax legislation, other applicable legislation, or regulatory or juridical interpretation of the same for the Forecast Period 2021, Projection Year 2022 and Projection Year 2023, except as disclosed.

- All leases and licenses are enforceable and will be performed in accordance with their terms during the Forecast Period 2021, Projection Year 2022 and Projection Year 2023.

SENSITIVITY ANALYSIS

The forecast and projected distributions included in this REIT Plan are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in the section "*Risk Factors*".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this REIT Plan are to be expected. To assist investors in assessing the impact of these assumptions on the Profit Forecast and Profit Projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown. The results of the sensitivity analyses below are based on an assumed Offer Price of ₱2.55 per share.

Revenues

Changes in revenues will impact the net income of the Company and consequently, the dividend yield. The assumptions for revenues have been set out earlier in this section. The effect of variations in revenues on the dividend yield is set out below:

	Dividend yield pursuant to changes in revenues		
	Forecast Period 2021	**Projection Year 2022**	**Projection Year 2023**
		(%)	
5.0% above base case	1.62%	7.00%	7.44%
Base case	1.62%	6.99%	7.43%
5.0% below base case	1.62%	6.98%	7.42%

Costs and Expenses

Changes in costs and expenses will impact the net income of the Company and consequently, the dividend yield. The assumptions for costs and expenses have been set out earlier in this section. The effect of variations in the costs and expenses on the dividend yield is set out below:

	Dividend yield pursuant to changes in Cost and Expenses		
	Forecast Period 2021	**Projection Year 2022**	**Projection Year 2023**
		(%)	
5.0% above base case	1.65%	7.02%	7.46%
Base case	1.62%	6.99%	7.43%
5.0% below base case	1.59%	6.95%	7.39%

DETERMINATION OF THE OFFER PRICE

The Offer Price has been set at ₱2.55 per Offer Share. The Offer Price will be determined through a bookbuilding process and discussions among the Company, the Selling Shareholder and the Joint Global Coordinators and International Bookrunners. Since the Shares have not been listed on any stock exchange, there has been no market price for Shares derived from day-to-day trading.

The factors considered in determining the Offer Price included, among others, the Company's ability to generate earnings and cash flow, the Company's short-and long-term prospects, the level of demand from institutional investors, overall market conditions at the time of launch of the Offer, and the market price of comparable listed companies, and the dividend yields of comparable listed REIT companies in the Philippines. The Offer Price does not have any correlation to the book value of the Offer Shares.

CAPITALIZATION

The following table sets out the Company's capitalization and indebtedness as of September 30, 2021 on an actual basis, and (i) as adjusted to give pro forma effect to the REIT Formation Transactions, and (ii) as adjusted to give effect to the Offer at an Offer Price. The table should be read in conjunction with the Company's audited financial statements, unaudited pro forma financial information, and the notes thereto included in this REIT Plan. Other than as described below, there has been no material change in the Company's capitalization since September 30, 2021.

	As of September 30, 2021					
	Actual[3]		As adjusted to give pro forma effect to the REIT Formation Transactions		As adjusted to give effect to the REIT Formation Transactions and the Offer	
	₱	U.S.$[1]	₱	U.S.$[1]	₱	U.S.$[1]
	(in millions)					
	(Unaudited)					
INDEBTEDNESS						
Trade and other payable	39	1	1	—	1	—
Income tax payable	—	—	148	3	148	3
Lease liabilities	51	1	228	4	228	4
Due to related parties	163	3	163	3	163	3
Deferred tax liability	—	—	377	7	377	7
Total Indebtedness	**253**	**5**	**917**	**17**	**917**	**17**
EQUITY						
Capital stock	540	11	1,375	27	1,636	32
Additional Paid-in Capital	—	—	2	—	2,411	47
Deposit for Future Subscription	837	16	—	—	—	—
Retained earnings	144	3	2,600	51	2,600	51
Total Equity	**1,521**	**30**	**3,977**	**78**	**6,647**	**130**
TOTAL CAPITALIZATION[2]	**1,774**	**35**	**4,894**	**95**	**7,564**	**147**

Notes:

(1) The translation of Philippine Peso amounts into U.S. dollars is provided for convenience only and is unaudited. Amounts in Philippine Pesos were converted to U.S. dollars using the BSP Daily Reference Exchange Rate as of September 30, 2021 of U.S.$1.00=₱50.96. See "Exchange Rates."

(2) Total capitalization is calculated as the sum of total indebtedness and total equity.

(3) Figures are based on the historical audited financial statements of the Company as of September 30, 2021.

NET ASSET VALUE

The following table shows the Company's computation of (i) the Net Asset Value per share, (ii) the Net Asset Value per share as adjusted to give effect to the REIT Formation Transactions, and (iii) the Net Asset Value after giving effect to the REIT Formation Transactions and the Offer.

The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities. Net Asset Value per share shall be computed by dividing Net Asset Value by the total outstanding shares of the Company.

The following table should be read in conjunction with the Company's audited financial statements, unaudited pro forma financial information, and the notes thereto included in this REIT Plan.

	As of September 30, 2021		
	Actual[1]	**As adjusted to give effect to the REIT Formation Transactions**	**As adjusted to give effect to the REIT Formation Transactions and the Offer**
	(₱ millions, except number of shares and per share value) (Unaudited)		
Cash and cash equivalents	77	1,548	1,548
Trade and other receivables	41	1,568	1,568
Prepayments and other current assets	28	17	17
Property, plant and equipment - net	1,346	1,346	3,030[2]
Investment properties	235	235	4,223[2]
Right-of-use assets - net	38	179	6,971[2]
Other noncurrent assets	9	2	2
Total Assets	**1,773**	**4,895**	**17,359**
Trade and other payables	39	—	—
Income tax payable	—	148	148
Lease liabilities – current portion	—	9	9
Due to related parties	163	163	163
Lease liabilities net of current portion	51	220	220
Deferred tax liabilities	—	377	377
Total Liabilities	**253**	**917**	**917**
Net Asset Value	**1,521**	**3,978**	**16,442**
Issued and outstanding Common Shares (millions)	2,160	5,498	6,544
Net asset value per share	₱ 0.70	₱ 0.72	₱ 2.51

Notes:

(1) Figures are based on the historical audited financial statements of the Company as of September 30, 2021.

(2) Property, plant and equipment, right of use assets and investment properties were adjusted to fair values based on the independent property valuation report of Cuervo Appraisers.

DILUTION

Each investor should be aware that if it invests in the Offer Shares, its interest will be diluted in each Offer Share to the extent of the difference between the offer price per Offer Share and the Company's net asset value per Share after the Offer. As of September 30, 2021, the Company's Net Asset Value per Share was ₱0.70, with a pro forma Net Asset Value per Share (the "**Pro Forma Net Asset Value per Share**") of ₱0.72 after the REIT Formation Transactions. The Net Asset Value is computed by reflecting the fair market values of total assets and investible funds held by the Company, less total liabilities.

After giving effect to the sale of the Firm Shares (at an Offer Price of ₱2.55), and after deducting estimated discounts, commissions, fees and expenses of the Offer, the Pro Forma Net Asset Value per Share would be ₱2.51 per Offer Share. At the Offer Price of ₱2.55, the Offer Shares will be purchased at a premium of ₱0.04 to the Pro Forma Net Asset Value per Share.

The following table illustrates the dilution on a per Share basis based on an Offer Price of ₱2.55 per Offer Share, assuming full exercise of the Over-allotment Option. The Over-allotment Option will not result in any dilution on a per Share basis, as all Option Shares are being offered by the Selling Shareholder.

Offer Price per Offer Share	₱	2.55
Pro Forma Net Asset Value per Share as of September 30, 2021	₱	0.72
Pro Forma Net Asset Value per Share as adjusted after the Offer	₱	2.51
Dilution to investors in the Offer	₱	0.04

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer, assuming full exercise of the Over-allotment Option.

	Number of Shares	%
Existing shareholders	4,036,362,004	61.7
New investors	2,509,092,000	38.3
Total	6,545,454,004	100.0

The following table sets out the shareholdings, and percentage of Shares outstanding, of existing and new shareholders of the Company immediately after completion of the Offer, assuming the Over-allotment Option is not exercised:

	Number of Shares	%
Existing shareholders	4,363,635,004	66.7
New investors	2,181,819,000	33.3
Total	6,545,454,004	100.0

See "*Risk Factors – Risks Relating to the Offer Shares and an Investment in the Company – Future sales of Shares in the public market may adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings*" and *"—Investors may incur immediate and substantial dilution as a result of purchasing Shares in the Offer*" in this REIT Plan.

EFFECTS OF THE CHANGE IN PAR VALUE AND CONVERSION OF LOANS PAYABLE INTO EQUITY ON THE FINANCIAL STATEMENTS OF THE COMPANY

On March 12, 2021, the Company's shareholders, approved amendments to its Articles of Incorporation which included (i) reclassification of all its shares of stock into common shares with a par value of ₱1.00 per common share (the "**Share Reclassification**"), and (ii) a reduction of the par value of its Shares from ₱1.00 per common share to ₱0.25 per common share (which resulted in each existing common share with a par value of ₱1.00 being converted into four common shares with a par value of ₱0.25) (the "**Stock Split**"). On May 25, 2021, the Company's shareholders also approved an amendment of the Articles of Incorporation to increase the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share. The reclassification of the Company's shares and the Stock Split were approved by the Philippine SEC on May 31, 2021, and the increase in the Company's authorized capital stock was approved by the Philippine SEC on October 12, 2021.

The reclassification of the Company's shares of stock into common shares with a par value of ₱1.00 per common share and the change in par value of the Company's Shares from ₱1.00 per common share to ₱0.25 per common share will have no impact in the financial position and income generation of the Company. The assets, liabilities, equity and income statements will remain the same in terms of absolute Peso values. The impact of the change in par value will be on metrics that are computed on a per share basis, such as book value per share and earnings per share, as illustrated in the table below. The table below should be read together with the Company's financial statements as of September 30, 2021, included in this REIT Plan.

	As of September 30, 2021					
	Original Par Value		As Adjusted to Give Effect to the Share Reclassification		As Further Adjusted to Give Effect to the Stock Split	
	No. of Shares	Amount (₱)	No. of Shares	Amount (₱)	No. of Shares	Amount (₱)
Authorized capital stock						
Common A	7,291,011	7,291,011	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50
Common B	4,856,985	65,569,298	—	—	—	—
Redeemable Preferred Shares A	1,729,922	46,707,894	—	—	—	—
Redeemable Preferred Shares B	1,153,448	420,431,796	—	—	—	—
Issued and outstanding capital stock						
Common A	7,291,011	7,291,011	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50
Common B	4,856,985	65,569,298	—	—	—	—
Redeemable Preferred Shares A	1,729,922	46,707,894	—	—	—	—
Redeemable Preferred Shares B	1,153,448	420,431,796	—	—	—	—
Additional subscription	—	—	—	—	—	—
Total subscribed capital stock						
Common A	7,291,011	7,291,011	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50
Common B	4,856,985	65,569,298				
Redeemable Preferred Shares A	1,729,922	46,707,894				
Redeemable Preferred Shares B	1,153,448	420,431,796				
Stockholders' equity	N/A	683,742,413	N/A	683,742,413	N/A	683,742,413
Book value per share(1)	N/A	56.28	N/A	1.27	N/A	0.32
Net income	N/A	118,586,795	N/A	118,586,795	N/A	118,586,795
Basic earnings per share(2)	N/A	9.76	N/A	0.22	N/A	0.05

Notes:

(1) Book value per share is computed by dividing stockholders' equity by total subscribed capital shares of stock.

(2) Basic earnings per share is computed by dividing net income by total subscribed capital shares of stock.

	As of September 30, 2021					
	Original Par Value of ₱1.00 (As Adjusted to Give Effect to the Share Reclassification)		As Adjusted to Give Effect to the Stock Split		As Further Adjusted to Give Effect to the Increase in Capital Stock	
	No. of Shares	Amount (₱)	No. of Shares	Amount (₱)	No. of Shares	Amount (₱)
Authorized capital stock	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50	15,360,000,000	3,840,000,000.00
Issued and outstanding capital stock	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50	5,498,182,000	1,374,545,500.00
Additional subscription	—	—	—	—	3,338,182,006	834,545,501.50
Total subscribed capital stock	539,999,998.50	539,999,998.50	2,159,999,994	539,999,998.50	5,498,182,000	1,374,545,500.00
Stockholders' equity	N/A	683,742,413	N/A	683,742,413	N/A	1,520,752,981
Book value per share(1)	N/A	1.27	N/A	0.32	N/A	0.28
Net income	N/A	118,586,795	N/A	118,586,795	N/A	118,586,795
Basic earnings per share(2)	N/A	0.22	N/A	0.05	N/A	0.02

Of the total increase in capital stock, CREC subscribed to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63, at a subscription price of ₱0.25103 per share for a total subscription price of ₱602,465,065.63 (the "**Conversion of Advances**"). The payment for the subscription was recorded as deposit for future subscription as of May 26, 2021. In addition, CREC and Citicore Tarlac 1 will subscribe to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (the "**Property-for-Share-Swap**"). The Philippine SEC approved the application for the increase in authorized capital stock on October 12, 2021 after which the said deposit for future subscription was converted into capital stock thereby increasing CREC's shareholdings in the Company from 2,159,999,994 common shares with a par value of ₱0.25 per common share to 4,579,461,136 common shares and Citicore Tarlac 1's shareholdings to 918,720,864 common shares for a total of 5,498,182,000 common shares with a par value of ₱0.25 per common share.

The effect of the Conversion of Advances and Property-for-Share Swap, increased the Company's equity by ₱837 million and reduced its liabilities by ₱602 million. The following table sets forth the Company's selected financial information as of September 30, 2021. The pro forma information is presented only to show the effect had the loans not been assigned to the Sponsor and had there been no subscription by the Sponsor. This information is not reflected in the financial statements of the Company as presented elsewhere in this REIT Plan. The tables should be read in conjunction with the Company's financial statements as of September 30, 2021 and notes thereto, included in the REIT Plan.

	As of and or the nine months ended September 30, 2021		
	Audited	**As Adjusted to Show Effect if Sponsors did not Subscribe**	**Movement**
		₱ millions	
Current assets	146	146	—
Non-current assets	1,628	1,393	235(a)
Total assets	1,773	1,539	235
Current liabilities	133	168	(35)(b)
Non-current liabilities	119	687	(567)(b)
Total liabilities	252	855	(602)(c)
Capital stock	540	540	—
Additional paid-in capital	—	—	—
Deposit for future subscription	837	—	837(c)
Retained earnings (beginning)	25	25	—
Net income for the period	119	119	—
Stockholders' equity	1,521	684	837
Total liabilities and equity	1,773	1,539	235

	As of September 30, 2021	
	Actual	**As Adjusted to Show Effect if Sponsors did not Subscribe**
Issued shares before stock split (millions)	540	540
Book value per share (₱)	2.82	1.27
Earnings per share (₱)	0.22	0.22
Issued shares after stock split (millions)	2,160	n/a
Book value per share (₱)	0.70	n/a
Earnings per share (₱)	0.05	n/a
Current ratio	1.09	0.87
Solvency ratio	0.65	0.19
Debt-to-equity ratio	0.17	1.25
Asset-to-equity ratio	1.17	2.25

	As of September 30, 2021	
	Actual	As Adjusted to Show Effect if Sponsors did not Subscribe
Interest rate coverage ratio	3.67	3.67
Return to revenue	0.62	0.62
Long-term debt to equity ratio	—	0.88
EBITDA to total interest paid	4.82	4.82

Notes on the nature of movements:

(a) *property-for-share swap at ₱235 million.*

(b) *principal amortization on the ₱979 million loans, up to December 31 2021, for 12 years, or until December 8, 2028.*

(c) *portion of the loan value amount of ₱602 million and the asset for share swap at ₱235 million is recorded as deposit for future subscription due to assignment.*

Notes on the computation of the foregoing ratios:

	As of September 30, 2021	
	Actual	As Adjusted to Show Effect if Sponsor did not Subscribe
Formula		
(1) Current Ratio is computed by dividing the total current assets by total current liabilities.	1.09	0.87
Current assets (₱ millions)	146	146
Current liabilities (₱ millions)	133	168
(2) Solvency Ratio is computed by dividing net income plus depreciation and amortization by total liabilities.	0.65	0.19
Net income + depreciation (₱ millions)	165	165
Total liabilities (₱ millions)	252	855
(3) Debt to Equity Ratio is computed by dividing the loans payable by total equity.	0.17	1.25
Debt (₱ millions)	252	855
Stockholders equity (₱ millions)	1,521	684
(4) Asset to Equity Ratio is computed by dividing the total assets by total equity.	1.17	2.25
Assets (₱ millions)	1,773	1,539
Stockholders equity (₱ millions)	1,521	684
(5) Interest Rate Coverage Ratio is computed by dividing income before income tax plus interest expense by interest paid.	3.67	3.67
Income before tax + interest expense (₱ millions)	147	147
Interest paid (₱ millions)	40	40
(6) Earnings per share is computed by dividing net income by the total outstanding shares.	0.05	0.05
Net income (₱ millions)	119	119
no of outstanding shares (millions)	2,160	2,160
(7) Return on Revenue is computed by dividing net income by the total revenue.	0.62	0.62
Net income (₱ millions)	119	119
Total Revenue (₱ millions)	191	191

	As of September 30, 2021	
	Actual	As Adjusted to Show Effect if Sponsor did not Subscribe
Formula		
(8) Long Term Debt-to-Equity Ratio is computed by dividing long-term debt by total equity.	0.05	0.88
Long term debt (₱ millions)	69	602
Stockholders equity (₱ millions)	1,521	684
(9) EBITDA to Total Interest Paid is computed by dividing EBITDA by interest paid	4.82	4.82
EBITDA (₱ millions)	193	193
Interest paid (₱ millions)	40	40
EBITDA or Earnings before Interest, Taxes, Depreciation and Amortization is further computed as follows		
Net Income	119	119
Add (less)		
Interest expense	28	28
Gain on lease liabilities/others	—	—
Depreciation and amortization	46	46
Provision for Income tax	—	—
EBITDA	193	193
(10) Book Value per share is computed by dividing Stockholders Equity by the number of outstanding shares	0.70	0.32
Stockholders equity (₱ millions)	1,521	684
no of outstanding shares	2,160	2,160

PRIOR SUBSCRIPTION BY THE SPONSORS IN THE COMPANY'S COMMON SHARES

On March 12, 2021, the Company's shareholders, approved amendments to its Articles of Incorporation which included the reclassification of all of its shares of stock to common shares with a par value of ₱1.00 per common share and a reduction of the par value of its Shares from ₱1.00 per common share to ₱0.25 per common share (which resulted in each existing common share with a par value of ₱1.00 being converted into four common shares with a par value of ₱0.25) (the "**Stock Split**").

On May 25, 2021, the Company's shareholders approved, among others, an increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share. Of the total increase in capital stock of 13,200,000,006 common shares at par value of ₱0.25 (or ₱3,300,000,001.50), the Sponsors subscribed to 3,338,182,006 Shares for a total subscription price of ₱837,010,567.63 in consideration for the Conversion of Advances and the Property-for-Share Swap.

Sponsor	No of Shares Subscribed	Amount Subscribed (₱)	Amount Paid-Up (₱)	Additional Paid in Capital (₱)	Mode of Payment
CREC......................	2,400,000,000	600,000,000.00	600,000,000.00	2,465,065.63	Conversion of Advances
	19,461,142	4,865,286.00	4,865,286.00	0.00	Property-for-Share Swap
Citicore Tarlac 1	918,720,864	229,680,216.00	229,680,216.00	0.00	Property-for-Share Swap
Total........................	3,338,182,006	834,545,501.50	834,545,501.50	2,465,065.63	

CREC paid a slight premium of ₱0.00103 per share for its subscription to 2,400,000,000 Shares pursuant to the Conversion of Advances, while the Sponsors' subscription to 938,182,006 Shares pursuant to the Property-for-Share Swap were at par value.

	Before the Stock Split	After the Stock Split
Authorized capital stock (shares)	539,999,998.50	2,159,999,994
Paid-up capital stock (shares)..	539,999,998.50	2,159,999,994
Unissued capital stock (shares)	—	—
Par value per share	₱ 1	₱ 0.25
Stockholders' equity as of September 30, 2021	₱ 1,520,752,981	₱ 1,520,752,981
Adjusted equity	1,520,752,981	1,520,752,981
Adjusted book value per share (adjusted equity divided by paid-up capital)..	2.82	2.82

The Stock Split was approved by the Philippine SEC on May 31, 2021, and the increase in the Company's authorized capital stock through the Conversion of Advances and the Property-for-Share Swap were approved by the Philippine SEC on October 12, 2021. Thus, on October 12, 2021, the Sponsors were issued a total of 3,338,182,006 common shares at par with ₱834,545,501.50 paid up, with CREC paying a premium over par value of ₱2,465,065.63 for 2,400,000,000 Shares. This equity infusion by the Sponsors was considered necessary to support the transition of the Company to become a REIT company and to grow the Company's assets and business. After the Philippine SEC approved the application for the increase in the Company's authorized capital stock on October 12, 2021, CREC's shareholdings in the Company increased from 2,159,999,994 common shares (inclusive of shares of the Company's nominees) with a par value of ₱0.25 per common share to 4,579,461,136 common shares with a par value of ₱0.25 per common share, and causing the issuance of 918,720,864 common shares with a par value of ₱0.25 to Citicore Tarlac 1.

The Company's shares issued to the Sponsor are identical in all respects to the Offer Shares, except that the 3,338,182,006 common shares subscribed to by the Sponsors and the four common shares of the independent directors cannot be sold, transferred, or encumbered for one year after the Listing Date as these shares are subject to the 365-day lock-up requirement under the PSE Listing Rules. See "*Plan of Distribution—Lock-Up*" in this REIT Plan. In contrast, the Offer Shares are immediately tradeable by investors from and after the Listing Date.

With its expected status as a public company from and after the Listing Date, the Company has formally adopted and explicitly recognizes that it will be subject to the stringent corporate governance obligations that apply to all PSE listed companies. The election of independent directors are part of such governance obligations and are among the measures that address concerns of minority shareholders as well as other stakeholders. Please see "*Board of Directors and Senior Management—Corporate Governance*" in this REIT Plan for further discussion.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables present summary financial information of the Company. This summary should be read in conjunction with the independent auditor's report and with the financial statements of the Company and notes thereto contained in this REIT Plan, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's summary financial information as of and for the years ended December 31, 2017, 2018, 2019, and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 was derived from the audited financial statements of the Company prepared in accordance with PFRS.

The Company's summary financial information below should not be considered indicative of the results of future operations.

For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2020 and amounts in Pesos as of and for the nine months ended September 30, 2021 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2021 of ₱50.96 = U.S.$1.00. As of January 14, 2022, the Peso was at ₱51.115 against the U.S. dollar.

Statements of Comprehensive Income

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
	₱ thousands (except earnings per Share) (Audited)				**U.S.$ thousands (Unaudited)**
Revenues	270,772	260,381	248,011	269,077	5,280
Cost of services	116,231	139,352	98,376	94,624	1,857
Gross profit	**154,541**	**121,029**	**149,635**	**174,453**	**3,423**
Operating expenses	52,655	47,121	3,387	7,988	157
Income from operations	**101,886**	**73,908**	**146,248**	**166,465**	**3,267**
Other expenses – net	(104,878)	(60,492)	(66,677)	(62,350)	1,224
Income (loss) before income tax	**(2,992)**	**13,416**	**79,571**	**104,115**	**2,043**
Income tax expense	72	—	—	—	—
Net income (loss)	**(3,064)**	**13,416**	**79,571**	**104,115**	**2,043**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**(3,064)**	**13,416**	**79,571**	**104,115**	**2,043**
Basic/Diluted Earnings (Loss) per Share	**(₱ 0.001)**	**₱ 0.01**	**₱ 0.04**	**₱ 0.05**	**N/A**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (except earnings per Share) (Audited)		**U.S.$ thousands (Unaudited)**
Revenues	207,641	190,675	3,742
Cost of services	74,325	51,764	1,016
Gross profit	**133,315**	**138,911**	**2,726**
Operating expenses	(6,923)	17,700	347
Income from operations	**126,392**	**121,211**	**2,379**
Other expenses – net	36,279	2,624	51
Income before income tax	**90,113**	**118,587**	**2,327**
Income tax expense	—	—	—
Net income	**90,113**	**118,587**	**2,327**
Other comprehensive income	—	51	1
Total comprehensive income	**90,113**	**118,638**	**2,328**
Basic/Diluted Earnings per Share	**₱ 0.04**	**₱ 0.05**	**N/A**

Statements of Financial Position

	As of December 31,				
	2017	2018	2019	2020	2020
Current Assets		₱ thousands (Audited)			U.S.$ thousands (Unaudited)
Cash and cash equivalents	185,648	86,794	47,065	71,738	1,408
Trade and other receivables	241,115	63,454	128,630	258,905	5,081
Other current assets	136,690	12,599	11,443	11,601	228
	563,453	162,847	187,138	342,244	6,716
Noncurrent Assets					
Property and equipment - net	1,732,250	1,508,466	1,449,497	1,390,338	27,283
Right-of-use assets - net	—	—	41,811	39,685	779
Other noncurrent assets	614	10,110	8,668	8,975	176
	1,732,864	1,518,576	1,499,976	1,438,998	28,238
Total Assets	**2,296,317**	**1,681,423**	**1,687,114**	**1,781,242**	**34,954**
Current Liabilities					
Trade and other payables	162,977	73,484	78,380	125,610	2,465
Loans payable – current portion	120,192	120,749	120,914	126,446	2,481
Loan payable to a shareholder	278,621	—	—	—	—
Income tax payable.	72	—	—	—	—
Lease liabilities – current portion	—	—	21	294	6
	561,862	194,233	199,315	252,351	4,952
Noncurrent Liabilities					
Loans payable – net of current portion	1,216,865	1,095,265	974,342	909,810	17,853
Due to related parties	140,958	—	—	—	—
Lease liabilities – net of current portion	—	—	51,410	51,061	1,002
Retirement benefit obligation	—	—	—	2,916	57
Other noncurrent liabilities	8,630	10,506	1,057	—	—
	1,366,453	1,105,771	1,026,809	963,787	18,913
Total Liabilities	**1,928,315**	**1,300,004**	**1,226,124**	**1,216,137**	**23,865**
Equity					
Share capital	540,000	540,000	540,000	540,000	10,597
Retained earnings (Deficit)	(171,998)	(158,581)	(79,010)	25,105	493
Total Equity	**368,002**	**381,419**	**460,990**	**565,105**	**11,089**
Total Liabilities and equity	**2,296,317**	**1,681,423**	**1,687,114**	**1,781,242**	**34,954**

	As of September 30,	
	2021	2021
Current Assets	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Cash and cash equivalents	76,764	1,506
Trade and other receivables	40,862	802
Other current assets	27,907	548
	145,533	2,856
Noncurrent Assets		
Property and equipment - net	1,345,970	26,412
Investment properties	234,546	4,603
Right-of-use assets – net	38,091	747
Other noncurrent assets	9,113	179
	1,627,719	31,941
Total Assets	**1,773,252**	**34,797**
Current Liabilities		
Trade and other payables	38,849	762
Due to related parties – current portion	94,053	1,846

Loans payable – current portion	—	—
Loan payable to a shareholder	—	—
Income tax payable.	—	—
Lease liabilities – current portion	317	6
	133,220	2,614
Noncurrent Liabilities		
Loans payable – net of current portion	—	—
Due to related parties – net of current portion	68,522	1,345
Lease liabilities – net of current portion	50,522	991
Retirement benefit obligation	236	5
Other noncurrent liabilities	—	—
	119,279	2,341
Total Liabilities	**252,499**	**4,955**
Equity		
Share capital	540,000	10,597
Deposit for future subscription	837,011	16,425
Other comprehensive income	51	1
Retained earnings	143,692	2,820
Total Equity	**1,520,753**	**29,842**
Total Liabilities and equity	**1,773,252**	**34,797**

Statements of Cash Flows

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
		₱ thousands (Audited)			**U.S.$ thousands (Unaudited)**
Net cash generated from (used in) operating activities	(51,479)	170,275	150,451	119,589	2,347
Net cash used in investing activities	(206)	(38)	(176)	—	—
Net cash provided by (used in) financing activities	(307,275)	(269,924)	(190,005)	(94,916)	(1,863)
Net increase (decrease) in cash and cash equivalents	**(358,961)**	**(99,687)**	**(39,730)**	**24,673**	**484**
Effect of exchange rate on cash	**617**	**833**	—	—	—
Cash and cash equivalents at beginning of year	**543,992**	**185,648**	**86,794**	**47,065**	**924**
Cash and cash equivalents at end of year	**185,648**	**86,794**	**47,065**	**71,737**	**1,408**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (Audited)		**U.S.$ thousands (Unaudited)**
Net cash generated from operating activities	148,032	77,110	1,513
Net cash used in investing activities	—	—	—
Net cash provided by (used in) financing activities	(93,653)	(72,083)	(1,414)
Net increase (decrease) in cash and cash equivalents	**54,379**	**5,027**	**99**
Cash and cash equivalents at beginning of year	**47,065**	**71,737**	**1,408**
Cash and cash equivalents at end of year	**101,444**	**76,764**	**1,507**

Key Financial Data

	As of and for year ended December 31,				As of and for the nine months ended September 30,	
Key Financial Ratios	**2017**	**2018**	**2019**	**2020**	**2020**[(6)]	**2021**
Recurring income contribution[(1)]	99%	100%	100%	100%	100%	100%
Current Ratio[(2)]	1.00	0.84	0.94	1.36	1.36	1.09

Key Financial Ratios	As of and for year ended December 31,				As of and for the nine months ended September 30,	
	2017	2018	2019	2020	2020[(6)]	2021
Debt to Equity[(3)]	4.39	3.19	2.38	1.83	1.83	n/a
Return on Equity[(4)]	-0.01	0.04	0.19	0.20	0.18	0.11
Asset to Equity[(5)]	6.24	4.41	3.66	3.15	3.15	1.17

Notes:

(1) Recurring income is composed of sale of electricity income. Recurring income contribution measures the stability of the Company's income source.

(2) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the Company's ability to pay short-term obligations.

(3) Debt to equity ratio is derived by dividing the Company's total loans and borrowings by total equity. Debt to equity ratio measures the degree of the Company's financial leverage.

(4) Return on equity is derived by dividing net income by average shareholder's equity.

(5) Asset to equity ratio is derived by dividing total assets by shareholder's equity. Asset to equity measures the Company's financial leverage and long-term solvency.

(6) These ratios are derived using the statements of financial position as of December 31, 2020 and the statements of comprehensive income for the nine months ended September 30, 2020. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱342,244 thousand, ₱252,351 thousand, ₱1,036,256 thousand, ₱565,105 thousand, ₱513,047 thousand, ₱1,781,242 thousand and ₱565,105 thousand, respectively.

Key Operating Data

The following data presents key operation metrics of the Clark Solar Power Plant.

Key Operating Data	As of and for year ended December 31,				As of and for the nine months ended September 30,	
	2017	2018	2019	2020	2020	2021
Total installed capacity (MWp_{DC})	22.3	22.3	22.3	22.3	22.3	22.3
Actual gross generation (GWh)	31.92	31.02	28.98	30.88	24.3	22.9
Actual net generation (GWh)	30.73	29.96	28.54	30.41	23.8	22.4
Actual energy loss (GWh)	1.19	1.06	0.44	0.47	0.5	0.36
Annual outage (internal) (in hours)	1.9	2.7	0.4	8.7	8.4	0.39
Annual outage (external) (in hours)	5.9	17.5	36.3	24.9	14.9	13.8
Plant availability rate	99.8%	99.5%	99.1%	99.2%	99.3%	99.5%
Performance ratio	82.4%	80.7%	81.3%	82.4%	81.9%	83.5%

Notes:

1. Plant availability rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.

2. Performance ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.

EBITDA

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") represents net income after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating income, or net income as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's EBITDA calculations for the periods noted:

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Net income (loss)	(3,065)	13,416	79,571	104,115	2,043
Add/Less:					
Interest expense	106,671	87,622	68,727	64,054	1,257
Depreciation and amortization	73,644	71,880	61,271	61,285	1,203
Provision for income tax	72	—	—	—	—
EBITDA	**177,322**	**172,918**	**209,569**	**229,454**	**4,503**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net income	90,113	118,587	2,327
Add/Less:			
Interest expense	37,876	27,984	549
Depreciation and amortization	45,964	45,962	902
Provision for income tax	—	—	—
EBITDA	**173,953**	**192,533**	**3,778**

SELECTED PRO FORMA CONDENSED FINANCIAL INFORMATION

The following tables present summary pro forma financial information for the Company based on the financial statements of the Company, adjusted to give pro forma effect to the REIT Formation Transactions as if these occurred as of January 1, the beginning of each period presented, as applicable. This summary should be read in conjunction with the Company's audited financial statements and unaudited pro forma financial information and notes thereto contained in this REIT Plan and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Please also see the "Independent Auditor's Assurance Report on the Compilation of the Pro Forma Condensed Financial Information included in a Prospectus" elsewhere in this REIT Plan.

The unaudited pro forma financial information has been prepared in accordance with Section 9, Part II of the Revised SRC Rule 68. The unaudited pro forma financial information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the U.S. Exchange Act.

The Company's historical financial information have been extracted by the Company's management from the audited financial statements as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of and for the nine months ended September 30, 2020 and September 30, 2021. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The summary pro forma financial information does not purport to represent what the result of operations and financial position of the Company would actually have been had the REIT Formation Transactions in fact occurred as of January 1 of each period presented as applicable, nor do they purport to project results of operations or the financial position of the Company for any future period or date. See "Risk Factors - Risks relating to the Presentation of Information in this REIT Plan - The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results. "For additional information regarding financial information presented in this REIT Plan, see "Presentation of Financial Information."

Pro forma Statements of Total Comprehensive Income

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (except earnings per Share) (Audited)				U.S.$ thousands (Unaudited)
Lease revenue	893,916	893,916	893,916	893,916	17,542
Cost of service	84,569	87,164	68,663	68,663	1,347
Gross profit	**809,347**	**806,752**	**825,253**	**825,253**	**16,195**
Operating expenses	2,424	4,177	5,117	7,899	155
Income from operations	**806,924**	**802,576**	**820,136**	**817,355**	**16,040**
Other expenses – net	(122,543)	(85,810)	(80,531)	(75,339)	(1,478)
Income before income tax	**684,380**	**716,765**	**739,605**	**742,016**	**14,562**
Income tax expense	(239,004)	(237,748)	(242,708)	(190,928)	(3,747)
Net income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**
Basic/Diluted Earnings per Share	**₱ 0.08**	**₱ 0.09**	**₱ 0.09**	**₱ 0.10**	**N/A**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (except earnings per Share) (Audited)		U.S.$ thousands (Unaudited)
Lease revenue	**670,437**	**670,437**	**13,156**
Cost of service	51,497	51,495	1,010
Gross profit	**618,940**	**618,942**	**12,146**
Operating expenses	7,159	17,302	340
Income from operations	**611,781**	**601,640**	**11,806**
Other expenses – net	(46,004)	(37,986)	(745)
Income before income tax	**565,776**	**563,654**	**11,061**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (except earnings per Share) (Audited)		U.S.$ thousands (Unaudited)
Income tax expense	(174,045)	(123,371)	(2,421)
Net income	**391,732**	**440,283**	**8,640**
Other comprehensive income	—	—	—
Total comprehensive income	**391,732**	**440,283**	**8,640**
Basic/Diluted Earnings per Share	**₱ 0.07**	**₱ 0.08**	**N/A**

Pro forma Statements of Financial Position

	As of December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Current Assets					
Cash and cash equivalents	665,462	654,603	1,021,281	1,228,248	24,102
Trade and other receivables	890,693	1,243,315	1,324,243	1,533,011	30,083
Other current assets	119,680	—	—	482	9
	1,675,835	1,897,919	2,345,524	2,761,741	54,194
Noncurrent Assets					
Property, plant and equipment - net	1,732,250	1,508,466	1,449,497	1,390,337	27,283
Investment properties	234,546	234,546	234,546	234,546	4,603
Right-of-use assets - net	214,329	204,786	195,242	185,698	3,644
Other noncurrent assets	614	1,779	1,779	1,779	35
	2,181,739	1,949,576	1,881,063	1,812,360	35,564
Total Assets	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**
Current Liabilities					
Trade and other payables	87,598	5,940	4,662	33,970	667
Loans payable – current portion	120,192	120,749	115,297	56,297	1,105
Loan payable to a shareholder	278,621	—	—	—	—
Due to related parties – current portion	—	—	—	—	—
Income tax payable	112,296	133,739	229,593	159,295	3,126
Lease liabilities – current portion	5,985	269	6,750	824	16
	604,693	260,697	356,302	250,386	4,913
Noncurrent Liabilities					
Loans payable – net of current portion	236,906	115,306	—	—	—
Due to related parties – net of current portion	517,138	388,369	287,132	160,585	3,151
Lease liabilities – net of current portion	227,551	226,934	226,401	224,714	4,410
Deferred tax liability	252,780	356,790	369,905	401,538	7,879
Retirement benefit obligation	—	—	—	—	—
Other noncurrent liabilities	8,630	10,506	1,057	—	—
	1,243,006	1,097,905	884,495	786,836	15,440
Total Liabilities	**1,847,699**	**1,358,602**	**1,240,797**	**1,037,223**	**20,354**
Equity					
Share capital	1,374,546	1,374,546	1,374,546	1,374,546	26,973
Additional paid in capital	2,465	2,465	2,465	2,465	48
Retained earnings	632,865	1,111,882	1,608,780	2,159,868	42,384
Total Equity	**2,009,876**	**2,488,893**	**2,985,790**	**3,536,879**	69,405
Total Liabilities and equity	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**

	As of September 30,	
	2021	2021
	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Current Assets		
Cash and cash equivalents	1,548,450	30,386
Trade and other receivables	1,567,936	30,768
Other current assets	16,904	332
	3,133,290	61,485
Noncurrent Assets		
Property, plant and equipment - net	1,345,970	26,412
Investment properties	234,546	4,603

	As of September 30,	
	2021	2021
	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Right-of-use assets - net	178,540	3,504
Other noncurrent assets	1,779	35
	1,760,835	34,553
Total Assets	**4,894,125**	**96,309**
Current Liabilities		
Trade and other payables	1,154	23
Due to related parties – current portion	94,053	1,846
Loans payable – current portion	—	—
Loan payable to a shareholder	—	—
Income tax payable.	148,269	2,910
Lease liabilities – current portion	8,504	167
	251,980	4,945
Noncurrent Liabilities		
Loans payable – net of current portion	—	—
Due to related parties – net of current portion	68,522	1,345
Lease liabilities – net of current portion	219,821	4,314
Deferred tax liability	376,640	7,391
Retirement benefit obligation	—	—
Other noncurrent liabilities	—	—
	664,983	13,049
Total Liabilities	**916,963**	**17,994**
Equity		
Share capital	1,374,546	26,973
Additional paid in capital	2,465	48
Retained earnings	2,600,152	51,023
Other comprehensive income	—	—
Total Equity	**3,977,162**	**78,045**
Total Liabilities and equity	**4,894,125**	**96,039**

Pro forma Statements of Cash Flows

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands				U.S.$ thousands
Net cash generated from operating activities	239,891	281,851	564,590	322,408	6,327
Net cash used in investing activities	(206)	(38)	(176)	—	—
Net cash used in financing activities	(318,547)	(293,505)	(197,736)	(115,441)	(2,265)
Net increase (decrease) in cash and cash equivalents	**(78,862)**	**(11,691)**	**366,678**	**206,967**	**4,062**
Effects of exchange rate changes in cash	617	833	—	—	—
Cash and cash equivalents at beginning of year	**743,707**	**665,462**	**654,603**	**1,021,281**	**20,041**
Cash and cash equivalents at end of year	**665,462**	**654,603**	**1,021,281**	**1,228,248**	**24,103**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands		U.S.$ thousands
Net cash generated from operating activities	244,529	399,143	7,832
Net cash used in investing activities	—	—	—
Net cash used in financing activities	(113,080)	(78,940)	(1,549)
Net increase (decrease) in cash and cash equivalents	**131,449**	**320,202**	**6,283**
Cash and cash equivalents at beginning of year	**1,021,281**	**1,228,248**	**24,103**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands		U.S.$ thousands
Cash and cash equivalents at end of year............	**1,152,731**	**1,548,450**	**30,386**

Key Financial and Operating Data

Key Financial Ratios	**For year ended December 31,**				**For the nine months ended September 30,**	
	2017	**2018**	**2019**	**2020**	**2020[(6)]**	**2021**
Recurring income contribution[(1)]..	100%	100%	100%	100%	100%	100%
Current Ratio[(2)]............................	2.77	7.28	6.58	11.03	11.03	12.43
Debt to Equity[(3)]...........................	0.29	0.19	0.12	0.08	0.08	0.06
Return on Equity[(4)].......................	0.33	0.21	0.18	0.17	0.12	0.11
Asset to Equity[(5)].........................	1.92	1.55	1.42	1.29	1.29	1.23

Notes:

(1) Recurring income pertained to rental income. Recurring income contribution measures the stability of the Company's income source.

(2) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the Company's ability to pay short-term obligations.

(3) Debt to equity ratio is derived by dividing the Company's total loans and borrowings by total equity. Debt to equity ratio measures the degree of the Company's financial leverage. The Company's total loans and borrowings pertain to bank loans only.

(4) Return on equity is derived by dividing net income by average shareholder's equity.

(5) Asset to equity ratio is derived by dividing total assets by shareholder's equity. Asset to equity measures the Company's financial leverage and long-term solvency.

(6) These ratios are derived using the pro forma statements of financial position as of December 31, 2020 and the pro forma statements of comprehensive income for the nine months ended September 30, 2020. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱2,761,741 thousand, ₱250,386 thousand, 281,708 thousand, ₱3,536,879 thousand, ₱3,261,334 thousand, ₱4,574,101 thousand and ₱3,536,879 thousand, respectively.

PRO FORMA EBITDA

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") represents net income after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating income, or net income as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's EBITDA calculations for the periods noted:

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
Net income	445,376	479,017	496,897	551,088	10,815
Add/Less:					
Interest expense	124,334	104,812	82,684	77,112	1,513
Depreciation and amortization .	83,188	81,424	68,688	68,703	1,348
Provision for income tax	239,004	237,748	242,708	190,928	3,747
EBITDA	**891,902**	**903,001**	**890,977**	**887,831**	**17,423**

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands		**U.S.$ thousands**
	(Audited)		**(Unaudited)**
Net income	391,732	440,283	8,640
Add/Less:			
Interest expense	47,671	38,087	747
Depreciation and amortization	51,527	51,525	1,011
Provision for income tax	174,045	123,371	2,421
EBITDA	**664,975**	**653,266**	**12,819**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction the section entitled "Selected Financial and Operating Information" and with the unaudited pro forma financial information as of and for the years ended December 31, 2017, 2018, 2019 and 2020, and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 (collectively, the "**Pro Forma Financial Statements**"), in each case, including the notes relating thereto, included elsewhere in this REIT Plan. The Pro Forma Financial Statements were prepared in accordance with *Section 9, Part II of the Revised Philippine Securities Regulation Code Rule 68, as amended ("**SRC Rule 68**"). Unless otherwise stated, the financial information of the Company used in this section has been derived from the Pro Forma Financial Statements included elsewhere in this REIT Plan.*

The objective of this unaudited pro forma financial information is to show what the significant effects on the historical financial information might have been had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements occurred at an earlier date. However, the unaudited pro forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the REIT Formation Transactions and the transactions described in Note 2 of the Pro Forma Financial Statements actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. The unaudited pro forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

The unaudited pro forma financial information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

See "Risk Factors—Risks Relating to the Presentation of Information in this REIT Plan—The presentation of financial information, including of pro forma financial information, in this REIT Plan may be of limited use to investors and may not accurately show the Company's financial position or be indicative of future results." The following discussion contains forward-looking statements and reflects the Company's current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements (see the section entitled "Forward-Looking Statements" in this REIT Plan) as a result of certain factors such as those set out in "Risk Factors" and elsewhere in this REIT Plan. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this REIT Plan.

The translation of Peso amounts into U.S. dollars as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended December 31, 2020 and amounts in Pesos as of and for the nine months ended September 30, 2021 were converted to U.S. dollars using the exchange rate between the Peso and the U.S. dollar quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2021 of ₱50.96 = U.S.$1.00. As of January 14, 2022, the Peso was at ₱51.115 against the U.S. dollar.

OVERVIEW

The Company is focused on the ownership of sustainable infrastructure projects such as income-generating renewable energy real estate properties in the Philippines.

The Company is a REIT formed primarily to own and invest in income-generating renewable energy real estate properties, including land and properties used for harnessing power, that meet the Company's investment criteria. Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties. The Company offers its shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality income-generating renewable energy real estate properties supported by a strong and growing demand for electricity in the Philippines, appreciation of land values, strong support from the Sponsors, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 95% of the Company's Distributable Income.

As of the date of this REIT Plan, the Company's renewable energy property portfolio consists of (i) the Clark Solar Power Plant located on the Clark Land inside Clark Freeport Zone, Pampanga, that has been leased to CREC, with the Company owning the leasehold rights over the Clark Land and (ii) land leased to solar power plant operators, comprising (A) Company-owned parcels of land in the Armenia Property, and (B) leasehold rights over parcels of land located in the Toledo Property, the Silay Property, and the Dalayap Property.

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property are leased by the Company to CREC, Citicore Tarlac 1, Citicore Cebu, Citicore Negros Occidental and Citicore Solar Tarlac 2, respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 123.7MWp$_{DC}$.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, the parent company of CREC.

See "*Business and Properties*" for more information.

FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Company's results of operations and financial condition in the future.

Growth of Renewable Energy Real Estate Portfolio

The expansion of the Company's income-generating renewable energy real estate portfolio is a primary factor driving its revenue growth and profitability. The Company's portfolio has significantly grown through the addition of the Leased Properties in 2021.

For the year ended December 31, 2020 and the nine months ended September 30, 2021, the Company's net income based on its audited historical financial statements was ₱104.1 million and ₱118.6 million, respectively. On a pro forma basis, and including revenue from the Leased Properties, the Company's net income was ₱551.1 million and ₱440.3 million, for the year ended December 31, 2020 and the September 30, 2021, respectively.

Post-Offering, the Company intends to add the Bulacan Property and the South Cotabato Property to its portfolio using the net proceeds of the Primary Offer. The Company and the Citicore Group may also agree to infuse the Citicore Group's additional projects under development as these are completed, and subject to satisfying the investment criteria of the Company. The successful completion of such projects and the Company's ability to acquire such additional properties will affect its financial condition and results of operations.

Demand for Power and Energy Prices

While the Company expects to derive a majority of its revenue from secured long term land leases to the solar plant operators of its Leased Properties, the underlying bilateral power sales contracts of such solar power plant operators are highly dependent on the consumption of energy by their key customers and the overall energy demand and level of energy prices in the Philippines. Moreover, the Company's future portfolio is expected to comprise of additional renewable energy assets. Many factors contribute to the fluctuations in demand and prices of energy in the Philippines, including the general demand and supply of energy on a daily basis, increase and decrease in the economic activity, inflationary pressures, government policies with respect to the procurement of renewable energy and government policies on the escalation of FIT rates.

Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activity may still adversely affect the demand and prices for solar power projects. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect the Company's results of operations. Moreover, the Company cannot foresee when the disruptions of consumer industry business activities caused by the outbreak of COVID-19 will cease.

The Company believes that the "first or must" dispatch of renewable energy over conventional energy sources such as coal, and other Government initiatives to promote and encourage the growth of renewable energy industry in the Philippines, such as the Renewable Portfolio Standards ("**RPS**") proposed under the Government's National

Renewable Energy Program which require distribution utilities to source a portion of their power from renewable energy sources, help manage the risk of a downturn in demand for energy in the Philippines.

Regulatory Environment

The Company and the Company's Lessees are subject to and relies on a number of Government regulations and initiatives affecting the renewable energy industry, including incentives granted to renewable energy developers such as FIT rates and BOI incentives. The reduction, modification or elimination of government mandates and economic incentives could materially and adversely affect the growth of the renewable energy industry or result in increased price competition, either of which could cause the Company's revenues to decline and adversely affect its financial results. While solar power projects may continue to offer attractive internal rates of return, any changes in regulations to continue to reduce or eliminate subsidies may cause a decrease in demand and considerable downward pressure on market prices.

General Economic Conditions and Trends in the Philippines

All of the Company's properties are located in the Philippines and, as a result, its operations are significantly affected, and will continue to be significantly affected, by macroeconomic conditions in the Philippines. Demand for the Company's leasable properties are directly related to the strength of the Philippine economy, including overall growth levels and the amount of business activity in the Philippines.

Competition

The Company's and its Lessees' main competition in the Philippine electricity market are coal, oil and natural gas electricity generators as well as other renewable energy suppliers who use hydro, wind, geothermal and solar PV technologies. The market price of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, including in the Philippines.

The Clark Solar Power Plant, which is FIT-certified, and is operated by CREC, is expected to generate stable cash flows from a guaranteed electricity purchase agreement with the Government, and is not expected to be affected by market competition. However, bilateral contracts between the Company's other Lessees and their customers, are subject to direct competition from both renewable and non-renewable players in the Philippine energy industry. See "*Industry Overview*" in this REIT Plan.

In respect of the solar power industry, the Lessees' main competitors are Vena Energy, AC Energy, Solar Philippines, PetroSolar, Aboitiz Power and Energy Development Corporation.

KEY FINANCIAL AND OPERATING INFORMATION

Pro Forma EBITDA

EBITDA represents net income after adding interest expense, depreciation and amortization, and provision for income tax. EBITDA is not required by, and is not a measure of performance or liquidity under, PFRS or any other generally accepted accounting principles. Investors should not consider EBITDA in isolation or as an alternative to operating income, or net income as an indicator of the Company's operating performance, or the Company's cash flow from operating, investing, or financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's implementation of EBITDA may not be comparable to similarly titled measures used by other companies. The chart below sets out the Company's EBITDA calculations for the periods noted:

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
	₱ thousands (Audited)				**U.S.$ thousands (Unaudited)**
Net income	445,376	479,017	496,897	551,088	10,815
Add/Less:					
Interest expense	124,334	104,812	82,684	77,112	1,513
Depreciation and amortization	83,188	81,424	68,688	68,703	1,348
Provision for income tax	239,004	237,748	242,708	190,928	3,747

	For the year ended December 31,				
	2017	2018	2019	2020	2020
	₱ thousands (Audited)				U.S.$ thousands (Unaudited)
EBITDA	**891,902**	**903,001**	**890,977**	**887,831**	**17,423**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (Audited)		U.S.$ thousands (Unaudited)
Net income	391,732	440,283	8,640
Add/Less:			
Interest expense	47,671	38,087	747
Depreciation and amortization	51,527	51,525	1,011
Provision for income tax	174,045	123,371	2,421
EBITDA	**664,975**	**653,266**	**12,819**

Key Financial and Operating Data

Key Financial Ratios	For year ended December 31,				For the nine months ended September 30,	
	2017	2018	2019	2020	2020[6]	2021
Recurring income contribution[1]	100%	100%	100%	100%	100%	100%
Current Ratio[2]	2.77	7.28	6.58	11.03	11.03	12.43
Debt to Equity[3]	0.29	0.19	0.12	0.08	0.08	0.06
Return on Equity[4]	0.33	0.21	0.18	0.17	0.12	0.11
Asset to Equity[5]	1.92	1.55	1.42	1.29	1.29	1.23

Notes:

(1) Recurring income pertained to rental income. Recurring income contribution measures the stability of the Company's income source.

(2) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the Company's ability to pay short-term obligations.

(3) Debt to equity ratio is derived by dividing the Company's total loans and borrowings by total equity. Debt to equity ratio measures the degree of the Company's financial leverage. The Company's total loans and borrowings pertain to bank loans only.

(4) Return on equity is derived by dividing net income by average shareholder's equity.

(5) Asset to equity ratio is derived by dividing total assets by shareholder's equity. Asset to equity measures the Company's financial leverage and long-term solvency.

(6) These ratios are derived using the pro forma statements of financial position as of December 31, 2020 and the pro forma statements of comprehensive income for the nine months ended September 30, 2020. As such, the current assets, current liabilities, total loans and borrowings, total equity, average shareholder's equity, total assets and shareholder's equity used for the ratios in this column are ₱2,761,741 thousand, ₱250,386 thousand, ₱281,708 thousand, ₱3,536,879 thousand, ₱3,261,334 thousand, ₱4,574,101 thousand and ₱3,536,879 thousand, respectively.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Company has identified the critical accounting policies discussed below. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, it believes that the following critical accounting policies warrant particular attention. For more information, see Note 24 to the Company's historical financial statements included in this REIT Plan.

Company as a lessee

The Company recognizes a right-of-use asset and a lease liability at lease inception and its lease recognition policy is in accordance with PFRS, 16.

Lease payments received are recognized as an income on a straight-line basis over the lease term. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Company as lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term. In computing the straight-line basis, the Company only considers the guaranteed base lease but not the variable lease arrangements with its lessees. The guaranteed base lease is based on three-year average historical plant generation output multiplied by the three-year historical average tariff rate, while variable lease amounts are based on 50% of the incremental revenue in excess of the agreed base lease revenue of the lessee.

Revenue from rentals also include revenue from lease of the Company's freehold and leasehold which is recognized on the straight-line basis over the lease term based on the provision of the covering lease contract, plus any variable component which are measured based on the actual results for the period as mutually agreed by the contracting parties.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

DESCRIPTION OF STATEMENTS OF KEY LINE ITEMS

The tables below set out the total comprehensive income of the Company for each of the years ended December 31, 2017, 2018, 2019 and 2020 and for each of the nine months ended September 30, 2020 and 2021 based on the Company's Pro Forma Financial Statements.

Pro forma Statements of Total Comprehensive Income

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
	₱ thousands (except earnings per Share)				**U.S.$ thousands**
	(Audited)				**(Unaudited)**
Lease revenue	893,916	893,916	893,916	893,916	17,542
Cost of service	84,569	87,164	68,663	68,663	1,347
Gross profit	**809,347**	**806,752**	**825,253**	**825,253**	**16,195**
Operating expenses	2,424	4,177	5,117	7,899	155
Income from operations	**806,924**	**802,575**	**820,136**	**817,355**	**16,040**
Other expenses – net	(122,543)	(85,810)	(80,531)	(75,399)	(1,478)
Income before income tax	**684,380**	**716,765**	**739,605**	**742,016**	**14,562**
Income tax expense	(239,004)	(237,748)	(242,708)	(190,928)	(3,747)
Net income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**
Other comprehensive income	—	—	—	—	—
Total comprehensive income	**445,376**	**479,017**	**496,897**	**551,088**	**10,815**

Basic/Diluted Earnings per Share	**₱ 0.08**	**₱ 0.09**	**₱ 0.09**	**₱ 0.10**	**N/A**

	For the nine months ended September 30,		
	2020	2021	2021
	₱ thousands (except earnings per Share) (Audited)		U.S.$ thousands (Unaudited)
Lease revenue	**670,437**	**670,437**	**13,156**
Cost of service	51,497	51,495	1,010
Gross profit	**618,940**	**618,942**	**12,146**
Operating expenses	7,159	17,302	340
Income from operations	**611,781**	**601,640**	**11,806**
Other expenses – net	(46,004)	(37,986)	(745)
Income before income tax	**565,776**	**563,654**	**11,061**
Income tax expense	(174,045)	(123,371)	(2,421)
Net income	**391,732**	**440,283**	**8,640**
Other comprehensive income	—	—	—
Total comprehensive income	**391,732**	**440,283**	**8,640**
Basic/Diluted Earnings per Share	**₱ 0.07**	**₱ 0.08**	**N/A**

See "*Business and Properties – The Properties*" for a breakdown of income and other financial information of each Property. See "*Summary Pro Forma Financial Information*", "*Selected Pro Forma Financial Information*" and the unaudited pro forma financial information and the notes thereto included in this REIT Plan.

Lease revenues

The Company's lease revenue pertains to income from the lease of properties to the Lessees who operate solar power plants on such leased properties. The lease revenue is computed in compliance with PFRS 16 "Leases", on a straight-line basis by using the total lease receivable, including escalation rates divided by the lease term, plus any variable component which are measured based on the actual results for the period as mutually agreed by the contracting parties. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*".

Cost of services

The Company's cost of services represents cost related to the leased properties such as depreciation of the solar plant, amortization of right-of-use assets.

Operating expenses

The Company's operating expenses mainly relates to local business taxes which is a percentage of gross receipts for each taxable year.

Other income (expenses)

The Company's other income (expenses) mainly relates to finance costs on an interest bearing loan with a local bank and interest income which primarily comprise interest earned from the Company's cash in banks. As of September 30, 2021, the Company did not have any outstanding loans payable.

RESULTS OF OPERATIONS

Nine months ended September 30, 2021 compared with the nine months ended September 30, 2020

	For the nine months ended September 30,			
	2021	2020	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Lease revenue	**670,437**	**670,437**	—	—

	For the nine months ended September 30,			
	2021	2020	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Cost of service	51,495	51,497	2	0.0%
Gross profit	**618,942**	**618,940**	**2**	**0.0%**
Operating expenses	17,302	7,159	(10,143)	(141.7%)
Income from operations	**601,640**	**611,781**	**(10,141)**	**(1.7%)**
Other expenses – net	(37,986)	(46,004)	8,019	17.4%
Income before income tax	**563,654**	**565,776**	**(2,122)**	**(0.4%)**
Income tax expense	(123,371)	(174,045)	50,647	29.12%
Net income	**440,283**	**391,732**	**48,552**	**12.4%**

Revenues

The Company's lease revenues amounts to ₱670.4 million (U.S.$13.2 million) for the nine months ending September 30, 2021 and 2020.

The Company's land rental income fare assumed to be based on the leases entered into the Company with its Lessees over the Leased Properties. There is no movement for the period as the Company follows the straight-line method for recognizing revenue and no variable lease is applicable for the period presented since variable leases are determined at the end of the calendar year.

Cost of services

The Company's cost of services amounted to ₱51.5 million (U.S.$1.0 million) for the nine months ended September 30, 2021 and 2020, which represents depreciation of the Clark Solar Power Plant reported under property, plant and equipment and amortization of right-of-use assets. There is no movement for the period as there are no additions nor disposals in the Company's property, plant and equipment and right-of-use assets.

Gross Profit

The Company's gross profit stands at ₱618.9 million (U.S.$12.1 million) for the nine months ended September 30, 2021 and 2020.

Operating expenses

The Company's operating expenses increased by ₱10.1 million, or 141.7% from ₱7.2 million for the nine months ended September 30, 2020 to ₱17.3 million (U.S.$0.3 million) for the nine months ended September 30, 2021, primarily due to expenses related to permits and licenses and documentary stamp taxes in relation to the REIT Formation Transactions and the filing of the listing application with the PSE.

Other expenses - net

The Company's other expenses – net decreased by ₱8.0 million, or 17.4% from ₱46.0 million for the nine months ended September 30, 2020 to ₱38.0 million (U.S.$0.7 million) for the nine months ended September 30, 2021, primarily due to the decrease in the Company's interest expense resulting from the Assignment of Loans.

Income before income tax

As a result of the foregoing, the Company's income before income tax decreased by ₱2.1 million, or 0.4% from ₱565.8 million for the nine months ended September 30, 2020 to ₱563.7 million (U.S.$11.1 million) for the nine months ended September 30, 2021.

Income tax expense

The Company's income tax expense decreased by ₱50.7 million, or 29.1% from ₱174.0 million for the nine months ended September 30, 2020 to ₱123.4 million (U.S.2.4 million) for the nine months ended September 30, 2021, due to the recognition of deferred tax income in 2021 from the remeasurement of the Company's deferred tax liability as a result of the adjustment in the corporate tax rate from 30% in 2020 to 25% in 2021.

Net income

As a result of the foregoing, the Company's net income increased by ₱48.6 million, or 12.4% from ₱391.7 million for the nine months ended September 30, 2020 to ₱440.3 million (U.S.$8.6 million) for the nine months ended September 30, 2021.

Year ended December 31, 2020 compared with year ended December 31, 2019

	For the year ended December 31,			
	2020	**2019**	**Increase (decrease)**	**% Change**
	₱ thousands (Audited)		**₱ thousands**	
Lease revenue	893,916	893,916	—	—
Cost of service	68,663	68,663	—	—
Gross profit	**825,253**	**825,253**	**—**	**—**
Operating expenses	7,899	5,117	2,782	54.4%
Income from operations	**817,355**	**820,136**	**(2,782)**	**(0.3%**
Other expenses – net	(75,339)	(80,531)	(5,192)	(6.5%)
Income before income tax	**742,016**	**739,605**	**2,411**	**0.3%**
Income tax expense	(190,928)	(242,708)	(51,780)	(21.3%)
Net income	**551,088**	**496,897**	**54,191**	**10.9%**

Revenues

The Company's total revenues remained at ₱893.9 million (U.S.$17.5 million) for the years ended December 31, 2020 and 2019.

The Company's land rental income are assumed to be based on the leases entered into the Company with its Lessees over the Leased Properties. There is no movement for the period as the Company follows the straight-line method for recognizing revenue and no variable lease is applicable for the period presented since variable leases are determined beginning calendar year 2021.

Cost of services

The Company's cost of services amounted to ₱68.7 million (U.S.$1.3 million) for the years ended December 31, 2020 and 2019, which represents depreciation of the Clark Solar Power Plant reported under property, plant and equipment and amortization of right-of-use assets. There is no movement for the period as there are no additions nor disposals in the Company's property, plant and equipment and right-of-use assets.

Gross Profit

The Company's gross profit was ₱825.3 million (U.S.$16.2 million) for the years ended December 31, 2020 and 2019.

Operating expenses

The Company's operating expenses increased by ₱2.8 million, or 54.4% from ₱5.1 million for the year ended December 31, 2019 to ₱7.9 million (U.S.$0.2 million) for the year ended December 31, 2020, primarily due to higher business taxes for 2020 as a result of higher contractual revenues compared 2019.

Other expenses - net

The Company's other expenses – net decreased by ₱5.2 million, or 6.5% from ₱80.5 million for the year ended December 31, 2019 to ₱75.3 million (U.S.$1.5 million) for the year ended December 31, 2020, primarily due to a decrease in finance costs resulting from a partial principal loan repayment of ₱5 million, and the granting by the Government of a 30-day grace period for all loans with principal and/or interest falling due within the ECQ period without incurring any additional interest, penalties, fees and other charges pursuant to the Bayanihan Act.

Income before income tax

As a result of the foregoing, the Company's income before income tax increased by ₱2.4 million, or 0.3% from ₱739.6 million for the year ended December 31, 2019 to ₱742.0 million (U.S.$14.6 million) for the year ended December 31, 2020.

Income tax expense

The Company's income tax expense decreased by ₱51.8 million, or 21.3% from ₱242.7 million for the year ended December 31, 2019 to ₱190.9 million (U.S.$3.7 million) for the year ended December 31, 2020, due to the decrease reduction in corporate income tax rate from 30% in 2019 to an effective tax rate of 27.5% in 2020.

Net income

As a result of the foregoing, the Company's net income increased by ₱54.2 million, or 10.9% from ₱496.9 million for the year ended December 31, 2019 to ₱551.1 million (U.S.$10.8 million) for the year ended December 31, 2020.

Year ended December 31, 2019 compared with year ended December 31, 2018

	For the year ended December 31			
	2019	2018	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Lease revenue	893,916	893,916	—	—
Cost of service	68,663	87,164	18,501	(21.2%)
Gross profit	**825,253**	**806,752**	**18,501**	**2.3%**
Operating expenses	5,117	4,177	(940)	22.5%
Income from operations	**820,136**	**802,576**	**17,560**	**2.2%**
Other expenses – net	(80,531)	(85,810)	(5,279)	(6.2%)
Income before income tax	**739,605**	**716,765**	**22,840**	**3.2%**
Income tax expense	(242,708)	(237,748)	4,960	2.1%
Net income	**496,897**	**479,017**	**17,880**	**3.7%**

Revenues

The Company's total revenues remains the same at ₱893.9 million (U.S.$17.5 million) for the years ended December 31, 2019 and 2018.

The Company's land rental income are assumed to be based on the leases entered into the Company with its Lessees over the Leased Properties. There is no movement for the period as the Company follows the straight-line method for recognizing revenue and no variable lease is applicable for the period presented since variable leases are determined beginning calendar year 2021.

Cost of services

The decrease in the Company's cost of services by ₱18.5 million, or 21.2% from ₱87.2 million for the year ended December 31, 2018 to ₱68.7 million for the year ended December 31, 2019, is due to the following: (i) in 2019, the Board approved the change in the estimated life of the transmission lines and solar panel modules of the Company for the Clark Solar Power Plant from 23 years to 15 to 30 years, respectively. The net effect of the change resulted in a reduction in depreciation expense by ₱13 million in 2019; (ii) the Company also adopted PFRS 16, Leases, effective January 1, 2019 using the modified retrospective approach and opted not to restate its

2018 comparative balances. Due to the change in accounting treatment in 2019, the total cost related to rental of land decreased by ₱9.5 million in 2019.

Gross Profit

As a result of the lower cost of services, the Company's gross profit increased by ₱18.5 million, or 2.3% from ₱806.8 million for the year ended December 31, 2018 to ₱825.3 million for the year ended December 31, 2019.

Operating expenses

The Company's operating expenses increased by ₱0.9 million, or 22.5% from ₱4.2 million for the year ended December 31, 2018 to ₱5.1 million for the year ended December 31, 2019, primarily due to higher local business taxes due as a result of higher contractual lease compared with last year's balance.

Other expenses - net

The Company's other expenses – net decreased by ₱5.3 million, or 6.2% from ₱85.8 million for the year ended December 31, 2018 to ₱80.5 million for the year ended December 31, 2019, primarily due to the decrease in foreign exchange gain or loss and interest charges arising from foreign currency denominated loan from a shareholder.

Income before income tax

As a result of the foregoing, the Company's income before income tax increased by ₱22.8 million, or 3.2% from ₱716.8 million for the year ended December 31, 2018 to ₱739.6 million for the year ended December 31, 2019

Income tax expense

The Company's income tax expense increased by ₱5.0 million, or 2.1% from ₱237.7 million for the year ended December 31, 2018 to ₱242.7 million for the year ended December 31, 2019 mainly relating to an increase in current taxes as a result of higher contractual lease for the period.

Net income

As a result of the foregoing, the Company's net income increased by ₱17.9 million, or 3.7% from ₱479.0 million for the year ended December 31, 2018 to ₱496.9 million for the year ended December 31, 2020.

Year ended December 31, 2018 compared with year ended December 31, 2017

	For the year ended December 31			
	2018	2017	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Lease revenue	893,916	893,916	—	—
Cost of service	87,164	84,569	2,595	3.1%
Gross profit	**806,752**	**809,347**	**(2,595)**	**(0.3%)**
Operating expenses	4,177	2,424	1,753	72.3%
Income from operations	**802,576**	**806,924**	**(4,348)**	**(0.5%)**
Other expenses – net	(85,810)	(122,543)	(36,733)	(30.0%)
Income before income tax	**716,765**	**684,380**	**32,385**	**4.7%**
Income tax expense	(237,748)	(239,004)	(1,256)	(0.5%)
Net income	**479,017**	**445,376**	**33,641**	**7.6%**

Revenue

The Company's total revenues remains the same at ₱893.9 million (U.S.$17.5 million) for the years ended December 31, 2018 and 2017.

The Company's land lease revenues are assumed to be based on the leases entered into the Company with its Lessees over the Leased Properties. There is no movement for the period as the Company follows the straight-line method for recognizing revenue and no variable lease is applicable for the period presented since variable leases are determined beginning calendar year 2021.

Cost of services

Cost of services increased from ₱84.6 million in 2017 to ₱87.2 million in 2018 or by ₱2.6 million or 3.1%. The increase was related to then one-time payment of registration fees to Clark Development Corp in 2018. The increase in cost was also due to the increase in rental expense as a result of the rental escalation clause in its lease agreement for the Clark Solar Power Plant.

Gross profit

As a result of the decrease in cost of services, Gross profit stands at ₱806.8 million, 0.3% or ₱2.6 million lower than 2017 gross profit of ₱809.3 million as a result of lower revenue and higher cost for the year.

Operating Expenses

The Company's operating expenses decreased by ₱1.8 million, or 72.3% from ₱2.4 million for the year ended December 31, 2017 to ₱4.2 million for the year ended December 31, 2018, primarily due to lower local business taxes as a result of lower contractual lease.

Other charges – net

Other charges decreased by ₱36.7 million or 30.0% from ₱122.5 million in 2017 to ₱85.8 million in 2018. The decrease was related the following (1) decrease in finance cost from bank loans amounting to ₱5.6 million as a result of the decrease in outstanding loan balance due to principal payments made during the period (2) decrease in finance cost from shareholder loan by ₱12.3 million due to termination of the loan as part of the share sale and purchase agreement between Lumos and CPI (3) increase in foreign currency gain by ₱8.7 million arising from foreign currency fluctuations of the foreign currency denominated shareholder loan (4) recognition of ₱3.5 income from recovery of security deposits written off in the previous years and (5) the increase in interest income.

Income before income tax

As a result of the foregoing, the Company's income before income tax increased by ₱32.4 million, or 4.7% from ₱684.4 million for the year ended December 31, 2017 to ₱716.8 million for the year ended December 31, 2018.

Income tax expense

The Company's income tax expense decreased by ₱1.3 million, or 0.5% from ₱239.0 million for the year ended December 31, 2017 to ₱237.7 million for the year ended December 31, 2018 due to lower deferred tax expense arising from the difference of contractual lease and straight-line lease as compared with 2017.

Net income

As a result of the foregoing, the Company's net income increased by ₱33.6 million, or 7.6% from ₱445.4 million for the year ended December 31, 2017 to ₱479.0 million for the year ended December 31, 2018.

FINANCIAL POSITION

Pro forma Statements of Financial Position

	As of December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
		₱ thousands			**U.S.$ thousands**
Current Assets		**(Audited)**			**(Unaudited)**
Cash and cash equivalents	665,462	654,603	1,021,281	1,228,248	24,102
Trade and other receivables..................	890,693	1,243,315	1,324,243	1,533,011	30,083

	As of December 31,				
	2017	2018	2019	2020	2020
		₱ thousands			U.S.$ thousands
Current Assets		(Audited)			(Unaudited)
Other current assets	119,680	—	—	482	9
	1,675,835	1,897,919	2,345,524	2,761,741	54,194
Noncurrent Assets					
Property, plant and equipment - net	1,732,250	1,508,466	1,449,497	1,390,337	27,283
Investment properties	234,546	234,546	234,546	234,546	4,603
Right-of-use assets - net	214,329	204,786	195,242	185,698	3,644
Other noncurrent assets	614	1,779	1,779	1,779	35
	2,181,739	1,949,576	1,881,063	1,812,360	35,564
Total Assets	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**
Current Liabilities					
Trade and other payables	87,598	5,940	4,662	33,970	667
Loans payable – current portion	120,192	120,749	115,297	56,297	1,105
Loan payable to a shareholder	278,621	—	—	—	—
Due to related parties	—	—	—	—	—
Income tax payable.	112,296	133,739	229,593	159,295	3,126
Lease liabilities – current portion	5,985	269	6,750	824	16
	604,693	260,697	356,302	250,386	4,913
Noncurrent Liabilities					
Loans payable – net of current portion.	236,906	115,306	—	—	—
Due to related parties	517,138	388,369	287,132	160,585	3,151
Lease liabilities – net of current portion	227,551	226,934	226,401	224,714	4,410
Deferred tax liability	252,780	356,790	369,905	401,538	7,879
Retirement benefit obligation	—	—	—	—	—
Other noncurrent liabilities	8,630	10,506	1,057	—	—
	1,243,006	1,097,905	884,495	786,836	15,440
Total Liabilities	**1,847,699**	**1,358,602**	**1,240,797**	**1,037,223**	**20,354**
Equity					
Share capital	1,374,546	1,374,546	1,374,546	1,374,546	26,973
Additional paid in capital	2,465	2,465	2,465	2,465	48
Retained earnings	632,865	1,111,882	1,608,780	2,159,868	42,384
Total Equity	**2,009,876**	**2,488,893**	**2,985,790**	**3,536,879**	69,405
Total Liabilities and equity	**3,857,575**	**3,847,495**	**4,226,587**	**4,574,101**	**89,759**

	As of September 30,	
	2021	2021
	₱ thousands	U.S.$ thousands
Current Assets	(Audited)	(Unaudited)
Cash and cash equivalents	1,548,450	30,386
Trade and other receivables	1,567,936	30,768
Other current assets	16,904	332
	3,133,290	61,485
Noncurrent Assets		
Property, plant and equipment - net	1,345,970	12,412
Investment properties	234,546	4,603
Right-of-use assets - net	178,540	3,504
Other noncurrent assets	1,779	35
	1,760,835	34,553
Total Assets	**4,894,125**	**96,309**
Current Liabilities		
Trade and other payables	1,154	23
Due to related parties – current portion	94,053	1,846
Loans payable – current portion	—	—
Loan payable to a shareholder	—	—
Income tax payable.	148,269	2,910

	As of September 30,	
	2021	2021
Current Assets	**₱ thousands (Audited)**	**U.S.$ thousands (Unaudited)**
Lease liabilities – current portion	8,504	167
	251,980	4,945
Noncurrent Liabilities		
Loans payable – net of current portion	—	—
Due to related parties – net of current portion	68,522	1,345
Lease liabilities – net of current portion	219,821	4,314
Deferred tax liability	376,640	7,391
Retirement benefit obligation	—	—
Other noncurrent liabilities	—	—
	664,983	13,049
Total Liabilities	**916,963**	**17,994**
Equity		
Share capital	1,374,546	26,973
Additional paid in capital	2,465	48
Retained earnings	2,600,152	51,023
Other comprehensive income	—	—
Total Equity	**3,977,162**	**78,045**
Total Liabilities and equity	**4,894,125**	**96,039**

As of September 30, 2021 compared with as of December 31, 2020

	As of			
	September 30, 2021	December 31, 2020	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Current Assets				
Cash and cash equivalents	1,548,450	1,228,248	320,202	26.1%
Trade and other receivables	1,567,936	1,533,011	34,925	2.3%
Other current assets	16,904	482	16,422	3,407.1%
	3,133,290	2,761,741	371,549	13.5%
Noncurrent Assets				
Property, plant and equipment - net	1,345,970	1,390,337	(44,367)	(3.2%)
Investment properties	234,546	234,546	—	—
Right-of-use assets - net	178,540	185,698	(7,158)	(3.9%)
Other noncurrent assets	1,779	1,779	—	—
	1,760,835	1,812,360	(51,525)	(2.8%)
Total Assets	**4,894,125**	**4,574,101**	**320,024**	**7.0%**
Current Liabilities				
Trade and other payables	1,154	33,970	(32,816)	(96.6%)
Due to related parties – current portion	94,053	—	94,053	100%
Loans payable – current portion	—	56,297	(56,297)	(100.0%)
Loan payable to a shareholder	—	—	—	—
Income tax payable.	148,269	159,295	(11,026)	(6.9%)
Lease liabilities – current portion	8,504	824	7,680	932.0%
	251,980	250,386	1,594	0.6%
Noncurrent Liabilities				
Loans payable – net of current portion	—	—	—	—
Due to related parties – net of current portion	68,522	160,585	(92,063)	(57.3%)
Lease liabilities – net of current portion	219,821	224,714	(4,893)	(2.2%)
Deferred tax liability	376,640	401,538	(24,898)	(6.2%)
Retirement benefit obligation	—	—	—	—
Other noncurrent liabilities	—	—	—	—
	664,983	786,836	(121,854)	(15.5%)
Total Liabilities	**916,963**	**1,037,223**	**(120,260)**	**(11.6%)**

	As of			
	September 30, 2021	December 31, 2020	Increase (decrease)	% Change
	₱ thousands	(Audited)	₱ thousands	
Current Assets				
Equity				
Share capital	1,374,546	1,374,546	—	—
Additional paid in capital	2,465	2,465	—	—
Retained earnings	2,600,152	2,159,868	440,284	20.4%
Other comprehensive income	—	—	—	—
Total Equity	**3,977,162**	**3,536,879**	**440,284**	**12.4%**
Total Liabilities and equity	**4,894,125**	**4,574,101**	**320,024**	**7.0%**

Assets

The Company's total assets amounted to ₱4.9 billion (U.S.$96.0 million) as of September 30, 2021, which was ₱320.0 million, or 7.0% higher than the Company's total assets of ₱4.6 billion (U.S.$89.8 million) as of December 31, 2020.

Cash and cash equivalents

The Company's cash and cash equivalents increased by ₱320.2 million or 26.1% to ₱1,548.5 million (U.S.$30.4 million) as of September 30, 2021, compared to ₱1,228.2 million (U.S.$24.1 million) as of December 31, 2020, due to cash generated from the Company's operations.

Trade and other receivables

The Company's trade and other receivables increased by ₱34.9 million or 2.3% to ₱1,567.9 million (U.S.$30.8 million) as of September 30, 2021, compared to ₱1,533.0 million (U.S.$30.1 million) as of December 31, 2020, due to higher contractual lease rates applicable for the nine months ended September 30, 2021 compared to the rates applicable for the year ended December 31, 2020.

Other current assets

The increase of ₱16.4 million or 3,407.1% in the Company's other current assets from ₱0.5 million (U.S.$0.01 million) as of December 31, 2020, to ₱16.9 million (U.S.$0.3 million) as of September 30, 2021, is mainly related to payments made to consultants in relation to the Offer. These will be recognized as a deduction against additional paid-in capital upon completion of the Offer.

Property, plant and equipment – net

The Company's property, plant and equipment – net is comprised of the Clark Solar Power Plant leased out to CREC as the solar power plant operator, amount to ₱1,346.0 million (U.S.$26.4 million) as of September 30, 2021 which is ₱44.4 million or 3.2% lower compared with ₱1,390.3 million (U.S.$27.3 million) as of December 31, 2020. The decrease is due to depreciation charges for the period.

Investment properties

The Company's investment properties, which comprise of lands leased out to solar power plant operators, amount to ₱234.5 million (U.S.$4.6 million) as of September 30, 2021 and December 31, 2020.

Right-of-use assets

The Company's right-of-use assets decreased by ₱7.2 million or 3.9% from ₱185.7 million (U.S.$3.6 million) as of December 31, 2020, to ₱178.5 million (U.S.$3.5 million) as of September 30, 2021 due to amortization of such assets for the nine months ended September 30, 2021.

Other noncurrent assets

The Company's other noncurrent assets, which pertains to security deposit, remained at ₱1.8 million because there were no additional security deposits required to be made by the Company under its lease contract with Clark Development Corporation.

<u>Liabilities</u>

The Company's total liabilities amounted to ₱917.0 million (U.S.$18.0 million) as of September 30, 2021, which was ₱120.3 million, or 11.6% lower than the Company's total liabilities of ₱1,037.2 million (U.S.$20.4 million) as of December 31, 2020.

Trade and other payables

The Company's trade and other payable decreased by ₱32.8 million or 96.6% from ₱34.0 million (U.S.$0.70 million) as of December 31, 2020, to ₱1.2 million (U.S.$0.02 million) as of September 30, 2021 due to the decrease in accrued interest pursuant to the assignment of its bank loan to CREC.

Due to related parties – current portion

The Company's due to related parties – current portion amounted to ₱94.1 million as of September 30, 2021 and pertains to the portion of the loan payable of the Company expected to be settled within one year which was reclassified from due to related parties – net of current portion. The Company's due to related parties pertains to the amount of the loan payable of the Company which was assigned by the Company to CREC and which was not converted to equity.

Loans payable – current

The Company did not have any loan payable – current as of September 30, 2021, compared to ₱56.3 million (U.S.$1.1 million) as of December 31, 2020. Pursuant to the Conversion of Advances, the Company's assigned its bank loan payable to CREC.

Income tax payable

The Company's income tax payable decreased by ₱11.0 million or 6.9% from ₱159.3 million (U.S.$3.1 million) as of December 31, 2020, to ₱148.3 million (U.S.$2.9 million) as of September 30, 2021 due to lower taxable income for the nine months ending September 30, 2021 compared to a full year of operations in 2020.

Lease liabilities – current

The Company's lease liabilities - current increased by ₱7.7 million or 932.0% from ₱0.8 million (U.S.$0.02 million) as of December 31, 2020, to ₱8.5 million (U.S.$0.2 million) as of September 30, 2021 due to the reclassification of current lease liabilities from the non-current portion.

Loans payable – net of current portion

The Company did not have any loan payable – net of current portion as of September 30, 2021 or as of December 31, 2020.

Lease liabilities – net of current portion

The Company's lease liabilities – net of current portion decreased by ₱4.9 million or 2.2% from ₱224.7 million (U.S.$4.4 million) as of December 31, 2020, to ₱219.8 million (U.S.$4.3 million) as of September 30, 2021 due to the reclassification of lease liabilities maturing within one year to lease liabilities – current portion.

Due to related parties – net of current portion

The Company's due to related parties – net of current portion decreased by ₱92.1 million or 57.3% from ₱160.6 million (U.S.$3.2 million) as of December 31, 2020, to ₱68.5 million (U.S.$1.3 million) as of September 30, 2021 due to the reclassification of a portion of the loan payable of the Company expected to be settled within one year. The Company's due to related parties pertains to the amount of the loan payable of the Company which was assigned by the Company to CREC and which was not converted to equity.

Deferred tax liability

The Company's deferred tax liability decreased by ₱24.9 million or 6.2% from ₱401.5 million (U.S.$7.9 million) as of December 31, 2020, to ₱376.6 million (U.S.$7.4 million) as of September 30, 2021 due to the adjustment in corporate tax rate from 30% to 25%.

Equity

The Company's Equity stands at ₱3,977.2 million (U.S.$78.0 million) as of September 30, 2021, which increased by ₱440.3 million or 12.4%, from ₱3,536.9 million (U.S.$69.4 million) as of December 31, 2020, mainly relating to net income for the period.

As of December 31, 2020 compared with as of December 31, 2019

	As of December 31,			
	2020	2019	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
Current Assets	(Audited)			
Cash and cash equivalents	1,228,248	1,021,281	206,967	20.3%
Trade and other receivables	1,533,011	1,324,243	208,768	15.8%
Other current assets	482	—	482	100.0%
	2,761,741	2,345,524	416,217	17.8%
Noncurrent Assets				
Property, plant and equipment - net	1,390,337	1,449,497	(59,160)	(4.1%)
Investment properties	234,546	234,546	—	—
Right-of-use assets - net	185,698	195,242	(9,544)	(4.9%)
Other noncurrent assets	1,779	1,779	—	—
	1,812,360	1,881,063	(68,703)	(3.7%)
Total Assets	**4,574,101**	**4,226,587**	**347,514**	**8.2%**
Current Liabilities				
Trade and other payables	33,970	4,662	29,308	628.7%
Loans payable – current portion	56,297	115,297	(59,000)	(51.2%)
Loan payable to a shareholder	—	—	—	—
Income tax payable.	159,295	229,593	(70,298)	(30.6%)
Lease liabilities – current portion	824	6,750	(5,926)	(87.8%)
	250,386	356,302	(105,916)	(29.7%)
Noncurrent Liabilities				
Loans payable – net of current portion	—	—	—	—
Due to related parties	160,585	287,132	(126,547)	(44.1%)
Lease liabilities – net of current portion	224,714	226,401	(1,687)	(0.7%)
Deferred tax liability	401,538	369,905	31,633	8.6%
Retirement benefit obligation	—	—	—	0.0%
Other noncurrent liabilities	—	1,057	(1,057)	(100.0%)
	786,836	884,495	(97,659)	(11.0%)
Total Liabilities	**1,037,223**	**1,240,797**	**(203,574)**	**(16.4%)**
Equity				
Share capital	1,374,546	1,374,546	—	—
Additional paid in capital	2,465	2,465	—	—
Retained earnings	2,159,868	1,608,780	551,088	34.3%
Other comprehensive income	—	—	—	—
Total Equity	**3,536,879**	**2,985,790**	**551,088**	**18.5%**
Total Liabilities and equity	**4,574,101**	**4,226,587**	**347,514**	**8.2%**

Assets

The Company's total assets amounted to ₱4.6 billion as of December 31, 2020, which was ₱347.5 million, or 8.2% higher than the Company's total assets of ₱4.2 billion as of December 31, 2019.

Cash and cash equivalents

The Company's cash and cash equivalents increased by ₱207.0 million or 20.3% to ₱1.2 billion as of December 31, 2020, compared to ₱1.0 billion as of December 31, 2019, due to cash generated from the Company's operations and lower debt service in 2020 as the Company availed of the deferments granted under the Bayanihan Act.

Trade and other receivables

The Company's trade and other receivables increased by ₱208.8 million or 15.8% to ₱1,533.0 million as of December 31, 2020, compared to ₱1,324.2 million as of December 31, 2019, due to the variance of contractual and straight-line recognition of lease income based on the provisions of PFRS 16.

Other current assets

The increase of ₱0.5 million or 100% in the Company's other current assets from nil as of December 31, 2019 to ₱0.5 million as of December 31, 2020, is mainly related to advance payments made to a service provider, who will be billed after rendering full service.

Property, plant and equipment – net

The Company's property, plant and equipment – net consisted of the Clark Solar Power Plant leased out to CREC as the solar power plant operator, and amounted to ₱1,390.3 million (U.S.$27.3 million) as of December 31, 2020, which is ₱59.2 million or 4.1% lower compared with ₱1,449.5 million (U.S.$28.4 million) as of December 31, 2019. The decrease is due to depreciation charges for the period.

Investment properties

The Company's investment properties, which comprise of lands leased out to solar power plant operators, amount to ₱234.5 million (U.S.$4.6 million) as of December 31, 2020 and 2019.

Right-of-use assets

The Company's right-of-use assets decreased by ₱9.5 million or 4.9% from ₱195.2 million as of December 31, 2019, to ₱185.7 million as of December 31, 2020 due to amortization of such assets recognized in 2020.

Other noncurrent assets

The Company's other noncurrent assets, which pertains to security deposit, remained at ₱1.8 million because there were no additional security deposits required to be made by the Company under its lease contract with Clark Development Corporation.

Liabilities

The Company's total liabilities amounted to ₱1,037.2 million as of December 31, 2020, which was ₱203.6 million, or 16.4% lower than the Company's total liabilities of ₱1,240.8 million as of December 31, 2019.

Trade and other payables

The Company's trade and other payable increased by ₱29.3 million or 628.7% from ₱4.7 million as of December 31, 2019, to ₱34.0 million as of December 31, 2020 due to the deferral by the Company of its principal loan repayment and interest due on its loan payable, resulting in higher interest accrual for the year.

Loans payable – current

The Company's loans payable - current decreased by ₱59.0 million or 51.2% from ₱115.3 million as of December 31, 2019, to ₱56.3 million as of December 31, 2020 due to principal payments amounting to ₱59 million in 2020.

Income tax payable

The Company's income tax payable decreased by ₱70.3 million or 30.6% from ₱229.6 million as of December 31, 2019, to ₱159.3 million as of December 31, 2020 due to lower taxable income for the in 2020 compared to 2019, as a result of lower contractual lease income.

Lease liabilities – current

The Company's lease liabilities - current decreased by ₱5.9 million or 87.8% from ₱6.8 million as of December 31, 2019, to ₱0.8 million as of December 31, 2020 due to payments made to its lessor in relation to the Toledo Property.

Lease liabilities – net of current portion

The Company's lease liabilities – net of current portion decreased by ₱1.7 million or 0.8% from ₱226.4 million as of December 31, 2019, to ₱224.7 million as of December 31, 2020 due to the reclassification of lease liabilities maturing within one year to lease liabilities – current portion.

Due to related parties

The Company's due to related parties decreased by ₱126.5 million or 44.1% from ₱287.1 million as of December 31, 2019, to ₱160.6 million as of December 31, 2020 due to the short-term collection of advances provided by CREC based on the available cash of the Company.

Deferred tax liability

The Company's deferred tax liability increased by ₱31.6 million or 8.6% from ₱369.9 million as of December 31, 2019, to ₱401.5 million as of December 31, 2020 due to additional deferred tax expense recognized in 2020 from the straight-line adjustments in accordance with PFRS16.

Other noncurrent liabilities

The Company's other noncurrent liabilities of ₱1.1 million as of December 31, 2019 represents asset retirement obligations in 2019 relating to restoration costs of the leased land to its original condition upon the termination of the lease agreement. In 2020, the Company reversed the full amount of provision as management assessed that this is no longer expected to be settled or incurred upon termination of the lease agreement.

Equity

The Company's Equity stands at ₱3,536.9 million as of December 31, 2020, which increased by ₱551.1 million or 18.5%, from ₱2,985.8 million as of December 31, 2019, mainly relating to net income for the period.

As of December 31, 2019 compared with as of December 31, 2018

	As of December 31,			
	2019	2018	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
Current Assets	(Audited)			
Cash and cash equivalents	1,021,281	654,603	366,678	56.0%
Trade and other receivables...........................	1,324,243	1,243,315	80,928	6.5%
Other current assets.......................................	—	—	—	—
	2,345,524	1,897,919	447,605	23.6%
Noncurrent Assets				
Property, plant and equipment - net	1,449,497	1,508,466	(58,969)	(3.9%)

	As of December 31,			
	2019	2018	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
Current Assets	(Audited)			
Investment properties	234,546	234,546	—	—
Right-of-use assets - net	195,242	204,786	(9,544)	(4.7%)
Other noncurrent assets	1,779	1,779	—	—
	1,881,063	1,949,576	(68,513)	(3.5%)
Total Assets	**4,226,587**	**3,847,495**	**379,092**	**9.9%**
Current Liabilities				
Trade and other payables	4,662	5,940	(1,278)	(21.5%)
Loans payable – current portion	115,297	120,749	(5,452)	(4.5%)
Loan payable to a shareholder	—	—	—	—
Income tax payable.	229,593	133,739	95,854	71.7%
Lease liabilities – current portion	6,750	269	6,481	2409.3%
	356,302	260,697	95,605	36.7%
Noncurrent Liabilities				
Loans payable – net of current portion	—	115,306	(115,306)	(100.0%)
Due to related parties	287,132	388,369	(101,237)	(26.1%)
Lease liabilities – net of current portion	226,401	226,934	(533)	(0.2%)
Deferred tax liability	369,905	356,790	13,115	3.7%
Retirement benefit obligation	—	—	—	—
Other noncurrent liabilities	1,057	10,506	(9,449)	(89.9%)
	884,495	1,097,905	(213,410)	(19.4%)
Total Liabilities	**1,240,797**	**1,358,602**	**(117,805)**	**(8.7%)**
Equity				
Share capital	1,374,546	1,374,546	—	—
Additional paid in capital	2,465	2,465	—	—
Retained earnings	1,608,780	1,111,882	496,898	44.7%
Other comprehensive income	—	—	—	—
Total Equity	**2,985,790**	**2,488,893**	**496,898**	**20.0%**
Total Liabilities and equity	**4,226,587**	**3,847,495**	**379,092**	**9.9%**

Assets

The Company's total assets amounted to ₱4.2 billion as of December 31, 2019, which was ₱379.1 million, or 9.9% higher than the Company's total assets of ₱3.8 billion as of December 31, 2018.

Cash and cash equivalents

The Company's cash and cash equivalents increased by ₱366.7 million or 56.0% to ₱1,021.3 million as of December 31, 2019, compared to ₱654.6 million as of December 31, 2018, due to cash generated from the Company's operations.

Trade and other receivables

The Company's trade and other receivables increased by ₱80.9 million or 6.5% to ₱1,324.2 million as of December 31, 2019, compared to ₱1,243.3 million as of December 31, 2018, due to the variance of contractual and straight-line recognition of lease income based on the provisions of PFRS 16.

Property, plant and equipment – net

The Company's property, plant and equipment – net consisted of the Clark Solar Power Plant leased out to CREC as the solar power plant operator, and amounted to ₱1,449.5 million (U.S.$28.4 million) as of December 31, 2019, which is ₱59.0 million or 3.9% lower compared with ₱1,508.5 million (U.S.$29.6 million) as of December 31, 2018. The decrease is due to depreciation charges for the period.

Investment properties

The Company's investment properties, which comprise of lands leased out to solar power plant operators, amount to ₱234.5 million (U.S.$4.6 million) as of December 31, 2019 and 2018.

Right-of-use assets

The Company's right-of-use assets decreased by ₱9.5 million or 4.7% from ₱204.8 million as of December 31, 2018, to ₱195.2 million as of December 31, 2019 due to amortization of such assets recognized in 2019.

Other noncurrent assets

The Company's other noncurrent assets, which pertains to security deposits made by it, remained at ₱1.8 million because there were no additional security deposits required to be made by the Company under its lease contract with Clark Development Corporation.

<u>Liabilities</u>

The Company's total liabilities amounted to ₱1,240.8 million as of December 31, 2019, which was ₱117.8 million, or 8.7% lower than the Company's total liabilities of ₱1,358.6 million as of December 31, 2018.

Trade and other payables

The Company's trade and other payable decreased by ₱1.3 million or 21.5% from ₱5.9 million as of December 31, 2018, to ₱4.7 million as of December 31, 2019 due to payments made to EPC contractor and the decrease in accrued interest as a result of the decrease in outstanding balance of the bank loan.

Loans payable – current

The Company's loans payable - current decreased by ₱5.4 million or 4.5% from ₱120.7 million as of December 31, 2018, to ₱115.3 million as of December 31, 2019, after principal payments amounting to ₱119 million were made in 2019. Meanwhile the non-current portion of loans payable in 2018 amounting to ₱115 million was reclassified as current.

Income tax payable

The Company's income tax payable increased by ₱95.9 million or 71.7% from ₱133.7 million as of December 31, 2018, to ₱229.6 million as of December 31, 2019 as a result of higher contractual lease income.

Lease liabilities – current

The Company's lease liabilities - current increased by ₱6.5 million or 2,409.3% from ₱0.3 million as of December 31, 2018, to ₱6.8 million as of December 31, 2019 due to reclassification from non-current portion based on the payment schedule for the succeeding year. The increase in expected payment from the previous year is mainly related to the Company's lease contract for the Toledo Property whereby its lease payments to the lessor are made two years in advance. Hence, no payments were required to be paid in the current year.

Loans payable – net of current portion

The Company's loan payable – net of current portion decreased by ₱115.3 million or 100.0% from ₱115.3 million as of December 31, 2018, to nil as of December 31, 2019 due to the reclassification of maturing loans payable to loans payable – current portion.

Lease liabilities – net of current portion

The Company's lease liabilities – net of current portion decreased by ₱0.5 million or 0.2% from ₱226.9 million as of December 31, 2018, to ₱226.4 million as of December 31, 2019 due to reclassifications made to current portion.

Due to related parties

The Company's due to related parties decreased by ₱101.3 million or 26.1% from ₱388.4 million as of December 31, 2018, to ₱287.1 million as of December 31, 2019 due to the short-term collection of advances provided by CREC based on the available cash of the Company.

Deferred tax liability

The Company's deferred tax liability increased by ₱13.1 million or 3.7% from ₱356.8 million as of December 31, 2018, to ₱369.9 million as of December 31, 2019 due to recognition of deferred tax income arising from the Company's lease liability transactions. Actual lease payments for 2019 were lower than the total expenses recognized in profit or loss statement based on PFRS 16 which are presented as amortization of leased asset and finance cost on lease liability. Lease payments are considered for tax purposes resulting in recognition of deferred transactions.

Other noncurrent liabilities

The Company's other noncurrent liabilities decreased by ₱9.4 million or 89.9% from ₱10.5 million as of December 31, 2018, to ₱1.1 million as of December 31, 2019 due to the adoption by the Company of PFRS 16. Other noncurrent liabilities comprised asset retirement obligations and provisions for lease equalizations.

Equity

The Company's equity stands at ₱2,985.8 million as of December 31, 2019, which increased by ₱496.9 million or 20.0%, from ₱2,488.9 million as of December 31, 2018, mainly relating to net income for the period.

As of December 31, 2018 compared with as of December 31, 2017

	As of December 31,			
	2018	2017	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Current Assets				
Cash and cash equivalents	654,603	665,462	(10,859)	(1.6%)
Trade and other receivables	1,243,315	890,693	352,622	39.6%
Other current assets	—	119,680	(119,680)	(100%)
	1,897,919	1,675,835	222,084	13.3%
Noncurrent Assets				
Property, plant and equipment - net	1,508,466	1,732,250	(223,784)	(12.9%)
Investment properties	234,546	234,546	—	—
Right-of-use assets - net	204,786	214,329	(9,543)	(4.5%)
Other noncurrent assets	1,779	614	1,165	189.7%
	1,949,576	2,181,739	(232,163)	(10.6%)
Total Assets	**3,847,495**	**3,857,575**	**(10,080)**	**(0.3%)**
Current Liabilities				
Trade and other payables	5,940	87,598	(81,658)	(93.2%)
Loans payable – current portion	120,749	120,192	557	0.5%
Loan payable to a shareholder	—	278,621	(278,621)	(100.0%)
Income tax payable.	133,739	112,296	21,443	19.1%
Lease liabilities – current portion	269	5,985	(5,716)	(95.5%)
	260,697	604,693	(343,996)	(56.9%)
Noncurrent Liabilities				
Loans payable – net of current portion	115,306	236,906	(121,600)	(51.3%)
Due to related parties	388,369	517,138	(128,769)	(24.9%)
Lease liabilities – net of current portion	226,934	227,551	(617)	(0.3%)
Deferred tax liability	356,790	252,780	104,010	41.1%
Retirement benefit obligation	—	—	—	—
Other noncurrent liabilities	10,506	8,630	1,876	21.7%

	As of December 31,			
	2018	2017	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
	1,097,905	1,243,006	(145,101)	(11.7%)
Total Liabilities	**1,358,602**	**1,847,699**	**(489,097)**	**(26.5%)**
Equity				
Share capital	1,374,546	1,374,546	—	—
Additional paid in capital	2,465	2,465	—	—
Retained earnings	1,111,882	632,865	479,017	75.7%
Other comprehensive income	—	—	—	—
Total Equity	**2,488,893**	**2,009,876**	**479,017**	**23.8%**
Total Liabilities and equity	**3,847,495**	**3,857,575**	**(10,080)**	**(0.3%)**

Assets

The Company's total assets amounted to ₱3.8 billion as of December 31, 2018, which was ₱10.1 million, or 0.3% lower than the Company's total assets of ₱3.8 billion as of December 31, 2017.

Cash and cash equivalents

The Company's cash and cash equivalents decreased by ₱10.9 million or 1.6% to ₱654.6 million as of December 31, 2018, compared to ₱665.5 million as of December 31, 2017, due to cash generated from the Company's operations, partially offset by payments of shareholder loans and third-party debt service payments amounting to ₱269.9 million during the period.

Trade and other receivables

The Company's trade and other receivables increased by ₱352.6 million or 39.6% to ₱1,243.3 million as of December 31, 2018, compared to ₱890.7 million as of December 31, 2017, due to recognition of the difference of the straight-line lease income and contractual revenue during the year.

Other current assets

The decrease of ₱119.7 million or 100% in the Company's other current assets as of December 31, 2018, is mainly related to input VAT refunds received from the BIR.

Property, plant and equipment – net

The Company's property, plant and equipment – net is comprised of the Clark Solar Power Plant leased out to CREC as the solar power plant operator, and amounted to ₱1,508.5 million (U.S.$29.6 million) as of December 31, 2018, which is ₱223.8 million or 12.9% lower compared with ₱1,732.3 million (U.S.$34.0 million) as of December 31, 2017. The decrease is due to depreciation charges for the period and disposals totaling ₱152 million which pertain to the capitalized development cost related to the construction of another power plant project that is not part of the sale and purchase agreement between the previous parent company and the sponsor, CREC.

Investment properties

The Company's investment properties, which comprise of lands leased out to solar power plant operators, amount to ₱234.5 million (U.S.$4.6 million) as of December 31, 2018 and 2017.

Right-of-use assets

The Company's right-of-use assets decreased by ₱9.5 million or 4.5% from ₱214.3 million as of December 31, 2017, to ₱204.8 million as of December 31, 2018 due to amortizations during the year.

Other noncurrent assets

The Company's other noncurrent assets increased by ₱1.2 million or 189.7% from ₱0.6 million as of December 31, 2017, to ₱1.8 million as of December 31, 2018 due to the reclassification of security deposit and advance rentals from the Company's current to noncurrent assets.

Liabilities

The Company's total liabilities amounted to ₱1,358.6 million as of December 31, 2018, which was ₱489.1 million, or 26.5% lower than the Company's total liabilities of ₱1,847.7 million as of December 31, 2017.

Trade and other payables

The Company's trade and other payable decreased by ₱81.7 million or 93.2% from ₱87.6 million as of December 31, 2017, to ₱5.9 million as of December 31, 2018 due to payments made to EPC contractor and the decrease in accrued interest as a result of the decrease in outstanding balance of the bank loan.

Loans payable – current

The Company's loans payable - current increased by ₱0.6 million or 0.5% from ₱120.2 million as of December 31, 2017, to ₱120.7 million as of December 31, 2018, as a result of the principal repayments that the Company would have to make within one year and which were made by the Company in 2019.

Income tax payable

The Company's income tax payable increased by ₱21.4 million or 19.1% from ₱112.3 million as of December 31, 2017, to ₱133.7 million as of December 31, 2018 as a result of higher contractual lease income.

Lease liabilities – current

The Company's lease liabilities - current decreased by ₱5.7 million or 95.5% from ₱6.0 million as of December 31, 2017, to ₱0.3 million as of December 31, 2018 due to lease payments made during the period

Loans payable – net of current portion

The Company's loan payable – net of current portion decreased by ₱121.6 million or 51.3% from ₱236.9 million as of December 31, 2017, to ₱115.3 million as of December 31, 2018 due to the reclassification of maturing loans payable to loans payable – current portion.

Lease liabilities – net of current portion

The Company's lease liabilities – net of current portion decreased by ₱0.6 million or 0.3% from ₱227.6 million as of December 31, 2017, to ₱226.9 million as of December 31, 2018 due to interest accretion and lease payments made during the period.

Due to related parties

The Company's due to related parties decreased by ₱128.8 million or 24.9% from ₱517.1 million as of December 31, 2017, to ₱388.4 million as of December 31, 2018 due to the short-term collection of advances provided by CREC based on the available cash of the Company.

Deferred tax liability

The Company's deferred tax liability increased by ₱104.0 million or 41.1% from ₱252.8 million as of December 31, 2017, to ₱356.8 million as of December 31, 2018 due to additional deferred tax expense recognized from straight-line adjustments made in accordance with PFRS 16.

Other noncurrent liabilities

The Company's other noncurrent liabilities increased by ₱1.9 million or 21.7% from ₱8.6 million as of December 31, 2017, to ₱10.5 million as of December 31, 2018 due to additional provision on lease equalization resulting from the application of straight-line method to lease payments from the lease of land.

Equity

The Company's equity stands at ₱2,488.9 million as of December 31, 2018, which increased by ₱479.0 million or 23.8%, from ₱2,009.9 million as of December 31, 2017, mainly relating to net income for the period.

LIQUIDITY AND CAPITAL RESOURCES

For 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2021, the Company's principal sources of liquidity were cash flows from operations and the equity subscription by CREC. As of September 30, 2021, the Company had cash and cash equivalents totaling ₱1,548.4 million. The Company expects that its principal uses of cash for 2021 will be for operational costs and expenses and payment of dividends.

The Company is not aware of any demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

CASH FLOWS

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated and should be read together with the Company's statements of cash flows included in the Pro Forma Financial Statements.

	For the year ended December 31,				
	2017	**2018**	**2019**	**2020**	**2020**
		₱ thousands			**U.S.$ thousands**
Net cash generated from operating activities	239,891	281,851	564,590	322,408	6,327
Net cash used in investing activities	(206)	(38)	(176)	—	—
Net used in financing activities	(318,547)	(293,505)	(197,736)	(115,441)	(2,265)

	For the nine months ended September 30,		
	2020	**2021**	**2021**
	₱ thousands (Audited)		**U.S.$ thousands (Unaudited)**
Net cash generated from operating activities	244,529	399,143	7,832
Net cash used in investing activities	—	—	—
Net cash used in financing activities	(113,080)	(78,940)	(1,549)

Note:

(1) The translations from Pesos to U.S. dollars have been made on the basis of the BSP Reference Rate on September 30, 2021 of ₱50.96 = U.S.$1.00. See "Exchange Rates."

Cash flows from operating activities

The Company's net cash provided by operating activities is primarily affected by the revenues and expenses related to its solar plant operations and rental income, as adjusted by non-cash items such as unrealized foreign currency losses, interest expense and depreciation and amortization. The Company's cash flows from operating activities, are also affected by working capital changes such as changes in receivables, other current assets, due to/ from related parties, accounts payable or other liabilities.

Net cash provided by operating activities for the nine months ended September 30, 2021 and 2020 amounted to ₱399.1 million (U.S.$7.8 million) and ₱244.5 million, respectively. Net cash provided by operating activities amounted to ₱322.4 million (U.S.$6.3 million) and ₱564.6 million for the years ended December 31, 2020 and 2019, respectively. The Company's net cash provided by operating activities was ₱281.9 million and ₱239.9 million for the years ended December 31, 2018 and 2017, respectively.

For the nine months ended September 30, 2021, the Company had an operating income before working capital changes of ₱653.2 million. This was reduced by prepayments and other current assets of ₱16.4 million, receivables of ₱77.6 million, and a net payment in trade payables of ₱0.9 million. After the payment of ₱159.3 million of income tax and collection of interest of ₱0.2 million, resulting net cash generated from operating activities amounted to ₱399.1 million (U.S.$7.8 million).

For the year ended December 31, 2020, the Company had an operating income before working capital changes of ₱888.0 million. This was reduced by receivables of ₱337.3 million, and decreases in prepayments of ₱0.5 million, partially offset by trade payables of ₱1.1 million. After the collection of ₱0.7 million interest, and payment of ₱229.6 million of income tax, resulting net cash generated from operating activities amounted to ₱322.4 million (U.S.$6.3 million).

For the year ended December 31, 2019, the Company had an operating income before working capital changes of ₱888.8 million. This was reduced by trade receivables of ₱171.3 million, trade and other payables of ₱19.5 million and partially offset by increase in other non-current assets of ₱1.8 million. After the collection of ₱2.1 million interest, and payment of ₱133.7 million of income tax, resulting net cash generated from operating activities amounted to ₱564.6 million.

For the year ended December 31, 2018, the Company had an operating income before working capital changes of ₱888.2 million. This was reduced by trade receivables of ₱352.5 million, trade payables of ₱46.2 million, due to related parties of ₱227.0 million, partially offset by prepayments and other current assets of ₱117.4 million, other noncurrent assets of ₱5.4 million and other noncurrent liability of ₱1.1 million. After the collection of ₱8.6 million interest, and payment of ₱113.1 million of income tax, resulting net cash generated from operating activities amounted to ₱281.8 million.

For the year ended December 31, 2017, the Company had an operating income before working capital changes of ₱889.3 million. This was reduced by trade and other receivables of ₱446.8 million, trade payables of ₱125.8 million, due to related parties of ₱26 million, partially offset by other noncurrent liability of ₱3.7 million. After the collection of ₱1.5 million in interest, and payment of ₱55.9 million of income tax, resulting net cash generated from operating activities amounted to ₱239.9 million.

Cash flow used in investing activities

The Company's net cash flow from investing activities for the years ended December 31, 2017, 2018 and 2019 amounted to ₱206 thousand, ₱38 thousand and ₱176 thousand, generally comprising purchases of minor purchases such as vehicles and computer software. The Company does not anticipate significant capital expenditure for the Clark Solar Power Plant as it is regularly maintained. The Company expects that any expansion of its portfolio will be from the addition of pipeline projects of the Citicore Group.

Cash flows used in financing activities

The Company's net cash flow used in financing activities for the nine months ended September 30, 2021 was ₱78.9 million (U.S.$1.5 million). The Company's net cash used for financing activities were primarily due to debt service payments to local banks and lease liability payments.

The Company's net cash flow used in financing activities for the years ended December 31, 2017, 2018, 2019 and 2020 were ₱318.5 million, ₱293.5 million, ₱197.7 million and ₱115.4 million (U.S.$2.3 million), respectively. The Company's net cash used for financing activities were primarily due to debt service payments to local banks (and a previous shareholder in 2018) and payments of lease liabilities, in 2018, 2019 and 2020, respectively.

INDEBTEDNESS

As of September 30, 2021, the Company did not have any outstanding loan payables.

CAPITAL EXPENDITURES

There were no significant capital expenditure for the Properties for the years ended December 31, 2018, 2019 and 2020, and for the nine months ended September 30, 2021.

The Company also does not expect any significant capital expenditure for the Properties for Forecast Period 2021, Projection Year 2022 or Projection Year 2023. Any significant capital expenditure is expected to come from future injection of land or solar property or both based on the investment plan of the Company.

Although these are the Company's current plans with respect to capital expenditures, such plans may change as a result of a change in circumstances and the actual amount of expenditures may vary from the planned amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As the Company continues to grow its portfolio, it may incur additional capital expenditure.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the contractual maturities of the Company's financial liabilities, including interest payments and excluding the impact of netting agreements as of September 30, 2021:

	As of September 30, 2021									
	On demand	< 30 days	30 – 60 days	61 – 90 days	> 90 days	Up to one year	> 1 – 3 years	> 3 – 5 years	Over 5 years	Total
	₱ millions									
Lease liabilities............	—	—	—	—	—	8.5	10.4	12.9	196.5	228.3
Accounts payable and accrued expenses	1.2	—	—	—	—	—	—	—	—	1.2
Due to related party	—	—	—	—	—	94.1	68.5	—	—	162.6
Total	1.2	—	—	—	—	**102.6**	**78.9**	12.9	196.5	392.1

As of September 30, 2021, there is no known event that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2021, there were no off-balance sheet transactions, arrangements or obligations (including contingent obligations) that were likely to have a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The Company also has no unconsolidated Subsidiaries.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below. The Company's Board has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, security prices and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The Company is exposed to foreign exchange risk arising from various currency exposures, and primarily to the U.S. dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates. The Company's foreign currency denominated monetary liability refers to a portion of lease liabilities in U.S. dollars. The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in currencies other than Pesos.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash in banks and trade and other receivables. Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before availing of local bank lines.

Financial Risk Disclosure

Other than the impact of COVID-19 to the business which is disclosed in Note 26 to the interim financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity revenue in any material way. Moreover, there are no significant elements of income or loss from the Company's continuing operations. The Company does not anticipate having any cash flow or liquidity problems.

SEASONALITY

The Company's revenues (including rental payments from the Leased Properties) are correlated to the amount of electricity generated by its solar power plant and the solar power plants operating on the Leased Properties, which in turn is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. Other than this, there were no seasonal factors that had a material impact on the financial condition or operations of the Company for the years ended December 31, 2018, 2019 and 2020, and for the nine months ended September 30, 2021.

The Company believes that such seasonality is effectively managed as it and its lessees have installed systems to (i) monitor the daily output of such power plants and (ii) calibrate and improve output, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the photo-voltaic ("**PV**") panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), spectrum temperature, and the effects of seasonal weather variability.

BUSINESS AND PROPERTIES

OVERVIEW

Citicore Energy REIT Corporation (previously Enfinity Philippines Renewable Resources, Inc.) (the "**Company**" or "**CREIT**") is focused on the ownership of sustainable infrastructure projects such as income-generating renewable energy real estate properties in the Philippines.

The Company is a REIT formed primarily to own and invest in income-generating renewable energy real estate properties, including land and properties used for harnessing power, that meet the Company's investment criteria. Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties. The Company offers its shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality income-generating renewable energy real estate properties supported by a strong and growing demand for electricity in the Philippines, appreciation of land values, strong support from the Sponsors, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 95% of the Company's Distributable Income.

As of the date of this REIT Plan, the Company's renewable energy property portfolio consists of (i) a solar power plant with an installed capacity of 22.3MWp_{DC} and other real properties (the "**Clark Solar Power Plant**") which have been leased to CREC and that are located on a 250,318 sq.m parcel of land (the "**Clark Land**") inside Clark Freeport Zone, Pampanga, (the "**Clark Property**"), with the Company owning the leasehold rights over the Clark Land and (ii) land leased to solar power plant operators, comprising (A) Company-owned parcels of land in Brgy. Armenia, Tarlac City (the "**Armenia Property**"), and (B) leasehold rights over parcels of land located in Brgy. Talavera, Toledo City, Cebu (the "**Toledo Property**"), Silay City, Negros Occidental (the "**Silay Property**"), and Brgy. Dalayap, Tarlac City (the "**Dalayap Property**", and together with the Clark Property, Armenia Property, Toledo Property, Silay Property and Dalayap Property, the "**Properties**").

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Tarlac 1, Citicore Solar Cebu, Inc. ("**Citicore Cebu**") (formerly, First Toledo Solar Energy Corp. ("**FTSEC**")), Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**") (formerly Silay Solar Power, Inc. ("**SSPI**")), and Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("**SE4**")) ("**Citicore Tarlac 2**", collectively with CREC, Citicore Tarlac 1, Citicore Cebu, and Citicore Negros Occidental, the "**Lessees**"), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 123.7MWp_{DC}.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of Citicore Power, Inc. ("**CPI**"), the parent company of CREC.

The Leased Properties comprise the Company's initial Portfolio, and have an aggregate appraised value of ₱10.9 billion (U.S.$214.3 million) based on the Valuation Reports issued by Cuervo Appraisers.

The following table summarizes key information relating to the Company's Leased Properties. For more details on the Leased Properties, please see "*Business and Properties*" in this REIT Plan.

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731
Right over property	Leased	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040
Lessor	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Right of first refusal	None	N/A	Yes	None	Yes

Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	28.4%	6.3%	34.6%	26.4%	4.3%

The Company built and owns the Clark Solar Power Plant on the Clark Land that it leases from the Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below). In addition, the Company acquired (i) the leasehold rights over the Toledo Property for a remaining term of 19 years expiring on May 31, 2041, (ii) the leasehold rights over the Silay Property for a period of 19 years expiring on October 31, 2040 and (iii) the leasehold rights over the Dalayap Property for a period of 19 years expiring on October 31, 2040, pursuant to the Acquisition of Leasehold Rights (as defined in "—*History*" below). See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

In addition to the Properties, after the Offer, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, which are wholly owned indirect subsidiaries of CREC through its 100% ownership of Citicore Solar Holdings, Inc. and Sikat Solar Holdco Inc., respectively. Please see the section entitled "*Use of Proceeds*" in this REIT plan and "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These two properties are described below (the "**Properties to be Acquired**"):

- **Bulacan Property —** a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of $15MWp_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

- **South Cotabato Property —** a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of $6.23MWp_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

As of October 31, 2021, the Bulacan Property and South Cotabato Property were valued by Cuervo Appraisers at ₱2,484.1 million and ₱1,067.5 million, respectively.

The property lease rental rates for the Properties to be Acquired are also expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from any excess from the agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Properties to be Acquired.

Each of the Sponsors is a corporation organized under the laws of the Philippines, and Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC. CREC is one of the leading renewable energy generation companies in the Philippines engaged in development of renewable energy plants, including large-scale solar power plants. CREC is also engaged in the business of renewable energy asset development, engineering, procurement and construction, and renewable energy asset management, including operation and maintenance of solar power generation facilities. As such, the Company benefits from the Sponsors' well-established reputation, relationships with key players in the Philippine renewable energy industry, understanding of the Philippine renewable energy market, and extensive experience in developing and managing renewable energy properties such as the Company's Properties. As of September 30, 2021, CREC is a wholly owned subsidiary of CPI, also a corporation organized under the laws of the Philippines. See "*The Sponsors*" in this REIT Plan for more information.

Much of the leadership of the Fund Manager and the Property Manager have gained valuable experience in previous roles throughout the Citicore Group, and the Company expects they will put their expertise to use to provide superior service to the Company. See the section entitled "*The Fund Manager and the Property Manager*" for more information on the work experience of the management of the Property Manager and the Fund Manager. As such, the Company benefits from the Citicore Group's well-established reputation, relationships with key players in the Philippine real estate industry, understanding of the Philippine real estate market, and deep experience in developing and managing properties such as the Company's Properties.

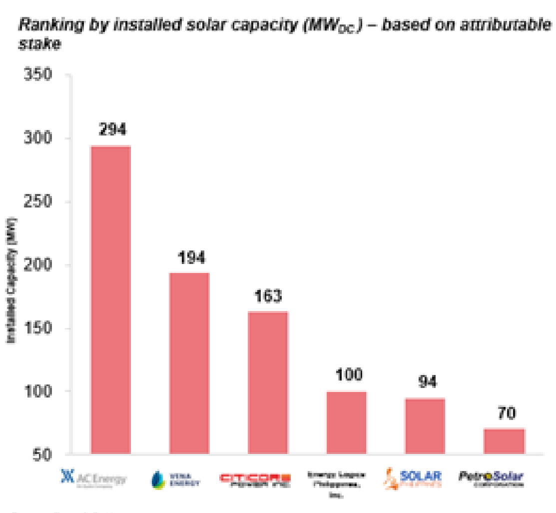
COMPETITIVE STRENGTHS

The Company believes that it benefits from the following competitive strengths:

CREC, one of the Sponsors, is a leading vertically integrated renewable energy generator with a proven track record in asset development, engineering, procurement and construction execution and asset operation and management.

Each of the Sponsors is a corporation organized under the laws of the Philippines, and Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC. CREC is one of the leading renewable energy generation companies in the Philippines engaged in development of renewable energy plants, including large-scale solar power plants. CREC is also engaged in the business of renewable energy asset development, engineering, procurement and construction, and renewable energy asset management, including operation and maintenance of solar power generation facilities (for which it deploys cloud-based real-time supervisory control and data acquisition systems). As such, the Company benefits from the Sponsors' well-established reputation, relationships with key players in the Philippine renewable energy industry, understanding of the Philippine renewable energy market, and extensive experience in developing and managing renewable energy properties such as the Company's Properties.

CREC's strengths lie in its proven track record, strong brand reputation, and ability to develop solar power plants of different capacities and across multiple regions in the Philippines. As August 31, 2021, the Citicore Group was the third largest solar power generator in the Philippines with an overall capacity of $163MW_{DC}$.



As of the date of this REIT Plan, the Company and the Lessees of the Leased Properties are all members of the Citicore Group, and the Lessees operate solar power plants (including the solar power plant of Citicore Bataan) with a total combined installed capacity of 163MWp_{DC}.

The Company has a unique business model, with revenue streams primarily sourced from land leases providing steady recurring revenues and cashflows and stable distributions.

All of the Company's revenues are from lease payments from its Lessees which operate solar power plants on the Leased Properties. On a pro forma basis, both for the year ended December 31, 2020 and the nine months ended September 30, 2021, the Leased Properties contributed all of the Company's consolidated revenue.

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from the agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

The foregoing structure enables the Company to maximize the value of the Leased Properties, by increasing the certainty of base lease fees while also allowing the Company to benefit from any outperformance by its Lessees. The Company also expects to enter into the same type of leases with the lessees of the Properties to be Acquired.

As such, the Company expects to provide Shareholders with regular and stable dividend distribution with long term dividend yield growth, with a projected dividend per share yield of 7.0% and 7.4% for Projection Year 2022 and Projection Year 2023, based on an Offer Price of ₱2.55 per Share. The projected dividend yields for Projection Year 2022 and Projection Year 2023 offer an attractive premium of 3.0% and 3.4%, respectively, to a 10-year Philippine bond yield of 4.0% as of July 29, 2021. See "*Profit Forecast and Profit Projection*".

Secured long-term offtake agreements from reputable customers of Lessees' supported by Government incentives.

The Company's rental income for its lease agreement with CREC are dependent on the Clark Solar Power Plant which is FIT-certified. FIT-certified power plants have guaranteed power purchase agreements with the Government, and are expected to generate stable cash flow. Under the FIT regime, CREC's offtaker is TransCo, a Government owned-and-controlled corporation ("**GOCC**").

As of September 30, 2021, 94%, or 116.4MWp_{DC}, of the total installed capacity of the solar power plants located on the Leased Properties are contracted to TransCo and contestable customers across a diverse range of industries, and 6%, or 7.2MWp_{DC}, is sold by the lessees who operate the solar power plants on such Leased Properties under priority dispatch on the WESM. Similarly, as of September 30, 2021, 95%, or 137.6$MWp_{DC,}$ of the total installed capacity of the solar plants located on the Leased Properties together with the Properties to be Acquired are contracted to TransCo and contestable customers and 5%, or 7.2MWp_{DC}, is sold by such customers under priority dispatch on the WESM. The Lessees' key customers include creditworthy purchasers such as large diversified conglomerates such as AC Energy Corporation, multinational companies such as Shell Energy Philippines, industrial park operators such as Freeport Area of Bataan and Economic Power Management, Inc. (EPMI) a wholly owned subsidiary of Laguna Technopark, developer of one of the country's leading world class industrial parks, among others.

As of September 30, 2021, the top five customers of the Company's Lessees comprise 85.6% of 123.0MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the largest customer of the Lessees accounted for 40.6% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.2 years. Out of the total contracted capacity of such solar power plants of 123.0MW_{AC} as of September 30, 2021, 3.3% will expire in 2021, 18.3% will expire in 2022, 9.1% will expire in 2023, 4.5% will expire in 2024 and 64.9% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

As of September 30, 2021, the top five customers of the operators of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together comprise 87.4% of 140.6MW_{AC} or the total contracted capacity of the solar power plants located on such properties and the largest customer for the solar power plants located on such properties accounted for 35.6% of the total contracted capacity of such solar power plants. All of the customers of the operators of the solar power plants located on the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of September 30, 2021, 2.8% will expire in 2021, 16.0% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025.

The Sponsors are also committed to further broadening the Lessees' customer base through improving their pricing methodology and enhancing customer service experience, to increase the Lessees' competitiveness and profitability. In addition, the Properties to be Acquired by the Company after the completion of the Offering are sites utilized by FIT-eligible solar power plants.

The Company is well positioned to capture growth in the demand for electricity, and the increasing focus of the Government on renewable energy sources to address the country's long-term energy requirements.

The narrative of the Philippine power sector is underpinned by its robust economic fundamentals and attractive demographic qualities. The Philippines' GDP grew at an 8.8% compounded annual growth rate ("**CAGR**") from 2009 to 2019. Although the Philippine economy contracted by 8.3% in 2020, the World Bank forecasts 5.3% and 5.6% growth in 2021 and 2022, respectively. Fitch Solutions, an affiliate of the Fitch Group forecasts power consumption to grow at an annual average of 4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. Further, based on the Power Development Plan 2016-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 43,765MW_{DC} broken down as follows: 25,265 MW_{DC} for baseload, 14,500 MW_{DC} for mid-merit and 4,000 MW_{DC} for peaking.

In order to meet increasing demand, growth in installed capacity is essential and has compelled the Philippine government to encourage the expansion in renewable energy capacity. The National Renewable Energy Program has set a target of reaching 15,304MW_{DC} of installed renewable capacity by 2030 (vs c.3,500MW_{DC} in 2017), represents c.50% of the country's forecast total energy capacity. In addition, renewable initiatives under the National Renewable Energy Program (NREP) development framework are currently in-place or being drafted to support this renewable target: 20-year feed-in tariffs for solar, wind, biomass and hydro energy were introduced in 2013. The NREB has also proposed renewable portfolio standards ("**RPS**") that mandate distribution utilities to source portion of their power from renewable energy and Competitive Renewable Energy Zones for enhanced renewable infrastructure.

The Citicore Group's ability to identify strategic locations, develop and construct renewable energy sources plant means that it has the flexibility to allocate its energy production for both base and peak demands. The expansion of the Company's renewable energy real property portfolio through the Citicore Group's upcoming projects will continue to increase the Company's flexibility in meeting the varying requirements of its customers at the lowest cost possible. With a target of growing its solar renewable energy capacity to 1.5GW_{DC} by 2025, the Citicore Group is well positioned to address the country's need for clean power sources, and benefit from the RPS mandated by the DOE.

Based on the DOE's Power Development Plan, there is a forecast of a power supply shortage beginning in 2022-2023. Given the longer construction period required by conventional power plants, the Company believes that solar power plants farms that can be built in a period of six months to one year once land is available, are in the best position to address the immediate supply gap. In addition, the Company believes that solar energy, with its low levelized cost of electricity (LCOE), is one of the best options to bridge the gap between the supply and demand of electricity as forecasted in DOE's Power Development Plan. The Company also believes that solar energy developments will help meet the peaking demand driven by household and commercial consumption. The Citicore Group has maintained a healthy pipeline of renewable energy projects that the Company believes will enable it to take advantage of the market opportunity.

The Lessees have exhibited a superior operational track record with their consistent and resilient operations

Each of the solar power plants operated by the Lessees have a design life of 30 years, which can be further extended by another 25 years with additional capital expenditures at the end of the design life. The operations teams of the Lessees regularly and diligently conduct preventive and predictive maintenance on all major equipment in the respective power plants operated by them to minimize unscheduled or unplanned internal outages. The Company believes the solar power plants operated by the Lessees are well kept and well maintained as evidenced by their high average plant availability rate of 98.1% from 2017 to 2020. The table below shows the availability rate and performance ratio of the solar power plants of the Company's Lessees for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2021:

Solar Power Plant	**Availability Rate[1]**				
	For the year ended December 31,				**For the nine months ended September 30,**
	2017	**2018**	**2019**	**2020**	**2021**
Clark Solar Power Plant........	99.8%	99.5%	99.1%	99.2%	99.5%
Armenia Property	100.0%	99.9%	99.7%	99.2%	98.9%
Toledo Property.....................	99.6%	97.7%	91.6%	99.3%	98.8%
Silay Property[3].....................	93.9%	94.9%	97.6%	97.9%	95.4%
Dalayap Property..................	100.0%	100.0%	99.6%	99.3%	98.8%

Solar Power Plant	**Performance Ratio[2]**				
	For the year ended December 31,				**For the nine months ended September 30,**
	2017	**2018**	**2019**	**2020**	**2021**
Clark Solar Power Plant.........	82.4%	80.7%	81.3%	82.4%	83.5%
Armenia Property..................	89.2%	84.9%	82.0%	82.6%	82.1%
Toledo Property......................	83.7%	82.6%	81.6%	81.4%	83.0%
Silay Property[3]......................	86.8%	84.1%	83.3%	83.9%	86.1%
Dalayap Property...................	84.0%	84.0%	83.9%	83.9%	85.6%

Notes:

(1) Availability Rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.

(2) Performance Ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.

(3) The solar power plant of Citicore Bataan had an availability rate of 99.7% both for the year ended December 31, 2020 and the nine months ended September 30, 2021, and a performance ratio of 83.1% for the year ended December 31, 2020 and the nine months ended September 30, 2021.

The Company strategically selected the locations of the Leased Properties as those with solar irradiation between 4.7-5.5 kWh/m^2/day based on the long-term historical irradiation data of National Renewable Energy Laboratory (NREL), a national laboratory of the U.S. Department of Energy based in Texas.The Lessees also have systems in place to detect, instantly, the daily output and be able to calibrate and improve output of their relevant solar power plants, as the need arises, based on an expected performance ratio with respect to the peak nominal rated capacity of the PV panel modules installed. The calculations typically involve consideration of solar specific issues, such as solar irradiation and PV panel degradation (at a minimum), as well as spectrum temperature and, the effects of seasonal weather variability on testing.

Solar power plant operations in the Philippines have also proven resilient during the COVID-19 pandemic. Despite 4.04% year-on-year contraction in power generation in the Philippines in 2020, solar energy power plants continued to sustain their operations and revenues as coal plants were forced to temporarily shut down their operations due to quarantine measures. Based on the DOE's 2020 Power Statistics, solar power plants across the Philippines increased their gross generation output by 10.15% from 2019 to 2020.

Gross Power Generation (DOE 2020 Power Statistics)

Year	**2017**	**2018**	**2019**	**2020**
Solar Power Generation (MWh)	1,201,152	1,249,116	1,246,082	1,372,604

The table below shows the gross power generated by the solar power plants of the Lessees and the percentage of the gross power generated by the solar power plants of the Lessees out of the total solar power generation output in the Philippines from 2017 to 2020.

Year	**2017**	**2018**	**2019**	**2020**
Total Power Generation of solar power plants of Lessees (MWh)......	221,933	226,972	229,490	229,531

% of Total Solar Power Generation in the Philippines	18.5%	18.2%	18.4%	16.7%

Opportunity for growth through optimization of operations and asset acquisition

The Company's leases of the Leased Properties allow it to share in the organic growth of the operations of the Company's Lessees, who are expected to benefit from increasing demand for and prices for energy in the Philippines as well as various plant optimization initiatives to improve generation output of the power plants on the Leased Properties.

The Lessees also continue to explore opportunities to optimize their operations, such as improving their performance ratios through identified initiatives around maintenance of panels (including cleaning), modifications in sections of the solar power plants to reduce the effects of shading, and regular thermal scanning to optimize the generation. In addition, deployment of initiatives in certain Properties, like agro solar, have helped reduce grass cutting-costs while generating livelihood for the community.

The Company is also well positioned to benefit from the Citicore Group's pipeline of renewable energy assets, which will potentially allow the Company to expand its property portfolio subject to such assets meeting the Company's investment criteria. The Citicore Group has a strong pipeline of solar power plants with an expected combined installed capacity of 1.5GW_{DC}, which are under various stages of development and which the Citicore Group expects to complete by 2025. In accordance with its reinvestment plan, the Selling Shareholder intends to apply the entire proceeds from the Secondary Offer Shares and the proceeds received by Citicore Bulacan and Citicore South Cotabato towards ten projects expected to amount to 0.655GW_{DC} of the Citicore Group's combined installed capacity of 1.5GW_{DC}. Such projects may be considered by the Company and the Fund Manager for acquisition after these are completed and meet the Company's investment criteria. For a more detailed discussion on the use of net proceeds by the Selling Shareholder, see Annex 1 "*Reinvestment Plan*" of this REIT Plan. The Citicore Group also aims to identify strategic locations, and develop renewable energy sources to potentially expand the Company's renewable energy property portfolio.

The Fund Manager aims to achieve portfolio growth through the acquisition of quality income-producing renewable energy properties that fit within the Company's investment strategy to enhance total return for Shareholders and increase potential opportunities for future income and capital growth. In executing this strategy, the Company will endeavor to acquire properties situated in high-growth areas, whether from the Sponsors, or third parties, to cater to economic growth that provides meaningful investment for social contribution.

To meet the Company's investment criteria, a potential new renewable energy property should (i) primarily be (but not exclusively) focused on solar power plants, but may include other renewable energy properties available in the market, (ii) be located in underdeveloped areas where the Company has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land value; and (iii) be the site of a renewable energy power plant that has achieved successful plant testing and commissioning, accompanied by stable off-take contracts for 100% of such plant's expected generation output.

Experienced, committed, and professional management team with several years of accumulated experience

The Company's management team comprises individuals who have spent their careers in the Philippine solar power industry and have gained valuable experience as long-time employees of the Citicore Group. Combining leading-edge technology innovation with prudent and effective risk management practices, the Citicore Group manages a portfolio of solar power plants and development.

The Company's Chairman of the Board is Edgar Saavedra, the ultimate beneficial owner of the Citicore Group. Mr. Saavedra has more than 20 years of experience in engineering and construction. He led the creation and implementation of the overall strategic direction of Megawide Construction Corporation ("**Megawide**") and the Citicore Group, directing more than 4,000 employees nationwide. Mr. Saavedra personally heads Megawide and the Citicore Group's research and development team in engineering. His engineering and entrepreneurial expertise has put the Citicore Group in a position to roll out the construction and operation of its 1.5GW_{DC} plan.

The Company is also led by Oliver Y. Tan, President and CEO, who first joined Megawide in 2010 as Chief Finance Officer. He was involved in the successful IPO of Megawide in 2011 and has led the deals for various Public Partnership Projects with the Government starting with the construction of schools with Department of

Education (Phase 1 and Phase 2), Mactan Cebu International Airport Project and Parañaque Integrated Terminal Transport Project. Beginning 2018, he focused on the expansion of the Citicore Group's business and has led various successful deals such acquisitions, joint venture agreements and bilateral contracts over the years. Mr. Tan's vision has driven the very rapid growth of the Citicore Group from 2016. He leads over 100 employees and applies his experience in corporate finance, strategy and building infrastructure business.

Supporting Mr. Tan is a highly experienced management team, including Mia Grace Paula S. Cortez, Chief Finance Officer, seasoned Finance professional from Megawide who has over the years supported Megawide in implementing financial controls, tax management and financial reporting system as Group Controller.

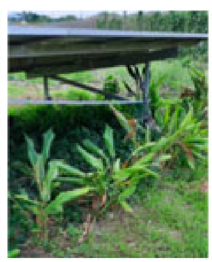
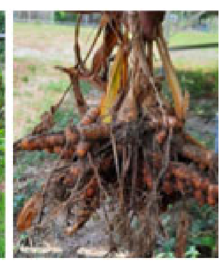
Strategically located Properties with potential for future development.

The Company believes that its Properties and the Properties to be Acquired are strategically located and encompass large areas in key provinces that are suitable for future township development.

The Company's Properties comprise (i) 138,164 sq.m. of land owned by the Company (i.e., the Armenia Property), and (ii) 1,517,112 sq.m. of land, to which the Company owns the leasehold rights (i.e., the Clark Property, the Toledo Property, the Silay Property, and the Dalayap Property). The Company has a right of first refusal, subject to certain conditions, in the event the land underlying the Toledo Property and the Dalayap Property are sold by their owners, usufructuaries or lessees. In addition, the Properties to be Acquired comprise 333,877 sq.m. of land to be acquired by the Company in Bulacan and South Cotabato. See "—*Particulars of the Properties*" in this REIT Plan.

Sustainable investing that provides Shareholders the opportunity to direct capital into companies with positive impact on the environment and society

In line with the United Nations' 2030 agenda for sustainable development, the Citicore Group pioneered the "agro-solar" concept in the Philippines, which allows solar plants and vegetable farmers to co-exist on the land where the solar power plants are operated, and aims to provide livelihood and augment income of the farmer communities where the Leased Properties are located. The Clark Property, Armenia Property, Dalayap Property and the Bulacan Property (one of the Properties to be Acquired) currently implement the agro-solar concept.

Further, based on the Company's estimates, the solar power plants operated on the Leased Properties are able to reduce approximately 231,720 tons of CO_2 annually, or an aggregate of 7,000,000 tons of CO_2 for the entire design life of the power plants. For an assessment of the environmental and social sustainability of the Company's operations, see "*Summary of Shades of Green Assessment*" in this REIT Plan and Annex 5 "*CICERO Green's Shades of Green Assessment Report*" of this REIT Plan. To ensure the sustainability and green aspect of the Company, for any potential new renewable energy property to be acquired in the future, the Company will (i) adequately consider the climate resilience of the location of such property and the solar plants located thereon, and adopt a comprehensive approach to local environmental issues such as policies to select sites with minimal trees and measures to minimize local resistance and disturbance; (ii) focus on non-irrigated and unproductive farmland to reduce displacement, and ensure that no deforestation was undertaken prior to construction of the solar plants; and (iii) have good resource management to encourage high re-use rate of water used for solar panel cleaning and to support agro-solar initiatives, wherein vegetable and root crops are planted alongside solar panels to provide income augmentation to nearby farmer communities.

The Citicore Group has also implemented other community building activities, such as training programs to provide scholarship and employment opportunities to local communities where the Leased Properties are located for inclusive growth.

BUSINESS STRATEGIES

The Company's principal strategy is to invest in income-generating renewable energy real estate property, including land and properties used for harnessing power that meet the Company's investment criteria. Through the services of the Fund Manager and the Property Manager, who will collectively work with the Company's management team, the Company intends to maximize investment returns for its Shareholders. The Company believes it will be able to grow from both its existing portfolio, and by adding new assets in the future. Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT plan.

Fund Manager

The Fund Manager plans to achieve its key objectives for the Company through the following strategies:

Proactive identification of asset growth opportunities

To enhance the value of the Company's portfolio, the Fund Manager, pursuant to the Fund Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

- determine asset allocation to allowable investment outlets to enable the Company to improve yields;
- objectively evaluate whether properties and assets targeted for acquisition meet the Company's rigorous investment criteria, and provide advice and recommendations to the Company accordingly;
- continuously measure, monitor, and assess asset performance and valuation; and
- perform all such acts necessary to ensure that the Company can maximize the value of its assets and deliver higher returns in line with its investment strategy.

The Fund Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "*The Fund Manager and the Property Manager – The Fund Manager*" in this REIT Plan for more details on the Fund Manager's leadership.

Growth through potential investments

Following the Offer, the Fund Manager will actively consider and solicit opportunities, consistent with the Company's investment strategies, to grow the Company's portfolio and invest in properties with operating solar plant assets or other renewable energy projects that financially and strategically meets or exceeds the Company's financial and strategic investment criteria.

The association between the Company and the Citicore Group offers various growth avenues for the Company's property portfolio. Through cooperation with the Citicore Group, the Company is committed to growing its portfolio through acquisition of relevant assets from the Citicore Group or third parties under mutually acceptable terms. The Company will also continuously seek to leverage the Citicore Group's market knowledge, its established industry relationships, and its vast repository of real estate expertise, as well as to jointly explore potential synergies with members of the Citicore Group.

The Company may acquire new projects through direct acquisition, or through tax-free-exchanges, depending on what would be the most beneficial transactional form for the Company at such time. The Company may also procure new land sites can through long-term leases, joint ventures or acquisitions, which shall be studied, and proposed to the Company' management. The Company believes that the identification and targeting of such new projects and additional locations offer potential opportunities for future income and capital growth.

The Company has entered into certain memoranda of agreement with indirect Subsidiaries of CREC with respect to the Properties to be Acquired post-Offer. See "*Certain Agreements Relating to the Company and the Properties—Properties to be Acquired"* on page 268 of this REIT Plan, and "*Use of Proceeds*" on page 92 of this REIT Plan. The Citicore Group also has a pipeline of renewable energy projects, and the real properties used for such projects may be considered by the Company and the Fund Manager for potential acquisition after these are completed and meet the Company's investment criteria.

Active capital and risk management

The Company expects that the Fund Manager, pursuant to the Company's investment strategies, will endeavor to employ an appropriate mix of debt and equity in financing operations and maintenance of the Properties as well as of any future acquisitions. As such, the Fund Manager will adopt financing policies to optimize risk-adjusted returns to Shareholders. Depending on the situation, such policies may entail the Company accessing various capital markets to source appropriately priced and structured debt and equity as well as assessing alternative forms of capital and other capital management strategies where appropriate. The Fund Manager shall review the appropriate financing sources when the opportunity so arises.

Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT Plan.

Property Manager

The Property Manager shall protect and enhance the assets of the Company to deliver the desired revenues.

Proactive asset management

To enhance the value of the Properties, the Property Manager, pursuant to the Property Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

- formulate and implement strategies to maximize utility of the Properties;

- administer, negotiate, execute, and enforce lease contracts;

- plan, analyze, and optimize operating expenses, and policies in relation to local governmental regulations, industry and market standards;

- continuously seek and implement asset enhancement and improvement opportunities and initiatives;

- supervise billing and collections activities, enforce tenancy conditions, monitor past-due accounts, and manage rental arrears to minimize bad debts; and

- perform all acts and functions relating to property management, including, but not limited to, providing routine property management services, ensuring compliance with applicable laws and regulations, and addressing all key operational issues to ensure alignment with the Company's strategy.

The Property Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "*The Fund Manager and the Property Manager – The Property Manager*" in this REIT Plan for more details on the Property Manager's leadership.

The Property Manager will also rely on the market information and institutional knowledge available to it and the Company through its and the Company's relationship with the Sponsors and other members of the Citicore Group.

Active optimization of operating costs

In order to deliver optimal returns, the Company expects that the Property Manager, in accordance with the Company's investment strategies, will strive to optimize operating expenses for the Company without compromising quality of services.

Please see also the section entitled "*The Fund Manager and the Property Manager*" elsewhere in this REIT Plan.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, the Property Manager, the Company's associates, members of the Citicore Group, related parties under common ownership and management, and key management personnel.

The Company's related party transaction policy is to ensure that these transactions are entered into on terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied. Please also see the section entitled "*Related Party Transaction*" in this REIT Plan for more information.

INVESTMENT POLICY

Investment Strategy

The Company's principal investment strategy is to invest in income-generating renewable energy real estate properties. A core tenet of the Company's investment policy is to invest in properties that meet a select set of criteria designed to provide a Competitive Investment Return to investors. To meet the Company's investment criteria, a potential new renewable energy property should:

- primarily be (but not exclusively) focused on solar power plants, but may include other renewable energy properties available in the market;

- be located in underdeveloped areas where the Company has completed and validated the availability of resources and the potential of such area for future township developments to drive long-term appreciating land value; and

- be the site of a renewable energy power plant that has achieved successful plant testing and commissioning, accompanied by stable off-take contracts for 100% of such plant's expected generation output.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of the properties owned now and in the future by the Company. The Fund Manager and the Property Manager aim to promote growth in returns by careful selection of properties, optimizing the properties owned now and in the future by the Company, and by taking advantage of desirable opportunities for property acquisition.

The Fund Manager intends to hold the Properties in the Company's portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Fund Manager may also consider divesting Properties or part thereof to realize their optimal market potential and value. In the future, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income in order to free up capital and reinvest proceeds into properties that meet the Company's investment criteria.

Investment Limitations

The Company's business activities and investments are, however, subject to certain limitations under the REIT Law.

Investments

Pursuant to the REIT Law (and in many instances subject to the approval of the Philippine SEC), the Company generally may invest only in:

1. real estate and real estate-related assets;

2. evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;

3. bonds and other forms of indebtedness issued by:

    a. the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of Philippines bonds; and

    b. supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development, Asian Development Bank);

4. corporate bonds of non-property privately-owned domestic corporations duly registered with the Philippine SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

5. corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the Philippine SEC and the foreign country grants reciprocal rights to Filipinos;

6. commercial papers duly registered with the Philippine SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

7. equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;

8. cash and cash equivalents;

9. collective investment schemes, duly registered with the Philippine SEC or organized pursuant to the rules and regulations of the BSP; provided however that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

10. offshore mutual funds with rating acceptable to the Philippine SEC; and

11. synthetic investment products (i.e. derivatives and other such securities), provided that: (i) synthetic investment products shall not constitute more than 5% of the investible funds of the REIT; (ii) the REIT shall avail of such synthetic investment products solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) the synthetic investment products shall be accounted for in accordance with PFRS; (iv) the synthetic investment products shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the Philippine SEC; and (iv) the use of synthetic investment products shall be disclosed in this REIT Plan and under special authority from the Philippine SEC derivatives and other such securities.

At least 75% of the Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35% of the Deposited Property should be invested in property located in the Philippines, and in no case may the Company's investments in such property fall below 35% of the Deposited Property. Additionally, the Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the Philippine SEC. In issuing such authorization, the Philippine SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

As described above, a REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15% of the funds of the REIT that can be placed in investment vehicles other than income-generating real estate, as allowed under these REIT Law, may be invested in any one issuer's securities or any one managed fund. If the REIT's investment is in Philippine government securities, then the limit is raised to 25%.

Borrowing

The operation of the real estate investments of the Company shall be outsourced to the Property Manager. The financing of future new real estate investments of the Company can be by way of a borrowing mix from local banks up to the 35% of Deposited Property and equity through a follow-on offering, among others.

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that the Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may the Company's Fund Manager borrow on behalf of the Company from any of the funds under its management.

Property Development

Pursuant to the REIT Law, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless:

1. it intends to hold in fee simple the developed property for at least three years from date of completion;

2. the purchase agreement of the property is made subject to the completion of the building with proper cover for construction risks;

3. the development and construction of the real estate shall be carried out on terms which are the best available for the REIT and which are no less favorable to the REIT than an arm's length transaction between independent parties; and

4. the prospects for the real estate upon completion can be reasonably expected to be favorable.

The total contract value of property development activities undertaken and investments in uncompleted property developments shall not exceed 10% of the Deposited Property of the REIT.

Renovations and Improvements

Annual repairs and maintenance expenses related to the Company's land and leasehold properties are expected to be minimal and can be funded from internally generated cash from operations. Any repairs and maintenance expenses related to the solar power plants on such land and leasehold properties are to be shouldered by the respective operators of the solar power plants situated on the properties. Management does not foresee major renovations and improvements in the next five (5) years. Further, any repairs and maintenance expenses borne by the Company are not usually capitalized but recognized as operating expenses unless they meet the capitalization policy of the Company.

Policy on Capitalization of Expenditures and Major Improvements

A unit of property, including major improvements to the property, will be capitalized if it meets the criteria below. The full acquisition cost of fixed assets that fall below the threshold (₱500,000.00) amount will be expensed in the year purchased.

A capitalizable asset should have the following characteristics:

1. it has an expected useful life of more than one year.

2. its cost exceeds a company-designated minimum amount of ₱500,000.00. Provided, that, some assets with a value lower than the capitalization limit set might be capitalized if the economic benefit associated will flow to the Company for more than one (1) year.

3. it is not expected to be sold as a normal part of business operations.

4. it is not easily convertible into cash.

Exit Strategy

The Sponsors currently have no plans to divest of their ownership in the Company. Upon completion of the Offer, the Sponsors will continue to be a majority Shareholder in the Company, with a direct shareholding of 61.7% in the aggregate, (assuming the Over-allotment Option is fully exercised). Primarily, the Company will be the commercial REIT platform of the Citicore Group. As a REIT, the Company will focus on expanding its income-generating renewable energy real estate properties.

If the Sponsors were to divest of their ownership in the Company, the ability of the Company to grow would be affected because the relationship with the Sponsors and the Citicore Group provides the Company with access to other renewable energy properties for potential acquisition and inclusion in its property portfolio. To manage this risk, the Company continues to maintain a close relationship with the Sponsors which intend to maintain ownership of at least a majority of the capital stock of the Company. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue its investment strategies. Please see the section entitled "*Business and Properties – Investment Policy*" in this REIT Plan. The Company expects to rely on the quality of the Properties and the capability of the Fund Manager and Property Manager for its operations going forward. Please see the section entitled "*The Fund Manager and the Property Manager*" in this REIT Plan. The Company also believes that it benefits from the Sponsors' market expertise, business relationships and ability to help identify investment opportunities for the Company in the Philippine renewable energy industry and property market. Please see the section entitled "*Business and Properties – Competitive Strengths*" in this REIT Plan for a discussion on the Company's strengths.

The Company has entered into certain memoranda of agreement with indirect Subsidiaries of the Sponsor with respect to the Properties to be Acquired post-Offer. See "*Certain Agreements Relating to the Company and the Properties—Properties to be Acquired"* in this REIT Plan, and "*Use of Proceeds*" in this REIT Plan. The Citicore Group also has a pipeline of renewable energy projects, and the real property used for such projects may be considered by the Company and the Fund Manager for potential acquisition after these are completed and meet the Company's investment criteria.

Further, the Company has no current joint ownership arrangement. In the event that such an arrangement arises in the future, the Company will provide for an appropriate means of exiting that relationship.

RECENT DEVELOPMENTS RELATING TO THE COVID-19 PANDEMIC

Background

The outbreak of COVID-19, which was declared a global pandemic by organizations such as the World Health Organization, in the first quarter of 2020, has severely affected and continues to seriously affect the global economy. In a move to contain the COVID-19 outbreak, on March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 and imposed an enhanced community quarantine ("**ECQ**") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of Luzon, except by diplomats and uniformed workers (carrying medical supplies), among others. On May 16, 2020, the Government started to ease its quarantine restrictions in certain areas and placed Metro Manila under a modified enhanced community quarantine ("**MECQ**") and thereafter eased its quarantine restrictions in certain areas and Metro Manila, placing these under a general community quarantine ("**GCQ**") or modified GCQ ("**MGCQ**"). The graduated lockdown schemes from ECQ, MECQ, GCQ and MGCQ impose varying degrees of restraints on travel and business operations in the Philippines. The Government continues to calibrate the imposition of these measures depending on the situation in specific localities. On March 27, 2021, the Government placed Metro Manila and neighboring provinces under ECQ from March 29, 2021 to April 11, 2021, due to a surge in COVID-19 cases in these areas. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. As of the date of this REIT Plan, Metro Manila is under the Alert Level System pilot program until October 15, 2021 and is classified as under Alert Level 4, which is the second highest level, and is thus operating under the second most stringent restrictions under such program.

Impact on the Operations of the Properties

Amid COVID-19 and in compliance with the Government's ECQ guidelines, malls, hotels, and other businesses, except those providing essential goods and services were temporarily closed. The solar power plants on the Leased Properties continued operations because these are considered essential services, which were permitted to continue operations under the Government's community quarantine guidelines.

The impact of COVID-19 on the operations of the solar power plants on the Leased Properties has been minimal. Because the Company's Properties are all focused on solar energy assets, the Lessees enjoy a priority dispatch, and are less susceptible to changes in the demand for energy as a result of COVID-19. Despite the 4.04% year-on-year contraction in power generation in the Philippines in 2020, solar power plants continued to sustain their earnings as coal power plants were forced to temporarily shut down their operations due to quarantine measures. However, due to the decline in economic activity, many contestable customers of power generators invoked force majeure, leading to an increase in the sale of energy to WESM at prices lower than contracted rates and, consequently, lower year-on-year average revenue for certain months in 2020. Energy demand and tariffs have started to pick up in 2021.

Nevertheless, due to uncertainty brought about by COVID-19 to the Philippine economy, the Company has taken certain prudential actions, such as (i) implementing cost-reduction and cash preservation strategies, including deferral of some non-essential and capital expenditures, maximizing credit terms provided by suppliers and creditors and focusing on collection of outstanding receivables, (ii) utilization of Bayanihan Act and Bayanihan 2 Act, in relation to the deferral of principal and interest payments of loans, (iii) comprehensive and regular monitoring of the Company's liquidity position and cash flow, and (iv) review of insurance coverage to protect against potential risk.

Moving forward, the impact of the COVID-19 pandemic and measures to prevent its spread could still impact the Company's business. For example, the continued collection of lease revenues depends significantly on the energy demand in the Philippines. Further, a protracted pandemic may continue to cause economic, market, and financial disruptions worldwide and in the Philippines which can affect materially and adversely the Company's business.

Measures to Mitigate the Spread of COVID-19

The Company understands the potential material impact of COVID-19 on its financial performance, the execution of its plans and strategies, and on its Lessees and its and their customers should the situation persist in the longer-term.

The Company is fully committed to cooperate and support the Government's efforts to control the spread of COVID-19. The Company shifted to full work-from-home mode, and later to a partial work-from-home set-up for all office employees. The Company also invested in online productivity tools such as MS Office (including MS Teams) to assist its employees and to minimize loss of productivity resulting from the change in work settings.

Because the Properties are large tracts of land with less than ten personnel onsite per Property, the Company believes there is minimal risk of infection among the employees of the Company and its Lessees who work on the Properties. The Company continues to provide regular information updates on health and safety protocols to all its employees.

The Company has made contingency plans in response to the COVID-19 situation. In the event of a community lockdown or quarantine, site personnel are requested to stay in the plant throughout the duration of such measures, and Company will take all the appropriate measures as prescribed by the Government regulations and provide the necessary support to all personnel.

HISTORY

The Company was incorporated on July 15, 2010 as Enfinity Philippines Renewable Resources Inc., and was focused on the exploration, development and utilization of renewable resources such as sun and wind. On May 25, 2021, the Company's shareholders, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Enfinity Philippines Renewable Resources Inc." to "Citicore Energy REIT Corp.", and (ii) increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63. In addition, CREC and Citicore Tarlac 1 will subscribe to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac. The change in name of the Company and the increase in capital stock were approved by the Philippine SEC on October 12, 2021. In addition, on October 12, 2021, four Shares were issued to the independent Directors of the Company. As a result of the foregoing transactions, 5,498,182,004 Shares are issued and outstanding as of the date of this REIT Plan.

In addition to the foregoing, the Company's shareholders likewise approved the following changes in the Company's Articles of Incorporation: (i) amendment of the primary purpose to that of a REIT; (ii) provision of additional corporate powers; (iii) change in principal office address; (iv) change of term of corporate existence to perpetual; (v) increase in the number of directors to eight; (vi) inclusion of express waiver of pre-emptive right to subscribe from the Company's unissued capital, increase in capital stock or treasury stock; (vii) compliance with the lock-up requirements of the PSE; (viii) removal of the contractual restrictions on the disposition of shares; and (ix) inclusion of additional restriction on transfer of shares as provided under the REIT Law. These amendments were also approved by the Philippine SEC on October 12, 2021.

In contemplation of the Offer, the Company entered into and implemented the "**REIT Formation Transactions**" as follows:

- **Property-for-Share Swap**. On May 26, 2021, the Company entered into a Deed of Assignment and a Subscription Agreement with CREC whereby, subject to the Philippine SEC's confirmation of the valuation of one of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, CREC transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to CREC of 19,461,142 common shares with a par value of ₱0.25 per share, amounting to ₱4,865,285.50. On the same day, the Company entered into a Deed of Assignment and a Subscription Agreement with Citicore Tarlac 1 whereby, subject to the Philippine SEC's confirmation of the valuation of ten of the eleven lots of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, Citicore Tarlac 1 transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance to Citicore Tarlac 1 of 918,720,864 common shares with a par value of ₱0.25 per share, amounting to ₱229,680,216. Subject to the conditions described above, the Sponsors assigned the Armenia Property in favor of the Company in exchange for a total of 938,182,006 common shares (the "**Property-for-Share Swap**").

On October 12, 2021, the Philippine SEC confirmed the valuation of the Armenia Property and approved the Company's application for the increase in its capital stock. The CAR was issued by the Revenue District Office of Tarlac for the Armenia Property which led to the issuance of the transfer certificates of title and tax declarations for the Armenia Property in the name of the Company. The Armenia Property were swapped for 938,182,006 common shares of the Company, the stock certificate for which was issued on October 25, 2021.

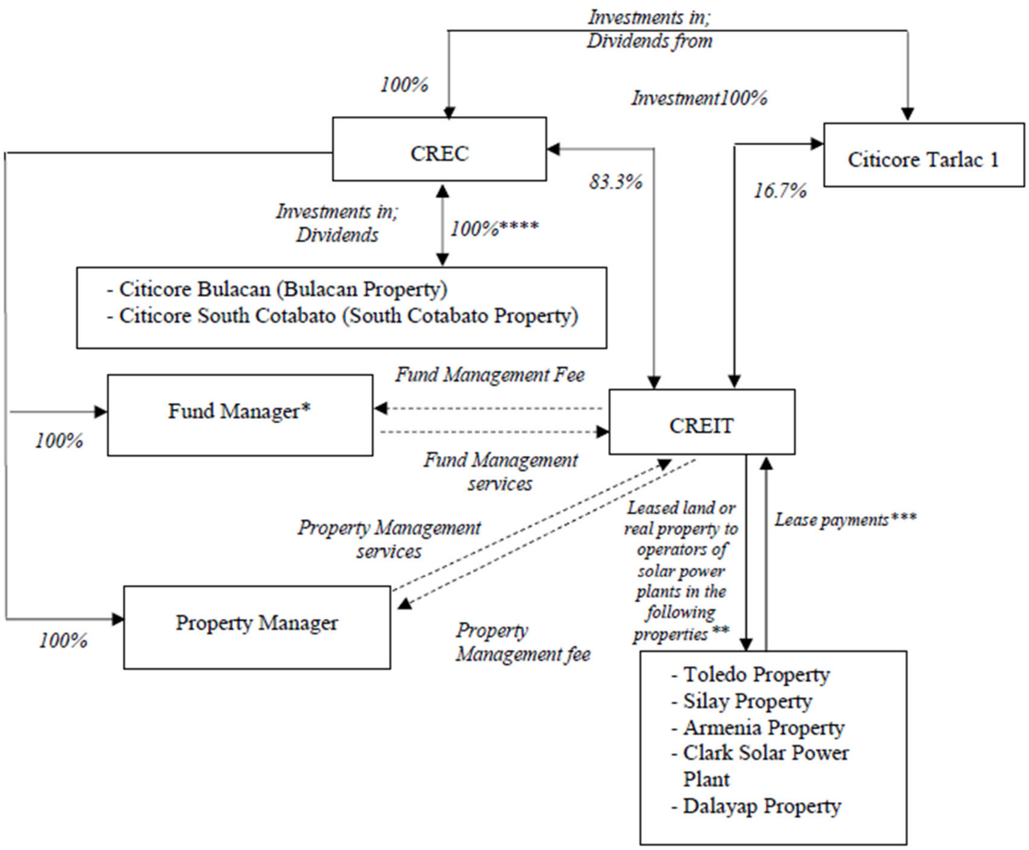
- **Conversion of Advances.** On May 25, 2021, the Company's shareholders, approved, among other things, the increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63 (the "**Conversion of Advances**"). On October 12, 2021, the Philippine SEC approved the increase in authorized capital stock, which resulted in the issuance of 2,400,000,000 Shares to CREC.

- **Acquisition of Leasehold Rights.** The Company has entered into several arrangements including a deed of assignment, lease agreement and sublease agreements with respect to its acquisition of the leasehold rights over the Toledo Property, Silay Property and the Dalayap Property. See "*Certain Agreements relating to the Company and the Properties – Land lease agreements (Company as lessee).*"

- **Transfer of the Clark Service Contract to CREC.** On October 13, 2021, the Company assigned Solar Energy Service Contract (SESC No. 2014-07-086) to CREC, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the Philippine Department of Energy ("**DOE**") on December 24, 2021. On October 13, 2021, CREC and the Company entered into a Contract of Lease whereby CREC leased the Clark Solar Power Plant from CREIT beginning November 1, 2021 for a period of around 18 years. Effective upon the transfer of the Clark Service Contract to CREC, CREIT will only be receiving rental income from the Clark Power Plant and the Leased Properties. See "Certain Agreements relating to the Company and the Properties."

CORPORATE AND SHAREHOLDING STRUCTURE

The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the following diagram:



Notes:

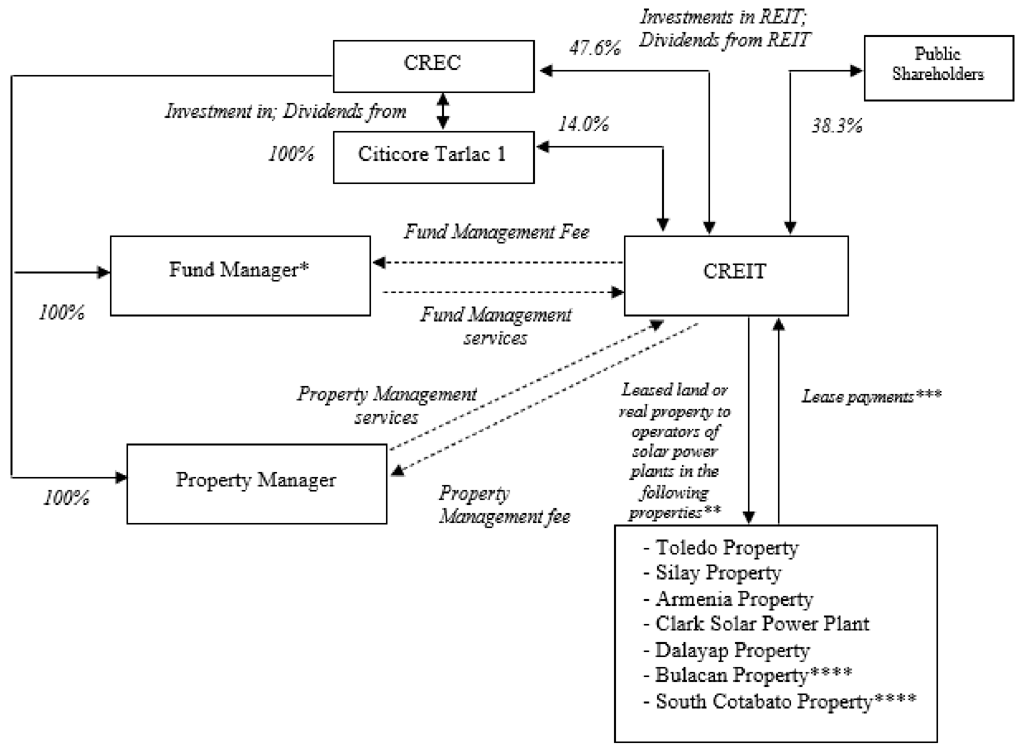
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** CREC indirectly owns 100% of Citicore Bulacan through Citicore Solar Holdings, Inc., and indirectly owns 100% of Citicore South Cotabato through Sikat Solar Holdco Inc.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is fully exercised) is illustrated in the following diagram:



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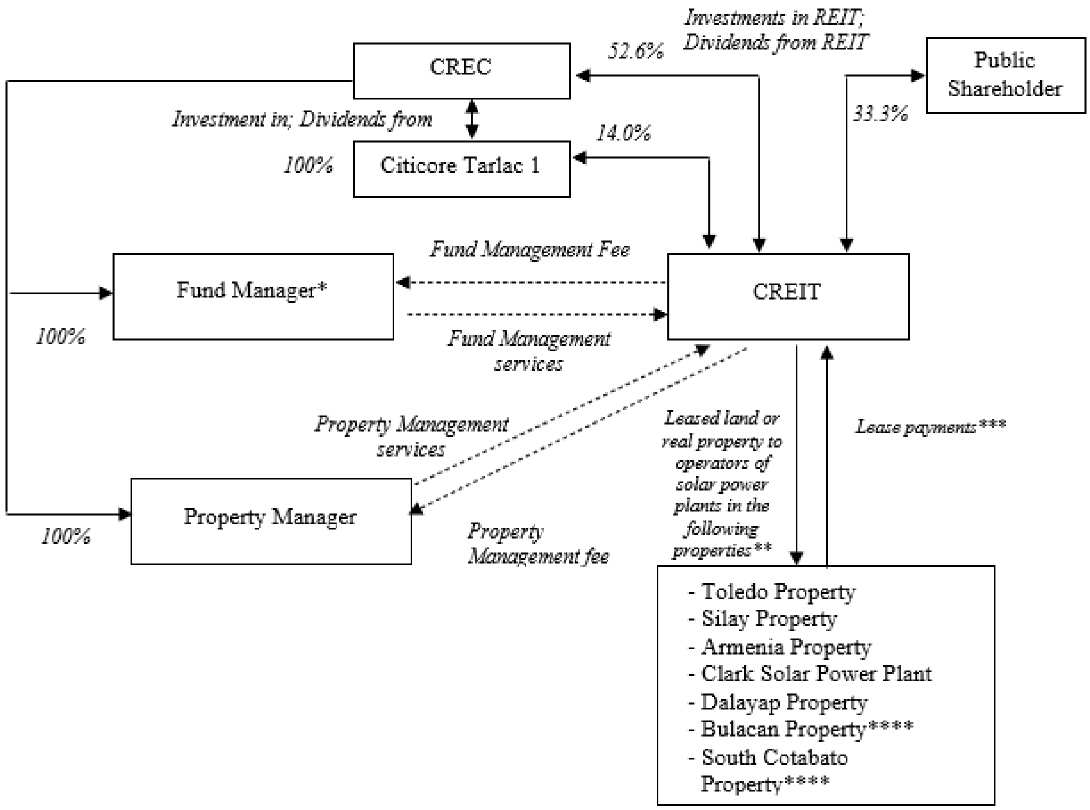
**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), which are wholly owned subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in this REIT Plan.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is not exercised) is illustrated in the following diagram:



Notes:

* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), which are wholly owned subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in this REIT Plan.

THE PROPERTIES

As of the date of this REIT Plan, the Company's renewable energy property portfolio consists of the Leased Properties which include the lease of the Clark Solar Power Plant to CREC and parcels of land leased to solar power plant operators, comprising (A) Company-owned Armenia Property, and (B) the Company's leasehold rights over the Toledo Property, the Silay Property, the Clark Property and the Dalayap Property.

The Leased Properties comprising the Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property are leased by the Company to its Lessees comprising CREC, Citicore Tarlac 1, Citicore Cebu, Citicore Negros Occidental and Citicore Tarlac 2, Inc., respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 141.6MWp$_{DC}$.

Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC, while Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, the parent company of CREC.

Gross Revenue

On a pro forma basis, the Properties generated total Gross Revenue of ₱893.9 million, ₱893.9 million, ₱893.9 million and ₱670.4 million for the year ended December 31, 2018, 2019, 2020 and for the nine months ended September 30, 2021, respectively.

Property	Gross Revenue for the year ended December 31, 2018[(1)]	Percentage of total Gross Revenue	Gross Revenue for the year ended December 31, 2019[(1)]	Percentage of total Gross Revenue	Gross Revenue for the year ended December 31, 2020[(1]	Percentage of total Gross Revenue	Gross Revenue for the nine months ended September 30, 2021[(1)]	Percentage of total Gross Revenue
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Clark Solar Power Plant	249.7	27.9	249.7	27.9	249.7	27.9	187.3	27.9
Armenia Property	53.9	6.0	53.9	6.0	53.9	6.0	40.4	6.0
Toledo Property	320.9	35.9	320.9	35.9	320.9	35.9	240.7	35.9
Silay Property	227.9	25.5	227.9	25.5	227.9	25.5	170.9	25.5
Dalayap Property	41.5	4.6	41.5	4.6	41.5	4.6	31.1	4.6
Total	893.9	**100.0**	893.9	**100.0**	893.9	**100.0**	670.4	**100.0**

Note:

(1) Includes income from straight-line method of recognizing Rental Revenues.

Net Profit

On a pro forma basis, the Leased Properties generated the Net Profit and Net Profit Margin for year ended December 31, 2018, 2019, 2020 and for the nine months ended September 30, 2021, respectively, as set out in the table below.

	Net Profit (₱ millions) and Net Profit Margin ("NPM") (%)							
Property	December 31, 2018	NPM	December 31, 2019	NPM	December 31, 2020	NPM	September 30, 2021	NPM
	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)	(₱ millions)	(%)
Clark Solar Power Plant	136.4	54.6	171.6	68.7	177.8	71.2	141.2	75.4
Armenia Property	37.5	69.6	37.3	69.2	38.8	72.0	30.0	74.3
Toledo Property	216.7	67.5	215.7	67.2	225.6	70.0	173.4	72.1
Silay Property	154.9	67.9	154.3	67.7	160.2	70.3	124.0	72.6
Dalayap Property	24.6	59.4	24.4	58.9	25.4	61.3	19.7	63.4
Total	570.1	**63.8**	603.3	**67.5**	626.8	**70.11**	488.4	**72.9**

Valuation

The Properties were valued by Cuervo Appraisers as of October 31, 2021 as follows:

Property	Valuation[(1)]	Percentage of Total Valuation
	(₱ millions)	(%)
Clark Solar Power Plant	3,101.9	28.4
Armenia Property	687.2	6.3

Property	Valuation[1]	Percentage of Total Valuation
	(₱ millions)	(%)
Toledo Property	3,776.8	34.6
Silay Property	2,884.6	26.4
Dalayap Property	470.2	4.3
Total	10,920.7	**100.0**

Notes:

(1) See the "Independent Property Valuation Summary Report" attached at Annex 2.

The valuation was made on the basis of market value, which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. To arrive at the market value of the Properties, Cuervo Appraisers used the income approach, specifically a discounted cash flow analysis for Properties other than the Clark Solar Power Plant. Cuervo Appraiser's assumptions include the following:

- *Dalayap Property*

  1. Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are 19 years;

  2. Discount rate is estimated at 7.01% per annum; and

  3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

- *Silay Property*

  1. Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years;

  2. Discount rate is estimated at 7.01% per annum; and

  3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

- *Toledo Property*

  1. Each of the lease lives between the lessor and the lessee, and sublessor and sublessee is 19.42 years which would end on May 31, 2041;

  2. Discount rate is estimated at 7.01% per annum; and

  3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

- *Armenia Property*

  1. The value of the land at the time of reversion is the same at the time appraisal;

  2. The remaining life of the contract of lease is 25 years;

  3. The discount rate applicable to the lease contracts is 7.01%; and

  4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

- *Clark Property*

1. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

2. The remaining life of contract of lease is 18.25 years; and

3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

Properties to be Acquired

In addition to the Properties, after the Offer, the Company intends to expand its renewable energy property portfolio, in alignment with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, which are wholly owned indirect subsidiaries of CREC through its 100% ownership of Citicore Solar Holdings, Inc. and Sikat Solar Holdco Inc., respectively. Please see the section entitled "*Use of Proceeds*" in this REIT plan and "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These two properties are described below:

- **Bulacan Property —** a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of 15MWp$_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and had an actual annual net generation output of 19.8GWh, 20.2GWh and 20.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

- **South Cotabato Property —** a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of 6.23MWp$_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and had an actual annual net generation output of 8.8GWh, 8.9GWh and 9.0GWh for the years ended December 31, 2017, 2018 and 2019, respectively.

As of October 31, 2021, the Bulacan Property and South Cotabato Property were valued by Cuervo Appraisers at ₱2,484.1 million and ₱1,067.5 million, respectively.

The table below shows the availability rate and performance ratio of the solar power plants located in the Bulacan Property and the South Cotabato Property for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2021:

Solar Power Plant	Availability Rate				
	For the year ended December 31,				For the nine months ended September 30,
	2017	2018	2019	2020	2021
Bulacan Property	98.9%	97.6%	99.1%	98.5%	99.2%
South Cotabato Property	96.5%	96.0%	95.3%	98.1%	98.6%

Solar Power Plant	Performance Ratio				
	For the year ended December 31,				For the nine months ended September 30,
	2017	2018	2019	2020	2021
Bulacan Property	84.2%	82.9%	81.0%	82.7%	84.7%
South Cotabato Property	84.3%	81.6%	80.3%	81.4%	84.9%

Notes:

1. *Availability Rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.*

2. *Performance Ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.*

Land Ownership and Leasehold Rights

The Company leases the Clark Land from the Clark Development Corporation pursuant to a 25-year lease which expires on September 2039. The Armenia Property was acquired by the Company from the Sponsors pursuant to the Property-for-Share Swap (as defined below). In addition, the Company acquired (i) the leasehold rights over the Toledo Property for a remaining term of 19 years expiring on May 31, 2041, (ii) the leasehold rights over the Silay Property for a period of 19 years expiring on October 31, 2040, and (iii) the leasehold rights over the Dalayap Property for a period of 19 years expiring on October 31, 2040, pursuant to the Acquisition of Leasehold Rights. See "*Certain Agreements Relating to the Company and the Properties*" for more information on such arrangements.

Tenancy Agreements

The Company leases the Armenia Property to Citicore Tarlac 1 and the Clark Solar Power Plant to CREC and subleases the Toledo Property to Citicore Cebu, the Silay Property to Citicore Negros Occidental and the Dalayap Property to Citicore Tarlac 2. The terms and conditions of each of these leases are described in "*Certain Agreements Relating to the Company and the Properties—Land Lease Agreements (Company as lessor)*" in this REIT Plan.

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731
Right over property	Leased	Owned	Leased by the Company	Leased by the Company	Leased by the Company
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040
Lessor of Land (Company as Lessee)	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016
Tenant (Company as Lessor)/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040

Rental Rates

The lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

The lease rental rates for the Properties to be Acquired are also expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from any excess of agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue"*, which includes further details and a table of the guaranteed annual base lease payments for each of the Properties to be Acquired.

Occupancy

The Leased Properties (not including the Clark Solar Power Plant) have been 100% occupied by their respective Lessees for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September

30, 2021. The Company occupied the Clark Property for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2021.

Customer Profile

CREC sells the electricity generated by the Clark Solar Power Plant to TransCo pursuant to a 20-year offtake contract commencing on March 16, 2016, which was assigned to CREC by CREIT on December 24, 2021 pursuant to DOE approval.

The other Lessees of the Company sell the electricity generated by their respective solar power plants to contestable customers operating in various industries who have entered into offtake agreements with such Lessees, and any excess capacity to the WESM.

As of September 30, 2021, the top five customers of the Company's Lessees comprise 85.6% of 123.0MW_{AC} or the total contracted capacity of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the largest customer of the Lessees accounted for 40.6% of the total contracted capacity of the solar power plants located in the Leased Properties. All of the customers of the Company's lessees together have a weighted average (by contracted capacity) term of 6.2 years. Out of the total contracted capacity of such solar power plants of 123.0MW_{AC} as of September 30, 2021, 3.3% will expire in 2021, 18.3% will expire in 2022, 9.1% will expire in 2023, 4.5% will expire in 2024 and 64.9% will expire beyond 2025. Many of the Company's lessees' customers have been clients of such lessees since 2017 and have renewed their contracts.

As of September 30, 2021, the top five customers of the operators of the solar power plants located in the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together comprise 87.4% of 140.6MW_{AC} or the total contracted capacity of the solar power plants located on such properties and the largest customer for the solar power plants located on such properties accounted for 35.6% of the total contracted capacity of such solar power plants. All of the customers of the operators of the solar power plants located on the Leased Properties (including the solar power plant of Citicore Bataan) and the Properties to be Acquired together have a weighted average (by contracted capacity) term of 7.3 years. Out of the total contracted capacity of such solar power plants of 140.6MW_{AC} as of September 30, 2021, 2.8% will expire in 2021, 16.0% will expire in 2022, 8.0% will expire in 2023, 3.9% will expire in 2024 and 69.3% will expire beyond 2025.

No.	**Customer Name**	**Customer Profile**	**Sector/Industry**	**% of total contracted capacity in MWac of the solar power plants located on the Leased Properties (as of September 30, 2021)**	**% of total contracted capacity in MWac of the solar power plants located on the Leased Properties and the Properties to be Acquired (as of September 30, 2021)**
	LESSEES SOLAR PLANTS				
1	Ecozone Power Management, Incorporated	Licensed Retail Electricity Supplier of Laguna Technopark, Incorporated, developer of one of the country's leading world class industrial parks	Industrial Park	40.6%	35.6%

2	National Transmission Corporation	Philippine government owned and controlled corporation, owner of the country's power grid that is being operated, maintained, and developed by the National Grid Corp of the Philippines. It is in charge of administering the Feed-in-Tariff to renewable power generators	Government	16.1%	26.6%
3	AC Energy RES	AC Energy's licensed Retail Electricity Supplier. AC Energy is the listed energy company of the Ayala Group.	Conglomerate	16.3%	14.2%
4	Freeport Area of Bataan	Philippine government agency attached to the Office of the President of the Philippines that operates and manages the Freeport Area of Bataan in Mariveles, an export processing zone.	Government, Industrial Park	8.1%	7.1%
5	MWM Terminals	Private Landport Operator of Paranaque Integrated Terminal Exchange, a public transport terminal in Paranaque City	Commercial Center, Office	4.5%	3.9%
6	FDC Utilities, Incorporated	A subsidiary of Filinvest Development Corporation engaged in infrastructure and utility business	Conglomerate	2.4%	2.1%
7	GMR-Megawide Cebu Airport Corporation	Private Airport Operator of Mactan-Cebu International Airport, the country's 2nd largest international gateway	Airport	2.0%	1.8%
8	Clark Electric Distribution Corporation	An electric distribution utility company based in Clark, Pampanga	Electric Utility	2.0%	1.8%
9	Citystate Centre Condominium Corporation	A real estate facility engaged in office and residential leasing located in Pasig city, Metro Manila	Residential, Office Condominiums	1.6%	1.4%
10	Eastfield Center	An office and commercial building in Macapagal Avenue, Mall of Asia Complex, Pasay City	Commercial Center, Office	1.2%	1.1%
11	Liberty Flour Mills, Incorporated	A company engaged in the business of manufacturing of various kinds of bakery flour and flour related products	Industrial	1.3%	1.1%
12	Suceed Asia Ventures, Incorporated	A real estate facility engaged in leisure hotel and online gaming located inside Cagayan Economic Freeport Zone at Sta. Ana, Cagayan	Commercial Center, Gaming	0.8%	0.7%

13	Ground 18 Realty Corporation	A property company engage in Real Estate Development, owns and manages the Bench Corporate Headquarters in BGC, Taguig	Commercial Center, Office	0.8%	0.7%
14	Prince Alumer Development Corporation	An office and commercial building in Macapagal Avenue, Mall of Asia Complex, Pasay City	Commercial Center, Office	0.8%	0.7%
15	Limchua Development Corporation	A private real estate development company based in Visayas	Commercial Center, Office	0.8%	0.7%
16	Provera Nutritional Solutions Corporation	A feed mill manufacturer located in Talisay, Cebu	Industrial	0.5%	0.4%
17	Shell Energy Philippines, Incorporated	Licensed Retail Electricity Supplier of the Shell Companies in the Philippines	Conglomerate	new	new

Maintenance

Over the course of the useful life of the Properties, the Property Manager will have primary responsibility for the maintenance of the land premises underlying the Properties and oversight of CREC's operation and maintenance of the Clark Solar Power Plant.

The Property Manager shall be in charge of management and maintenance of the Properties. The Property Manager shall also be in charge of formulating and implementing policies and programs in respect of facility management, maintenance and improvement, as well as extraordinary maintenance, in the event of damage from weather disturbances, such as typhoons, earthquakes, or floods, and from other unforeseen events. The Property Manager may engage contractors or service providers for such purposes, on behalf of the Company.

The solar power plants operated by the Company's Lessees engage full-time employees focused on the operations and maintenance of such assets. The Lessees endeavor to keep the respective solar power plants operated by them in good working order. The table below shows the availability rate and performance ratio of the solar power plants located on the Leased Properties for the year ended December 31, 2020 and for the nine months ended September 30, 2021.

Solar Power Plant	For the year ended December 31, 2020		For the nine months ended September 30, 2021	
	Availability Rate(1)	Performance Ratio(2)	Availability Rate(1)	Performance Ratio(2)
Clark Solar Power Plant	99.2%	82.4%	99.5%	83.5%
Armenia Property	99.2%	82.6%	98.9%	82.1%
Toledo Property	99.3%	81.4%	98.8%	83.0%
Silay Property(3)	97.9%	83.9%	95.4%	86.1%
Dalayap Property	99.3%	83.9%	98.8%	85.6%

Notes:

(1) Availability Rate is the percentage of time that the solar power plant is available to provide energy to the grid. It is an indicator of reliability.

(2) Performance Ratio is the ratio of actual and the theoretically possible energy outputs of the solar power plant.

(3) The solar power plant of Citicore Bataan had an availability rate of 99.7% both for the year ended December 31, 2020 and the nine months ended September 30, 2021, and a performance ratio of 83.1% for the year ended December 31, 2020 and the nine months ended September 30, 2021.

Third-Party Suppliers

The third-party suppliers of the solar power plants operated by the Lessees of the Company include manpower services, such as housekeeping services and security services, among others. Neither the Company nor any of its Lessees is dependent on any third-party supplier.

Green Initiatives

In line with the United Nations' 2030 agenda for sustainable development, the Citicore Group pioneered the "agro-solar" concept in the Philippines, which allows solar plants and vegetable farmers to co-exist on the land where the solar power plants are operated, and aims to provide livelihood and augment income of the farmer communities where the Leased Properties are located. The Clark Solar Power Plant, Armenia Property, Dalayap Property and the Bulacan Property (one of the Properties to be Acquired) currently implement the agro-solar concept.

Further, based on the Company's estimates, the solar power plants operated on the Leased Properties are able to reduce approximately 231,720 tons of CO_2 annually, or an aggregate of 7,000,000 tons of CO_2 for the entire design life of the power plants. For an assessment of the environmental and social sustainability of the Company's operations, see "*Summary of Shades of Green Assessment*" in this REIT Plan and Annex 5 "*CICERO Green's Shades of Green Assessment Report*" of this REIT Plan.

The Citicore Group has also implemented other community building activities, such as training programs to provide scholarship and employment opportunities to local communities where the Leased Properties are located for inclusive growth.

PARTICULARS OF THE PROPERTIES

	Clark Solar Power Plant	Armenia Property	Toledo Property	Silay Property	Dalayap Property
Location	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
Land area (sq.m.)	250,318	138,164	730,000	431,408	103,731
Right over property	Leased	Owned	Leased	Leased	Leased
Land lease expiry	September 2039	N/A	May 2041	October 2040	October 2040
Lessor	Clark Development Corporation	N/A	Leavenworth Development, Inc.	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
Right of first refusal	None	N/A	Yes	None	Yes
Solar power plant installed capacity (MWp_{DC})	22.325	8.84	60	25	7.55
Commissioning date	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016
FIT Eligibility	Yes	No	No	No	No
Tenant/Operator of solar power plant	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
Commencement of the tenancy	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021
Expiration of the tenancy	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
Appraised value (₱)	3,101,864,000	687,161,000	3,776,850,000	2,884,597,000	470,258,000
% of Appraised value	28.4%	6.3%	34.6%	26.4%	4.3%

Leased Properties

The Lessees operate solar power plants with a total installed capacity of 123.7MWp_{DC} on the Properties.

Clark Solar Power Plant

A solar power plant with an installed capacity of 22.3MWpDC and other real properties (the "**Clark Solar Power Plant**") is located on a 250,318 sq.m. parcel of land (the "**Clark Land**") in the Clark Freeport Zone, which the Company leases from the Clark Development Corporation. The Company's lease is for 25 years commencing on September 5, 2014, and is renewable upon mutual consent of the parties. See "*Certain Agreements Relating to the Company and the Properties*".

The Clark Solar Power Plant located on the Clark Land was leased out by the Company to CREC for a period of around 18 years commencing on November 1, 2021. See "*Certain Agreements Relating to the Company and the Properties*". The Clark Solar Power Plant was commissioned on March 12, 2016.

The Clark Solar Power Plant leased to and operated by CREC is qualified under the Feed-In-Tariff ("**FIT**") II Program with Certificate of Compliance ("**COC**") eligibility for FIT II rate from March 12, 2016 to March 11, 2036 (COC No. 16-13-M00090L) secured from Energy Regulatory Commission ("**ERC**") on December 8, 2016. Under the FIT regime, the offtaker of the Clark Solar Power Plant is TransCo, a Government-owned-and-controlled entity. See "*Certain Agreements Relating to the Company and the Properties*".

The Company has assigned the BOI registration in relation to the Clark Solar Power Plant to CREC, which will entitle CREC to enjoy incentives such as a zero VAT rating, income tax holiday for seven years until 2023 with a 10% preferential rate thereafter and a tax exemption on carbon credits.

As of October 31, 2021, the Clark Property was valued at ₱3,101.9 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

Armenia Property

The Armenia Property comprises 11 parcels of land with a total area of 138,164 sq.m. located in Brgy. Armenia, Tarlac City. The Armenia Property is owned by the Company, and was acquired by the Company from the Sponsors through the Property-for-Share Swap.

The Armenia Property was leased out by the Company to Citicore Tarlac 1 for a period of 25 years commencing on January 1, 2022. See "*Certain Agreements Relating to the Company and the Properties*". Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MWp$_{DC}$ on the Armenia Property. Citicore Tarlac 1's solar power plant was commissioned on February 29, 2016.

Citicore Tarlac 1 sells the electricity generated by its solar power plant to contestable customers operating in various industries.

For the years ended December 31, 2018, 2019 and 2020, the Gross Revenue of the Armenia Property amounted to ₱53.9 million while and the Gross Revenue for the nine months ended September 30, 2020 and 2021, amounted to ₱40.4 million.

As of October 31, 2021, the Armenia Property was valued at ₱687.2 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

Toledo Property

The Toledo Property comprises leasehold rights over land with an area of 730,000 sq.m. located in Brgy. Talavera, Toledo City, Cebu.

The Company owns the leasehold rights over the Toledo Property pursuant to a Deed of Assignment whereby Citicore Cebu transferred all its rights and obligations with respect to the Toledo Property to the Company. The lessor of the Toledo Property is Leavenworth Realty Development, Inc., which holds the usufructuary rights to such property. The Company's leasehold rights are for a remaining term of 19 years, expiring on May 31, 2041, and renewable upon mutual agreement of the parties. The Company has a right to match any bona fide offer from a third party to purchase the property from the landowner. See "*Certain Agreements Relating to the Company and the Properties*".

The Company leased out the entire Toledo Property to Citicore Cebu for a period of 19 years commencing on January 1, 2022 and expiring on May 31, 2041. See "*Certain Agreements Relating to the Company and the Properties*". Citicore Cebu operates a solar power plant with an installed capacity of $60MWp_{DC}$ on the Toledo Property. Citicore Cebu's solar power plant was commissioned on June 30, 2016.

Citicore Cebu sells the electricity generated by its solar power plant to contestable customers operating in various industries.

For the years ended December 31, 2018, 2019 and 2020, the Gross Revenue of the Toledo Property amounted to ₱320.9 million while and the Gross Revenue for the nine months ended September 30, 2020 and 2021, amounted to ₱240.7 million.

As of October 31, 2021, the Toledo Property was valued at ₱3,776.8 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

Silay Property

The Silay Property comprises leasehold rights over land with an area of 431,408 sq.m. located in Silay City, Negros Occidental.

The Company owns the leasehold rights over the Silay Property pursuant to a lease agreement between the Company as lessee, and Claudio Lopez, Inc. as lessor, with a term of 19 years expiring on October 31, 2040. The lease can be extended for an additional period of five years unless earlier terminated by either party at least six months prior to the end of the original term. See "*Certain Agreements Relating to the Company and the Properties*".

The Company leased out the entire Silay Property to Citicore Negros Occidental for a period of 18 years commencing on January 1, 2022 and expiring on October 31, 2040. See "*Certain Agreements Relating to the Company and the Properties*". Citicore Negros Occidental operates a solar power plant with an installed capacity of 25MWp$_{DC}$ on the Silay Property. Citicore Negros Occidental's solar power plant was commissioned on March 8, 2016. The rights of Citicore Negros Occidental as a lessee of the Silay Property is subject of an unregistered mortgage in favor of the Landbank of the Philippines, which debt is intended to be prepaid prior to the Listing Date. In the event of default by Citicore Negros Occidental, the Landbank of the Philippines will be able to exercise step-in-rights in place of the lessee.

Citicore Negros Occidental sells the electricity generated by its solar power plant to contestable customers operating in various industries.

For the years ended December 31, 2018, 2019 and 2020, the Gross Revenue of the Silay Property amounted to ₱227.9 million while and the Gross Revenue for the nine months ended September 30, 2020 and 2021, amounted to ₱170.9 million.

As of October 31, 2021, the Silay Property was valued at ₱2,884.6 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

Dalayap Property

The Dalayap Property comprises leasehold rights over parcels of land with an area of 103,731 sq.m. located in Brgy. Dalayap, Tarlac City.

The Company owns the leasehold rights over the Dalayap Property pursuant to lease and sublease agreements entered into with Ma. Paula Cecilia David & Juan Francisco David and Benigno S. David and Vivencio M. Romero, Jr., respectively. The lease and sublease agreements have initial terms of 19 years, and expire on October 31, 2040, renewable for another 25 years subject to the consent of the lessor. The Company also has the right of first refusal to purchase the relevant parcels of land in the event the lessor or sublessor decide to sell their relevant parcels of land. See "*Certain Agreements Relating to the Company and the Properties*".

The Company leased out the entire Dalayap Property to Citicore Tarlac 2 for a period of 19 years commencing on November 1, 2021 and ending on October 31, 2040. See "*Certain Agreements Relating to the Company and the Properties*". Citicore Tarlac 2 operates a solar power plant with an installed capacity of 7.55MWp$_{DC}$ on the Dalayap Property. Citicore Tarlac 2's solar power plant was commissioned on February 27, 2016.

Citicore Tarlac 2 sells the electricity generated by its solar power plant to contestable customers operating in various industries.

For the years ended December 31, 2018, 2019 and 2020, the Gross Revenue of the Dalayap Property amounted to ₱41.5 million while and the Gross Revenue for the nine months ended September 30, 2020 and 2021, amounted to ₱31.1 million.

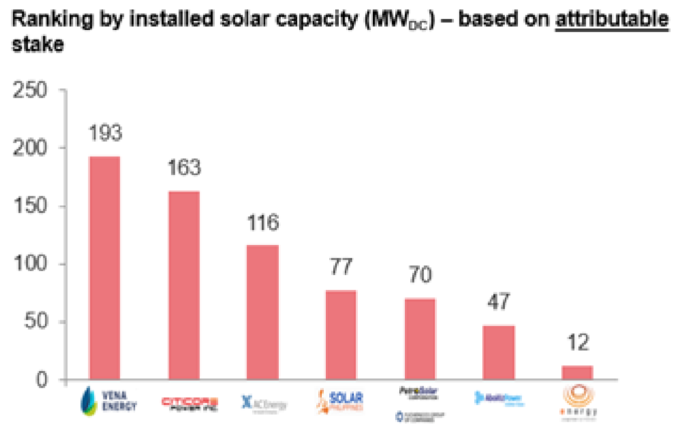
As of October 31, 2021, the Dalayap Property was valued at ₱470.2 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

COMPETITION

The Lessees' main competition in the Philippine electricity market are coal, oil and natural gas electricity generators as well as other renewable energy suppliers who use hydro, wind, geothermal and solar PV technologies. The market price of commodities, such as natural gas and coal, are important drivers of energy pricing and competition in most energy markets, including in the Philippines.

The Clark Solar Power Plant operated by CREC is FIT-certified. is expected to generate stable cash flows from a guaranteed electricity purchase agreement with the Government, and is not expected to be affected by market competition. However, bilateral contracts between the Company's other lessees and their customers, are subject to direct competition from both renewable and non-renewable players in the Philippine energy industry.

In respect of the solar power industry, the Lessees' main competitors are Vena Energy, AC Energy, Solar Philippines, PetroSolar, Aboitiz Power and Energy Development Corporation. As of August 31, 2021, the Citicore Group was the second largest solar power generator in the Philippines with an overall capacity of 163MW_{DC}.



Source:Frost & Sullivan.

INSURANCE

The Company's Lessees maintain comprehensive insurance policies which the Company believes is consistent with industry standards. These include business interruption insurance, and insurance to cover such tenant's improvements, furniture, equipment, supplies and all other properties within the leased premises against fire, lightning, flood and/or other perils. The policies also cover acts of terrorism, sabotage, riots, strikes, civil commotion, malicious damage, rebellion, revolution, mutiny, war and counter insurgency. The amount of coverage under such policies is enough to replace each such tenant's solar power plant.

The Company has insurance policies for the Clark Solar Power Plant that it believes is consistent with industry practice in the Philippines and in such amounts and covering such risks as the Company believes are usually carried by companies owning similar properties in the same geographical areas as those in which the Company operates.

EMPLOYEES

The Company's employees are not subject to Collective Bargaining Agreements and are not entitled to any supplemental benefits or incentive arrangements from the Company. As of the date of this REIT Plan, the Company has four employees.

Except for a per diem per board meeting of ₱50,000 and ₱25,000 that the Company pays to each of the independent Directors for every board meeting and committee meeting, respectively, that they attend, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such. The Company's executive officers have been, and will continue to be, compensated by the Sponsors and the Citicore Group.

The executive officers of the Company will be seconded from other companies in the Citicore Group.

The Company believes that the Company, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit standards, as well as applicable labor and employment regulations.

INTELLECTUAL PROPERTY

As of the date of this REIT Plan, the Company does not own any trademarks or intellectual property.

REGULATORY COMPLIANCE

The Property Manager is responsible for ensuring the Company's continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect the Company's operations and business. As of the date of the REIT Plan, the Company had obtained, or is in the process of renewing, all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct the Company's business and operations. As of date of this REIT Plan, the Company has applied and paid the necessary fees for the issuance of material licenses, permits, and certifications. The Company is also awaiting issuance of certain permits from the appropriate government agencies in the ordinary course of renewal.

Renewal applications for all the expired licenses, permits and certifications have been filed by the Company with the concerned regulatory agencies. Should any licenses, permits and certifications be denied or will not be renewed, the Company and its Lessees may be subject to payment of fines and surcharges imposed by each regulatory agency. The Company is not aware of any reason why renewal of the licenses, permits and certifications will be denied or will not be renewed. See "*Risk Factors—Risks Relating to the Company's Business—The Company may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew them on expiration*" in this REIT Plan.

The Company's material licenses, permits, and certifications are as follows:

Material Licenses, Permits, and Certifications of the Company

Issuing agency	Permit/License/Certification	Issued to	Date issued	Date of expiration
Securities and Exchange Commission	Certificate of Incorporation (CS201010780)	Enfinity Philippines Renewable Resources Inc.	07/15/2010	n/a
Bureau of Internal Revenue	Certificate of Registration (4RC0000906760)	Enfinity Philippines Renewable Resources Inc.	08/04/2010	n/a
Clark Development Corporation	Certificate of Business Registration (2020-148)	Enfinity Philippines Renewable Resources Inc.	02/16/2020	02/15/2023
Clark Development Corporation	Certificate of Environmental Compliance (2021-0205)	Enfinity Philippines Renewable Resources Inc.	03/02/2021	02/12/2022
Clark Development Corporation	Sanitary Permit (2021-0626)	Enfinity Philippines Renewable Resources Inc.	07/08/2021	06/30/2022
Clark Development Corporation	Certificate of Annual Inspection (CAI2021-0900)	Enfinity Philippines Renewable Resources Inc.	07/07/2021	06/23/2022
Clark Development Corporation	Certificate of Operation (CAI2021-0263)	Enfinity Philippines Renewable Resources Inc.	07/07/2021	06/23/2022

** On August 18, 2021, the ERC has granted the Company a Provisional Authority to Operate ("PAO") the solar power plant on the Clark Property for period of one (1) year beginning July 14, 2021 to July 13, 2022 which is contingent to the validity of permits and licenses issued by other government agencies, and compliance with the conditions set forth under the PAO.*

The relevant material licenses, permits and certifications of the Company from the DOE, TransCo and ERC necessary for the operation of the Clark Solar Power Plant have been assigned to CREC as of December 24, 2021, while the other licenses, permits and certifications have been approved by or have been applied for with the relevant Government agencies.

The operation of a solar power project is authorized by the Government through the DOE by its execution of a Solar Energy Service Contract (SESC) with a duly qualified Renewable Energy (RE) Developer who possesses the legal, financial and technical qualifications to undertake a solar project.The SESC specifically grants the RE Developer the exclusive right to explore, develop and operate a solar power project within the identified contract area. After the SESC is awarded, the DOE then requires monitoring reports and compliances from the registered RE Developer. The RE Developer may assign or transfer part or all of its rights and obligations under the SESC to its affiliate upon submission of a written agreement between the assignor and the assignee. The assignee shall further undergo legal, financial and technical evaluations by the DOE before the latter approves the assignment.

In addition to the foregoing licenses, permits, and certifications, discussions on regulatory and environmental is provided further under the section entitled "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*" on page 244 in this REIT Plan.

LEGAL PROCEEDINGS

As of the date of this REIT Plan, to the best of the Company's knowledge and belief and after due inquiry, none of the Company, the Fund Manager, or the Property Manager is currently involved in any material litigation claims or arbitration, either as plaintiff or defendant, which could be expected to have a material and adverse effect on the Company's financial position.

Apart from the disclosure below, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director, or executive officers of the Company, the Fund Manager, or the Property Manager have in the five year period prior to the date of this REIT Plan been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; nor have they been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or from acting as a director, officer, employee, consultant, or agent occupying any fiduciary position.

Apart from the disclosure below, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director or executive officers of the Company, the Fund Manager, or the Property Manager have been convicted by final judgment of any violation of the REIT Act, the Philippine Revised Corporation Code, the General Banking Law, the Insurance Code, the Securities Regulation Code, or any other related laws and any rules or regulations, or orders thereunder; nor have they been found insolvent or incapacitated to contract. Similarly, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, none of the Company's Properties are the subject of any pending material litigation, claims or arbitration, which could be expected to have a material and adverse effect on the Company's financial position.

NBI Anti-Fraud Division and Atty. Larry T. Iguidez vs. Atty. Steven Y. Dicdican, Et Al. NPS Docket No. XVI-Inv-20k00362.

This case stemmed from a complaint dated September 3, 2020 filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violations of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. Complainant alleged that the Respondents handed the operation, administration, and management of the Mactan Cebu International Airport ("**MCIA**"), which is vested in GMR Megawide Cebu Airport Corporation ("**GMCAC**"), a consortium led by Megawide Construction Corporation ("**Megawide**") and the GMR Infrastructure Limited, to foreign nationals in violation of the Constitutional prohibition on having foreign nationals as executive and managing officers of a public utility.

Acting on the complaint, the National Bureau of Investigation ("**NBI**") recommended to the Department of Justice ("**DOJ**") the prosecution of Respondents being members of the Board of Directors of GMCAC for allegedly violating the Anti-Dummy Law. In their Joint Counter-Affidavit dated February 1, 2021, Respondents denied the allegations and explained that 1) the acts cited in the complaint do not constitute managerial or executive functions but are in the nature of public relations which the Respondents, as the members of the board of directors, cannot be expected to personally handle, 2) the engagement of foreign nationals is limited to advisory and/or consultation purposes only, 3) it is the Board of Directors that exercises the corporate powers, conducts the business, and controls all properties of GMCAC and 4) none of the indicators of "dummy status" are present. On July 14, 2021, the Respondents, through counsel, received an Order from the DOJ requiring the parties to submit their respective memoranda within 30 days from receipt of the Order. On August 13, 2021, the Respondents submitted their Memorandum. On October 15, 2021, newspaper articles reported that the DOJ has indicted the GMCAC executives, including the Respondents, for the alleged violation of the Anti-Dummy Law. In a disclosure submitted by Megawide to the PSE on the same date, Megawide clarified that despite reports, it has not received any official documents pertaining the filing of criminal charges against the directors and officers of GMCAC and assured the public that it will respond to this case in the proper forum and expects to do so successfully. On November 26, 2021, Megawide, via the PSE, disclosed that it received information that warrants of arrest against the Respondents have been issued by the Regional Trial Court ("**RTC**") of Lapu-Lapu City and that it is a procedural step to acquire jurisdiction over the Respondents. The warrants were issued for Criminal Case No. R-LLP-21-01781-CR by Branch 68 of the RTC in Lapu-Lapu City. This has been addressed by the Respondents with the posting of bail and the warrants were lifted and set aside on November 26, 2021. The arraignment was initially scheduled on December 7, 2021 but was deferred to February 9, 2022 in view of the previous filing of a Petition for Review on October 29, 2021 before the Department of Justice.

Based on the same set of facts and circumstances, NBI, unbeknownst to the Respondents at the time, also filed a complaint with the Office of the Ombudsman (OMB-C-C-20-0156 and OMB-C-A-20-0176) against several individuals, including the Respondents for violations of Section 3(e) and (j) of RA No. 3019 and Section 4(g) of RA 6713. A Joint Resolution was issued on July 20, 2021 by the Office of the Ombudsman finding probable cause to indict the Respondents, acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. All the other charges against the Respondents were dismissed. On November 8, 2021, Megawide, via the PSE, disclosed that it received a copy of the Joint Resolution on November 5, 2021. Prior to receiving such joint resolution on November 5, 2021, none of the Respondents obtained or received any notice, subpoena or order from the Office of the Ombudsman directing the submission of their respective counter-affidavits. As a result, they were not given the opportunity to present their defenses and participate in the preliminary investigation. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. As of the date of this REIT Plan, Respondents have not received any update, order or resolution from the Office of the Ombudsman. The Company firmly believes that the Respondents are fully compliant with all applicable laws, rules and regulations and did not commit any of the alleged violations of the Anti-Dummy law, RA No. 3019 or RA No. 6713. The Company further understands that the Respondents will diligently respond to all allegations in the proper fora and abide by the judicial process and they are confident that the cases will eventually be dismissed, and the Company believes that the Respondents will prevail over what they believe is an attempt to bring down Megawide's reputation and credibility.

The Company believes that the pending proceedings disclosed above do not affect the ability or integrity of the directors or executive officers involved.

SUMMARY OF THE SHADES OF GREEN ASSESSMENT

The information that appears in this Summary of the Shades of Green Assessment is an excerpt of the first two pages of the assessment report attached as Annex 5 to this REIT Plan, and such information, including all data (actual, estimates and forecasts) has been prepared by CICERO Green based on information provided by the Company and reflects estimates of the 'greenness' of the Company's revenues and investments and its governance structure. The excerpt in this section and the assessment report attached as Annex 5 to this REIT Plan has been prepared primarily as a tool for understanding climate risk. References to CICERO Green should not be considered as the opinion of CICERO Green as to the value of any security or the advisability of investing in the Company. The Company believes that the sources of information contained in this are appropriate sources for such information and has taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by CICERO Green and set out in this section and elsewhere in this REIT Plan and the commissioned assessment report attached as Annex 5 to this REIT Plan has not been independently verified by the Company, the International Bookrunners or the Local Underwriters and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

The commissioned assessment report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future trends or performance.

Citicore Energy REIT Corp. ("CREIT") is a Philippines real estate investment trust investing in land and properties used for renewable energy generation. CREIT is part of the Citicore Group and, prior to its IPO, a wholly owned subsidiary of Citicore Renewable Energy Corporation ("CREC"). CREIT's portfolio currently consists of one solar plant and four other land assets leased out to solar plant operators (all Citicore companies). CREIT's solar plant has installed capacity of 22.3 MW, while the other four land assets host plants with installed capacity totaling 101.4 MW. As a real estate investment trust, CREIT is not involved in solar plant development, construction, operation, or maintenance activities – these roles are fulfilled by other Citicore companies.

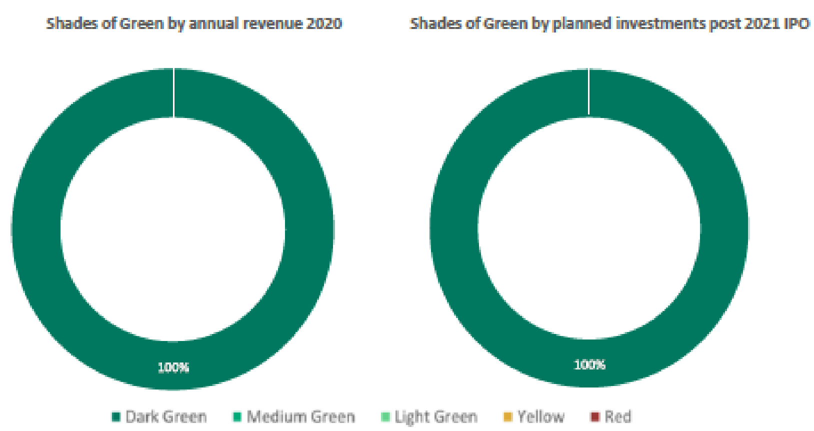


Figure 1: CREIT 2020 revenue and 2021 investments by Shades of Green.

According to CREIT, its entire revenues in 2020 derived from income from 1) the lease of its solar plant to CREC, and 2) the leases with the operators of the solar plants on its other land assets. We consider the entirety of CREIT's revenues Dark Green, given the importance of solar energy in the transition and the exclusive use of the sites for its generation. The Dark Green shading also reflects our view that CREIT and other relevant

Citicore companies adequately consider climate resilience and intelligently reduce the risk of local environmental impacts.

CREIT's planned investments post IPO are the purchase of two land assets from two of CREC's wholly owned subsidiaries, both of which house active solar plants (with combined installed capacity of 21.2 MW). For both assets, CREIT has entered into a Memorandum of Agreement to acquire and then lease out the land. As the investments relate to land housing solar plants, we consider them Dark Green in their entirety. These assets were selected in accordance with CREC's Site Selection Policy – this adequately considers climate resilience, includes a requirement for sites to have minimal trees (i.e. no deforestation), and manages the risk of local opposition. CREIT plans to add further real estate assets with 1.5 GW of renewable energy capacity to its portfolio by 2025.

The gross generation and avoided emissions of the solar plants operating on CREIT's current land assets are listed in Table 1, which also sets out CREIT's Scope 1 and Scope 2 emissions. These KPIs and all other figures included in part 2 of this assessment are for CREIT's solar plant, the four solar plants operated by lessees on its sites, and the two properties it will purchase post IPO. Scope 1 and 2 emissions include the emissions generated from these same plants.

The Philippines is among the most vulnerable countries to climate-related weather events and temperature increases and has already experienced some increased intensity in heavy rain and wind intensity in cyclones. CREIT has rightly identified the climate exposure of its land assets and the solar plants they house as a material issue. To mitigate this, CREC's Site Selection Policy incorporates climate considerations. For example, CREC avoids flood prone areas and coastal locations and has previously rejected sites because of exposure to extreme weather. This is a prudent approach. We note that two of CREIT's current land assets have minor flood risk (< 5%below the flood line) and that it has started planning supporting infrastructure to mitigate this risk. In our view, CREIT could ensure more sophisticated climate resilience considerations in respect of the solar plants operated on its land assets. For example, while the solar assets on its land assets are built to withstand historical record wind speeds, wind speeds are generally expected to increase as climate change accelerates.

The development of solar plants can lead to local opposition. In our view, CREIT and CREC comprehensively mitigate this risk through community engagement and effective and intelligent site selection. Importantly, to minimize displacement and disruption, barren land or land which not irrigated or irrigable is prioritized. Any impacted farmers will be offered monetary compensation and to join the innovative agro-solar project operated at several CREIT sites (agro-solar is an initiative of Citicore Power Inc., CREC's parent company, where high value crops are grown underneath and around the solar installations).

CREIT has sophisticatedly identified key environmental and socialrisks and focus areas across its business, and which consider both climate mitigation (e.g. reduction of energy consumption by lessees) and adaptation (e.g. climate risk factored into CREC's site selection). It is a strength that these issues are addressed in formal policies and that CREIT can point to several processes which demonstrate their diligent implementation.

CREIT measures Scope 1 and Scope 2 emissions and plans to measure Scope 3 emissions in the future. We encourage CREIT to use its calculations of Scope 1 and Scope 2 emissions to set achievable yet ambitious short, medium, and long-term reduction targets. Aspects of CREIT's value chain policies have, in our opinion, been underdeveloped, for example environmental and social factors have not been explicit and quantified criteria for selection. New initiatives such as factory audits and annual reviews of strategic suppliers are therefore welcome. Social risk can be especially prevalent in the solar panel supply chain given this market is close to a monopoly and involves the use of environmentally sensitive materials.

	Solar energy installed capacity (MW)	Actual gross generation (GWh)	Emissions (scope 1-2) (tCO2eq)[1]	Avoided emissions (tCO2eq)[2]
2021 (Q1 3)	145	146.7	882	173,790
2020	145	204.1	1,221.2	231,720
2019	145	205.2	1,229.6	231,720

Table 1: Sector specific metrics.

Investors should note that CICERO Green have relied on CREIT's documentation and not conducted our own research on CREIT's operations. Furthermore, our assessment is based on data reported or estimated by CREIT and has not always been verified by a third party.

[1] No estimates of Scope 3 emissions are available.

[2] CREIT's estimates of avoided CO2 per annum assume its plants replace coal generated electricity. This should be viewed as maximum potential avoided emissions, as the Philippines grid mix includes sources with lower emission intensities than coal.

INDUSTRY OVERVIEW

The information that appears in the executive summary of the independent market research report in this Industry Overview section, including all data (actual, estimates and forecasts) has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in the Company. The Company believes that the sources of information contained in this Industry Overview are appropriate sources for such information and has taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by Frost & Sullivan and set out in this Industry Overview and elsewhere in this REIT Plan and the commissioned industry report attached as Annex 3 to this REIT Plan has not been independently verified by the Company, the International Bookrunners or the Local Underwriters and none of them gives any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

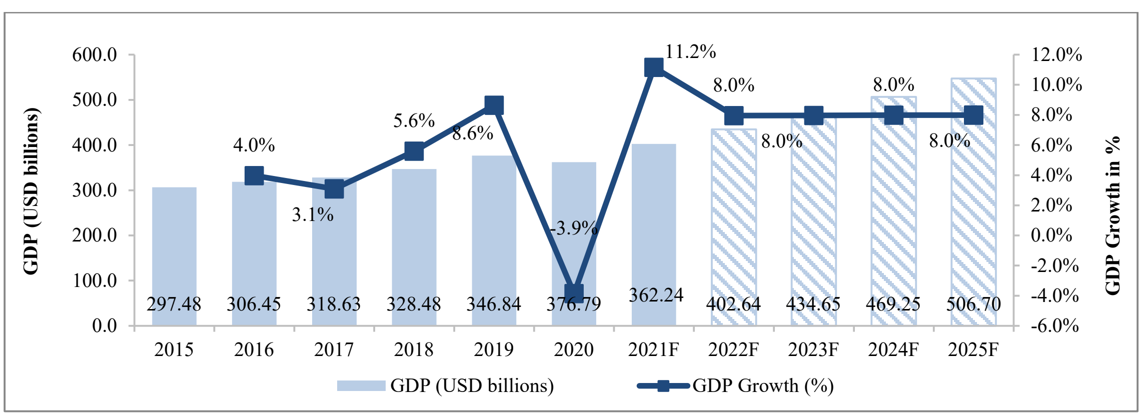
The commissioned industry report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

Unless otherwise indicated, certain forward-looking statements contained herein were made prior to the outbreak of the COVID-19 pandemic and have not been updated to account for the impact or extent of such outbreak. There can be no assurance that such forward-looking statements would not have been materially different if the COVID-19 pandemic had been taken into account.

MACROECONOMIC VIEW

As the world slowly recovers from COVID-19, the Philippines' economic outlook is expected to be positive, contributing to a growing GDP and GDP per capita. In 2021, the Philippines' GDP is expected to reach PHP 17,568.64 billion (USD 362.24 billion) at current prices, growing at a CAGR of 6% between 2015 and 2025. This growth is expected to be driven by sustained public projects, especially under the government's "Build, Build, Build" initiative, a comprehensive infrastructure development program; private consumption and spending; and innovative projects, such as climate-friendly intra-city transit systems.

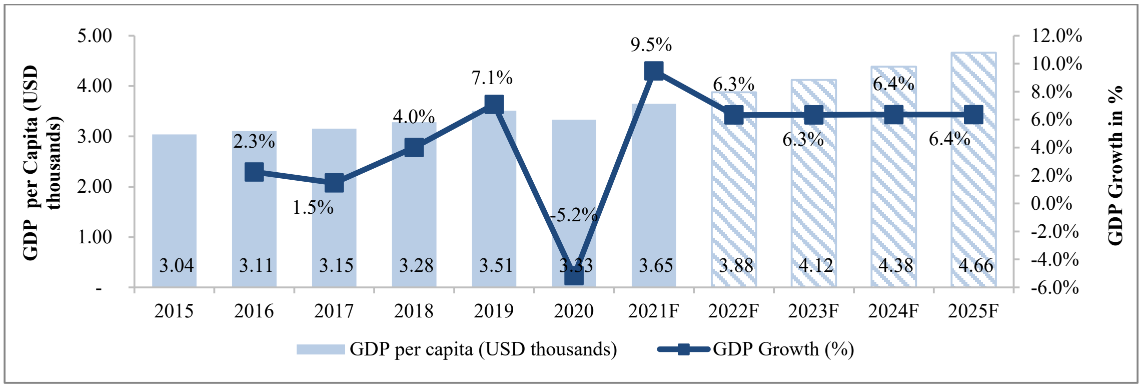
GDP and GDP Growth, Philippines, 2015 – 2025F



Source: IMR World Economic Outlook, Frost & Sullivan

The GDP per capita of the Philippines was PHP 161,505 (USD 3,330) in 2020. It is expected to reach PHP 266,156 (USD 4,663) by 2025, growing at a CAGR of 4.4% between 2015 and 2025. This growth is expected to be driven by higher spending likely to occur in the post-pandemic period.

GDP Per Capita and Growth, Philippines, 2015-2025F

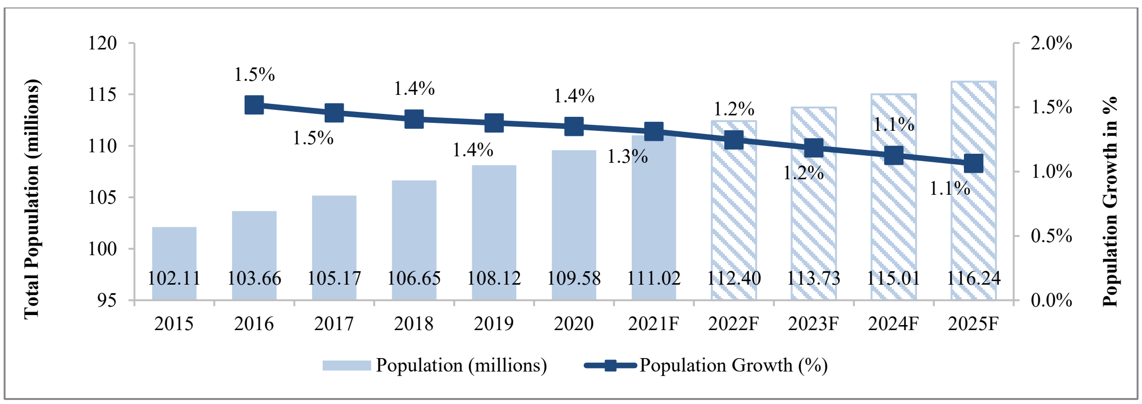


Source: IMR World Economic Outlook, Frost & Sullivan

POPULATION

It is estimated that the country's population will grow to 111 million by the end of 2021. This growth is expected to continue until 2025 and then decline due to the increasing preference for smaller family sizes and various government health programs.

Total Population, Philippines 2015- 2025F

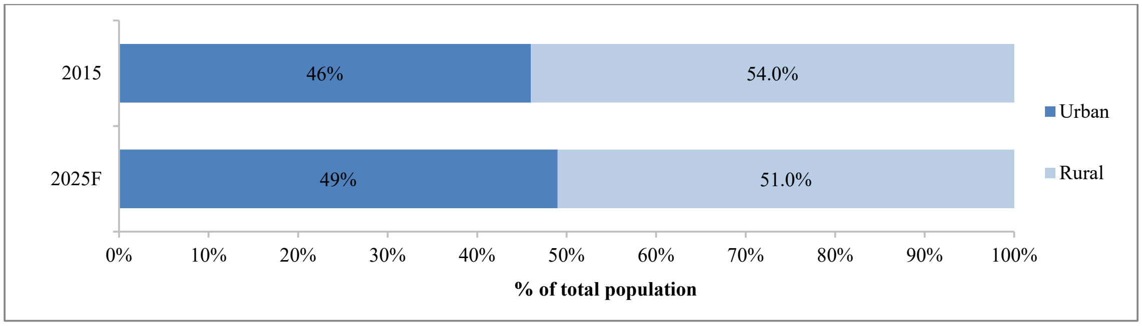


Source: World Bank, Philippine Statistics Authority, Frost & Sullivan

The working-age population is expected to grow by 1 million in 2021, reaching 71.83 million, or 64.7%, of Filipinos between 15 and 64 years old. This increase in the working-age population implies a demographic precondition for greater productivity, given its potential to support the dependent population. However, this creates a need for the country to create new jobs, a challenging proposition during the pandemic.

The urban population is expected to grow from 46% of the total population (~47 million) in 2015 to 49% (~57 million) in 2025. Economic growth is increasingly around the central city hubs, such as Metro Manila and middleweight regions, including cross-border areas for trade-in logistics, such as Cebu; designated economic zones; and satellite regions within commutable distance from the mega cities.

Urban and Rural Population, Philippines, 2015 and 2025F



Source: ASEAN Sustainable Urbanization Strategy Report, Frost & Sullivan

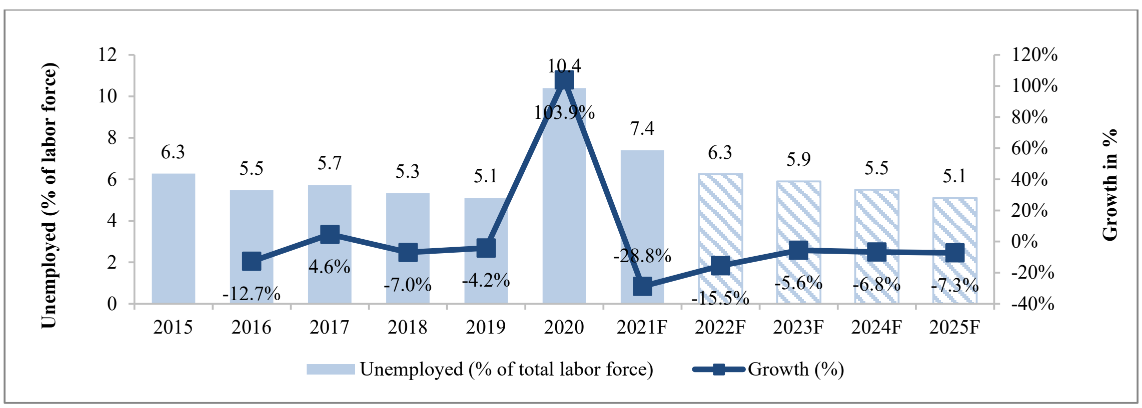
<u>COVID-19 IMPLICATION</u>

Impact on Businesses and Households

A strict lockdown, "Enhanced Community Quarantine," to control the spread of the virus was imposed starting in August 2021. Only essential businesses and services were allowed to open, and only 1 family member was permitted to step out to buy necessities. The lockdown negatively impacted retail sales for manufacturers, transportation, and services. In a recent study by the Asian Development Bank ("ADB"), approximately 70% of the Philippines' micro, small, and medium enterprises ("MSME") were also forced to temporarily close due to the pandemic. With almost 13% of MSMEs opting to work from home, the remote working setup was not considered a viable option, resulting in temporary layoffs.

Consequently, household income was negatively affected. The ADB reported that 85% of Philippine households experienced financial difficulty during the pandemic. It was also observed that lower-income households were more likely to face income decline than higher-income households. The disparity of the impact of the lockdown will likely result in broader income inequality post-pandemic. The unemployed population grew by approximately 104% in 2020, amounting to 10.4% of the labor force. Unemployment is expected to decrease gradually in 2021, as the threat of the pandemic decreases, and economic recovery begins.

Unemployment, Philippines, 2015-2025F



Source: IMF World Economic Outlook, Frost & Sullivan

Government Response

To help alleviate the pandemic's adverse economic impact, the government enacted the Republic Act No.11469 or the "Bayanihan to Heal as One Act." The Act allowed the president to reallocate almost PHP 275 billion (USD 5.67 billion) for the pandemic response, from the estimated PHP 438 billion (USD 9.03 billion) 2020 national budget and mandated economic assistance for disadvantaged families and displaced workers.

As the pandemic persisted, Republic Act No. 11494 or the "Bayanihan II Act" was subsequently signed into law. The PHP 165.5 billion (USD 3.4 billion) package allocated PHP 39.5 billion (USD 814 million) for loans for small businesses; PHP 24 billion (USD 495 million) for the agriculture sector; and PHP 13 billion (USD 268 million) for the displaced workers. It extended grace periods and allowed zero-interest instalments for rental payments and utility bills incurred by residential occupants and small businesses. The net operating losses of the companies for 2020 and 2021 were also allowed to be carried over as a deduction from gross income for the next 5 consecutive taxable years. The percentage tax on shares of stock sold or exchanged through Initial Public Offering was also removed.

Other enacted reform measures include the CREATE initiative, which immediately reduced the corporate income tax rate from 30% to 25%, followed by a 1% annual decrease from 2023 to 2027. The Financial Institutions Strategic Transfer was also enacted to allow financial institutions to dispose of non-performing loans and assets to address liquidity concerns.

The Philippines' public health system struggled to cope with the continuous increase in cases, which was attributed to a shortage of health workers and poor health infrastructure. Mass testing and systematic tracking were challenging. As cases continue to rise, a "State of Calamity" declaration was extended until the end of 2021.

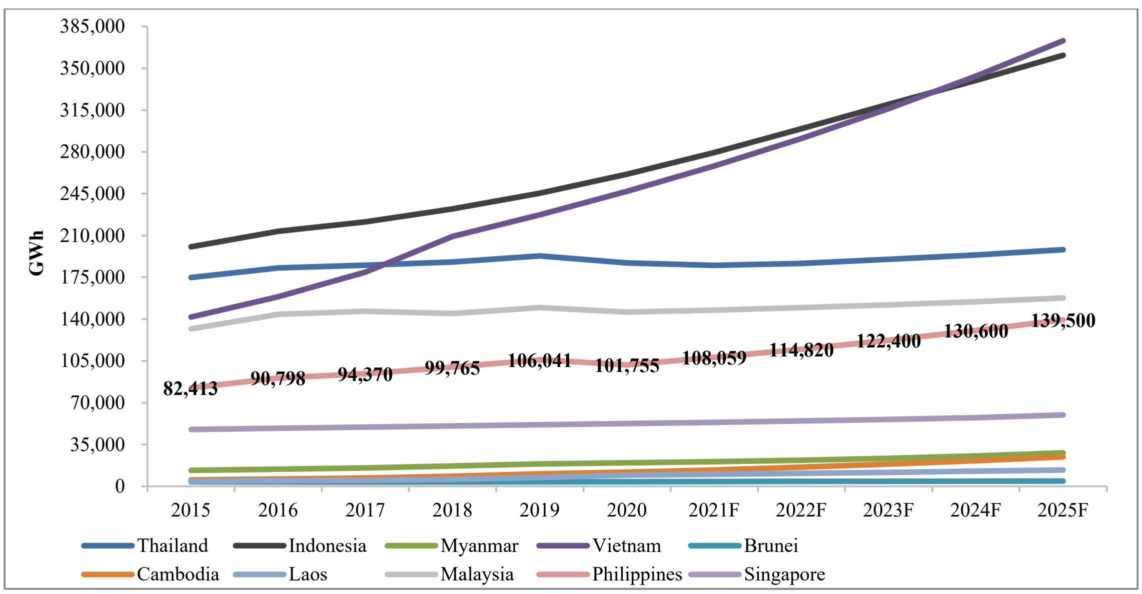
ELECTRICITY IN ASEAN

Demand and Consumption

The Association of Southeast Asian Nations (ASEAN) is a crucial participant in the global economy, with a cumulative GDP of over PHP 121 trillion (USD 2.5 trillion). The economic growth the region has experienced increased its energy demand by 70% compared to the energy demand in 2000. As of 2020, ASEAN accounts for 5% of the total global energy demand.

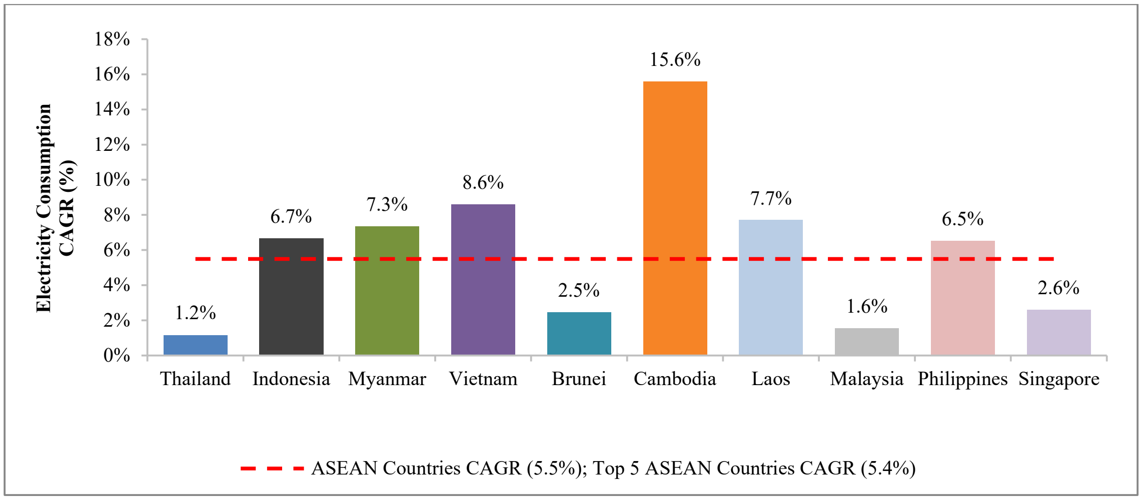
Overall, electricity consumption in ASEAN is expected to grow at a CAGR of 5.5% from 2020 to 2025, with Vietnam overtaking Indonesia as the top consumer. In the Philippines, electricity consumption is expected to grow at a CAGR of 6.5% from 2020 to 2025.

Electricity Consumption, ASEAN, 2015-2025F



Source: Metropolitan Electricity Authority (MEA), Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA), Ministry of Energy Thailand, National Electricity Supply Business Plan (RUPTL) 2019-2028, Economic Research Institute for ASEAN and East Asia (ERIA), Ministry of Electricity and Energy Myanmar, Vietnam Electricity (EVN), Electricity Authority of Cambodia (EAC), Ministry of Energy and Mines Laos, Energy Commission Malaysia, Department of Energy (DOE) Philippines, Energy Market Authority (EMA) Singapore, Frost & Sullivan

Electricity Consumption CAGR, ASEAN Countries, 2020–2025F

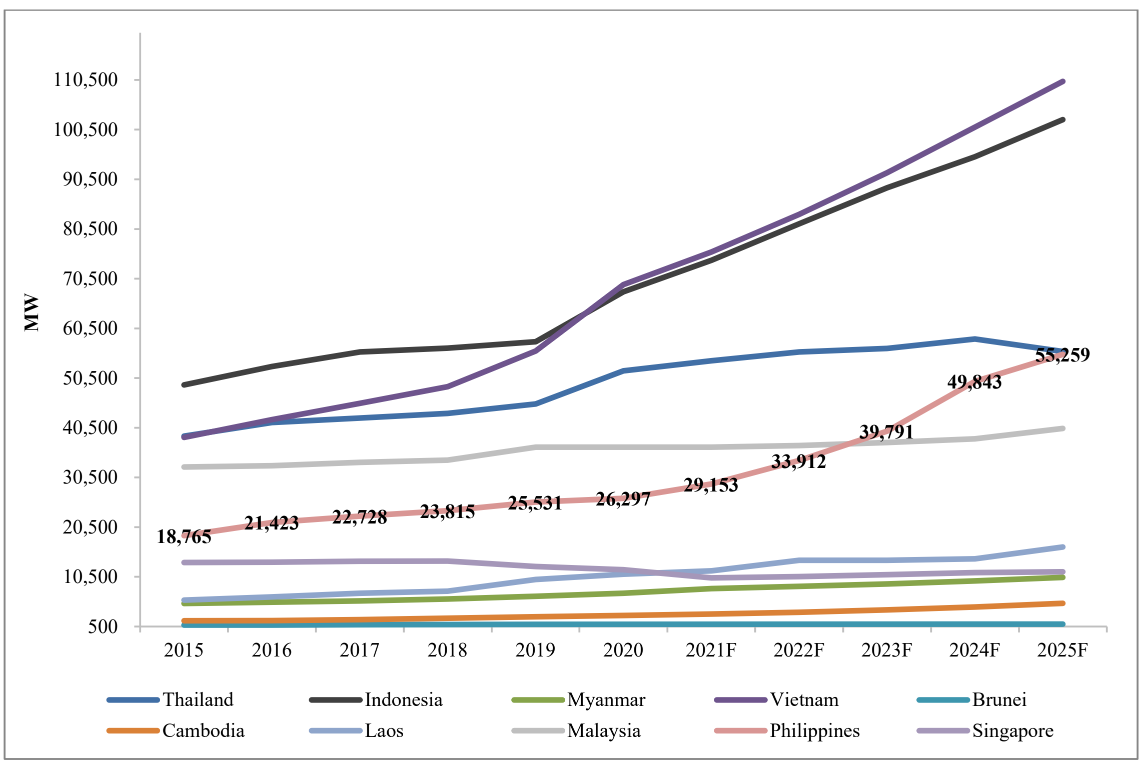


Source: Metropolitan Electricity Authority; EGAT; Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; EVN; EAC; Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; EMA Singapore; Frost & Sullivan

Installed capacity in ASEAN

Overall, installed capacity in ASEAN will grow at a CAGR of 7.4% from 2020 to 2025. In the Philippines, installed capacity is expected to grow from 26,297 MW in 2020 to 55,259 MW in 2025, recording a CAGR of 16% during the same period

Total Installed Capacity, ASEAN, 2015-2025F



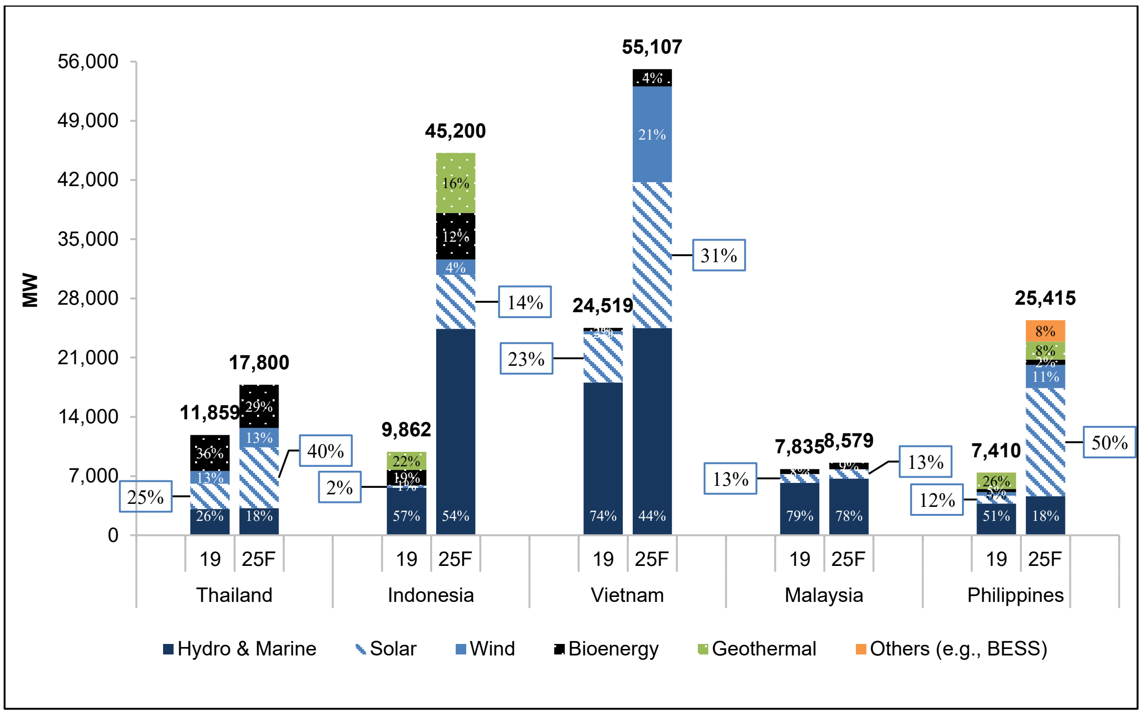
Source: EGAT, RUPTL 2019-2038, Ministry of Electricity and Energy Myanmar, EVN, EAC, EDL Generation Public Company (Laos), Energy Commission Malaysia, DOE Philippines, CEIC Data, EMA Singapore, Frost & Sullivan

Renewable Energy (RE)

Among the ASEAN member states, Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent a share of approximately 84% of ASEAN's total installed RE capacity. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8MW in 2020 (inclusive of 11MW of BESS) with hydropower and geothermal energy the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 22.8%, equal to 25,415 MW, by 2025.

Renewable Energy Installed Capacity by Type, Key ASEAN Countries, 2019 and 2025F



Source: International Renewable Energy Agency (IRENA), Energy Commission Malaysia, DOE, Philippine Energy Plan 2018-2040, Ministry of Energy and Mineral Resources Revised Kebijakan Energi Nasional 2025, National Power

Development Plan 2021-2030 ("Draft PDP8"), Frost & Sullivan

<u>OVERVIEW OF THE POWER GENERATION INDUSTRY IN THE PHILIPPINES</u>

Introduction

The Philippines consists of three main regions: Luzon, Visayas, and Mindanao. Separate transmission grids exist for each region, but the grid in Mindanao does not have an interconnection. A critical transmission project to link the power grids in Visayas and Mindanao is currently under construction.

The Philippines relies heavily on imported fuels for power generation. According to the Department of Energy ("DOE"), the country's dependence on coal was met by total imports of 27.7 million metric tons ("MT") and local production amounting to 15.2 million MT in 2019, which totaled 33.1 million MT. Of the total coal demand, the power generation industry consumed 28.7 million MT, equivalent to 86.7% of the total consumption in 2019.

In 1973, the Philippine National Oil Company was formed as the country's custodian of the national oil and gas reserves, which led to the development of indigenous gas reserves supplying gas to the combined cycled gas turbine ("CCGT") power plants, notably from the Malampaya gas field (expected depletion by 2027).

As an alternative to fossil fuels being used in power generation, a 621 MW nuclear power plant was built at Bataan in 1984 but was never commissioned.

The power sector went through a massive privatization exercise with the introduction of the Electric Power Industry Reform Act ("EPIRA") in 2001, which led to the liberalization of the market and growth of the RE sector. With the enforcement of the RE Act in 2008, the Philippines has since made significant progress in developing its indigenous RE resources. By the end of 2020, 29.1% of the 26.3 Gigawatt ("GW") national installed capacity consisted of RE, primarily in the form of hydropower, geothermal, and solar, which was equivalent to 7.7 GW, surpassing the contribution of natural gas-based (13.1%) and oil-fired power plants (13%).

Generally, coal-fired and geothermal power plants have served as baseload generators, whereas natural gas-fired power plants served as both mid-merit and peaking plants. Additionally, oil-based and hydropower plants are classified as peaking plants. As the Malampaya gas field is expected to deplete soon, the San Gabriel and Avion plants were both built to achieve commercial operations by 2016, with the intention of switching to re-gasified imported liquefied natural gas ("LNG") once the infrastructure for it is readily available. Australia-based Energy World Corporation Limited ("EWC") is currently developing the country's first LNG import terminal in Pagbilao, which is due to be complete by 2022. There was also a discussion on the trans-ASEAN gas pipeline, although the country has not moved toward developing cross-border pipelines with any of its neighboring countries to date.

Under EPIRA (Republic Act 9136), several permits and approvals are required prior to developing private power projects. These permits and approvals need to be acquired from government-owned entities, such as the DOE, Department of Environmental & Natural Resources ("DENR"), and Energy Regulatory Commission ("ERC"), and the Department of Agrarian Reform. Additionally, connection approval to the transmission grid is required from the National Grid Corporation of the Philippines ("NGCP"). Below are some of the required permits/approvals to be obtained from government-owned entities:

Necessary Approvals/Permits to be obtained

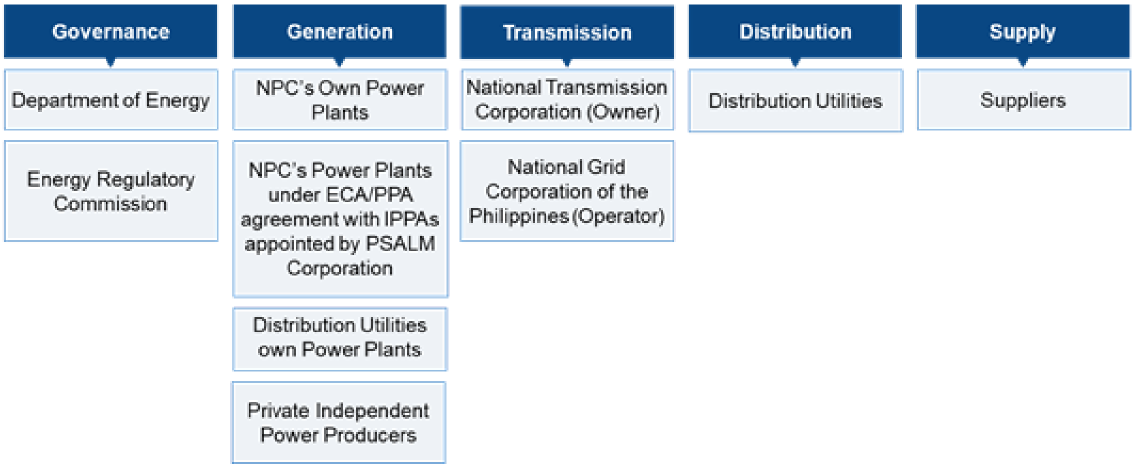
Government Agency	Required Approval/Permits
DOE	Certificate of Endorsement for Power Generation Project
DENR...	Environmental Compliance Certificate, Wastewater Discharge Permit, Permit to Operate (Air Pollution Source and Control Installation), Special Land Use Permit, Forest Land Use Agreement
ERC..	Certificate of Compliance, Power Sales Agreement ("**PSA**")
Department of Agrarian Reform	Land Use Conversion Permit

Source: DOE of Philippines

Note: Non-exhaustive list. The full list may be referred on the DOE website .

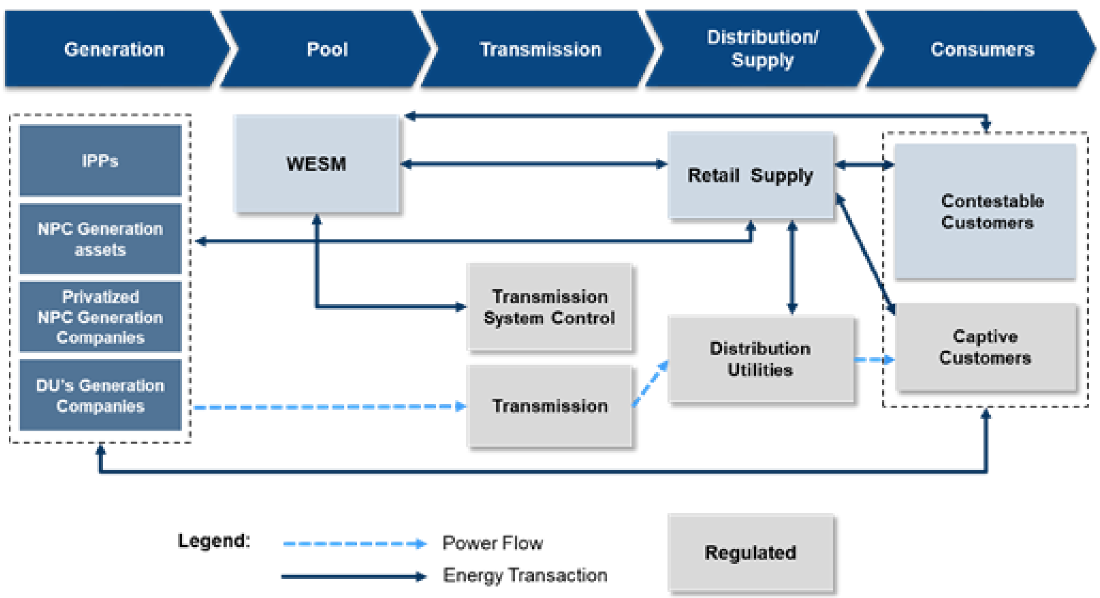
POWER MARKET STRUCTURE AND KEY INDUSTRY STAKEHOLDERS

Electricity Industry Structure, the Philippines



Source: Frost & Sullivan analysis

Electricity Market Structure, the Philippines



Source: Frost & Sullivan analysis

With the push for restructuring within the power sector, under the purview of EPIRA 2001, one objective was to promote the utilization of RE sources and enhance the competitive operations of the electricity market. As a result, the Wholesale Electricity Spot Market ("WESM"), was established and started commercial operation in Luzon in June 2006, with the Visayas grid subsequently integrated into it in December 2010. Prior to the implementation of the Retail Competition Open Access ("RCOA") in December 2012, ERC had set aside 4 other pre-conditions that would have enabled the implementation of the RCOA: the approval of unbundled transmission and distribution wheeling charges, initial implementation of the cross-subsidy removal scheme, achieving at least 70% privatization of National Power Corporation's ("NPC") generation assets in Luzon and Visayas, and transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to independent power producer administrators ("IPPA").

Wholesale Membership, the Philippines, Q1 2021

Wholesale Membership (Q1 2021)	Registered
Generation Companies	136
Private distribution utilities & Local government utilities	20
Electric cooperatives	71
Directly Connected Customers	48

Source: IEMOP Quarterly Report Q1 2021

The DOE and the Philippine Electricity Market Corporation ("PEMC") have been trying to pursue an operational WESM in Mindanao and as such had introduced the Interim Mindanao Electricity Market ("IMEM") in November 2013. The ambition of the IMEM was to ultimately transition Mindanao into the WESM; however, the program was suspended in the following year due to various factors, such as the lack of liquidity, payment issues, and grid interruptions. The WESM in Mindanao was previously slated to be launched in June 2017 but was expected to commence in June 2021, ahead of the completion of the grid interconnection between Visayas and Mindanao. However, as of July 2021, DOE reported that the commercial operation of the WESM in Mindanao has not yet been achieved .

RCOA Membership, the Philippines, Q1 2021

Retail Membership (2017)	Registered
Retail Electricity Supplier	35
Local Retail Electricity Supplier	14
Retail Metering Service Provider	56
Contestable Customer	1553
Supplier of Last Resort	25

Source: IEMOP Quarterly Report Q1 2021; Quarterly Retail Market Assessment Report (26 December 2020 – 25 March 2021)

EXISTING LAWS AND REGULATIONS

Electricity Sector Legal Framework

EPIRA 2001 (Republic Act No. 9136)	The Renewable Energy Act of 2008 (Republic Act No.9513)
• Accelerates electrification • Ensures quality, reliability, security, and affordability of electricity supply • Provides transparency and reasonable price of electricity • Diversifies ownership of generation, transmission, and distribution sectors • Protects public interests • Promotes utilization of indigenous and RE • Privatizes the NPC • Establishes independent regulator • Encourages energy efficiency and demand-side management ("DSM")	• Accelerates the exploration and development of RE to achieve self-reliance and reduce dependency on fossil fuels • Increases the utilization of RE via structured supporting policies and promotion via providing fiscal and non-fiscal incentives • Encourages the development and utilization of RE resources to reduce harmful emissions • Establishes the necessary infrastructure and mechanism to carry out aforementioned policies

Source: Government of Philippines

Through the RE Act of 2008, NREP 2011–2030 was formulated as the policy framework for achieving the Philippines' RE targets. In detail, it outlined an additional capacity of RE of approximately 15.3 GW by 2030, which included the development of the first ocean energy facility in the Philippines, although the project has been delayed due to not having received feed-in tariff ("FiT") approval from ERC. The DOE has established a revised RE roadmap, NREP 2017–2040, which was set out in the Philippine Energy Plan 2018–2040. The new plan hopes to include at least 20 GW of RE installed capacity by 2040.

Foreign Investment for Infrastructure Sector Legal Framework

The Foreign Investments Act of 1991 (Republic Act No. 7042) (As amended by RA 8179)	The Build–Operate–Transfer (BOT) Law (Republic Act No.6957) (As amended by RA 7718)	The Government Procurement Reform Act of 2003 (Republic Act No. 9184)
• The Act attracts, promotes, and welcomes productive investments from foreign sources. • Foreign investments will be encouraged in enterprises that significantly benefit Filipinos. • Foreign investments will be welcome as a supplement to domestic capital and technology in those enterprises serving the domestic market.	• The law recognizes the indispensable role of the private sector as the main engine for national growth and development and provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation, and maintenance of infrastructure and development projects normally financed and undertaken by the government. • Such incentives, aside from legally required financial incentives, will include providing a climate of minimum government regulations and procedures.	• The Act promotes the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or controlled corporations and local government units ("**LGU**").

Source: Government of Philippines

Electricity Generation Policy Framework

PDP 2017–2040	Philippines Energy Plan 2018–2040 Volume 2: Sectoral Plans and Roadmaps
• Provides the long-term outlook on the demand and supply requirements in the 3 major grids: Luzon, Visayas, and Mindanao. • The PDP also presents the holistic power sector roadmaps for short-, medium-, and long-term planning horizons.	• The plan comprises 8 energy sector strategic directions: ensure energy security; expand energy access; promote a low carbon future; strengthen collaboration among all government agencies involved in energy; implement, monitor, and integrate sectoral and technological roadmaps and action plans; advocate the passage of the department's legislative agenda; strengthen consumer welfare and protection; and foster stronger international relations and partnerships.

Source: Government of Philippines

Key Elements of the electricity sector legal framework (The Electric Power Industry Reform Act 2001)

Section	Heading	Content	Remarks
6	Generation	Generation of electric power, an industry that affects public interest, will be competitive and open.	The generation sector is competitive and open for investment.
		Any law to the contrary notwithstanding, power generation will not be considered a public utility operation. For this purpose, any person or entity engaged, or that will engage, in power generation and supply of electricity will not be required to secure a national franchise.	The generation sector is not considered a public utility and not subjected to constitutional restrictions of public utilities.

Section	Heading	Content	Remarks
		Upon implementation of retail competition and open access, the prices charged by a generation company for the supply of electricity will not be subject to regulation by ERC, except as otherwise provided in this Act.	Unregulated electricity prices ensure cost recovery and profit for the generation sector.
8	Creation of the National Transmission Company (“**TRANSCO**”)	Except as provided herein, no person, company or entity other than TRANSCO will own any transmission facilities.	Transmission remains in the public sector.
9	Functions and responsibilities	Upon the effective implementation of this Act, TRANSCO will have the responsibility to provide open and non-discriminatory access to its transmission system to all electricity users.	Non-discriminatory access to the transmission grid is mandated by law.
		A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan (“**TDP**”), provided that such facilities are required only for the purpose of connecting to the transmission system and are used solely by the generating facility, subject to prior authorization by ERC. In the event that such assets are required for competitive purposes, ownership of the same will be transferred to TRANSCO at a fair market price. Finally, in the case of disagreement on the fair market price, ERC will determine the fair market value of the asset.	Generation companies may develop their own evacuation lines and might even be required for timely cash on delivery (“**COD**”) but are vulnerable to nationalization at the price set by ERC.
25	Retail rate	The retail rates charged by DUs for the supply of electricity in their captive market will be subject to regulation by ERC based on the principle of full recovery of prudent and reasonable economic costs incurred or other such principles that will promote efficiency as may be determined by ERC.	Full cost recovery of retail rates to the captive market is guaranteed. The distribution is likely to provide credit-worthy counterparties.
29	Supply sector	Any law to the contrary notwithstanding, supply of electricity to the contestable market will not be considered a public utility operation. For this purpose, any person or entity that will engage in the supply of electricity to the contestable market will not be required to secure a national franchise.	The supply sector is not considered a public utility and is not subjected to constitutional restrictions of public utilities.
		The prices to be charged by suppliers for the supply of electricity to the contestable market will not be subject to regulation by ERC.	Retail competition in effect and the market structure involve bilateral over the counter and wholesale pools. The off-takers have to be selected carefully on the basis of creditworthiness.
30	WESM	The DOE will establish a WESM, which will provide the mechanism for identifying	The WESM is already established and in operation. Revenue

Section	Heading	Content	Remarks
		and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.	fluctuation is based on the market determined price for untied volumes.
45	Cross-ownership, market power abuse, and anti-competitive behavior	No generation company, distribution utility, or its respective subsidiary, affiliate, stockholder, or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC within the 4th civil degree of consanguinity or affinity, will be allowed to hold any interest, directly or indirectly, in TRANSCO or its concessionaire. Likewise, TRANSCO or its concessionaire or any of its stockholders or officials or any of their relatives within the 4th civil degree of consanguinity or affinity, will not hold any interest, whether directly or indirectly, in any generation company or distribution utility.	Distribution companies and generation companies cannot own TRANSCO and vice versa.
		To promote true market competition and prevent harmful monopoly and market power abuse, ERC safeguards, including that no company or related group can own, operate, or control more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity.	Ownership and operating rights in generation companies are limited to 30% generation capacity of the grid or 25% generation capacity of the whole country.
		To prevent market power abuse between associated firms engaged in generation and distribution, no distribution utility will be allowed to source from bilateral power supply contracts more than 50% of its total demand from an associated firm engaged in generation but such limitation; however, it will not prejudice contracts entered into prior to the effectivity of this Act.	For distribution companies, sourcing electricity via bilateral power supply contracts from generation companies is limited to 50% of total electricity demand of distribution companies.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Sector Legal Framework (The Renewable Energy Act 2008)

Section	Heading	Content	Remarks
6	Renewable portfolio standard ("**RPS**")	The content was covered in section 1.2 of this report.	-
7	FiT system	(a) The system comprises priority connections to the grid for electricity generated from emerging RE resources, such as wind, solar, ocean, run-of-river (ROR) hydropower, and biomass power plants, within the Philippines.	There is priority connection to the grid for electricity generated from RE.

Section	Heading	Content	Remarks
		(b) This also includes priority purchase and transmission of, and payment for, such electricity by the grid system operators.	There is priority dispatch for electricity generated from RE.
8	RE market (“**REM**”)	The DOE will establish the REM and direct PEMC to implement changes to the WESM rules to incorporate the rules specific to the operation of the REM under the WESM.	This was planned for implementation in January 2019 but delayed further. Currently, REM is said to be implemented in June 2021.
9	Green Energy Option	End users may directly contract from RE facilities their energy requirements distributed through their respective DUs. Consistent herewith, TRANSCO or its successors-in-interest, DUs, PEMC, and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option.	End users are allowed to source for RE. TRANSCO, DUs, and PEMC are mandated to facilitate necessary connections. There is an option for direct sales to large-end consumers for RE.
15	Incentives for RE projects and activities	(a) Income tax holiday (“**ITH**”)—For the first 7 years of commercial operations, the duly registered RE developer will be exempt from income taxes levied by the national government. Additional investments in the project will be entitled to additional income tax exemption on the income attributable to the investment, provided that the discovery and development of new RE resources will be treated as a new investment and will therefore be entitled to a fresh package of incentives and provided further that the entitlement period for additional investments will not be more than 3 times the period of the initial ITH.	RE developers are entitled to a 7-year ITH. Additional investments are entitled to additional tax holidays but are not to exceed 21 years.
		b) Duty-free importation of RE machinery, equipment and materials—Within the first 10 years upon the issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, will not be subject to tariff duties, provided that the said machinery, equipment, materials, and parts are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities, and provided further that the endorsement of the DOE is obtained before the importation of such machinery, equipment, materials, and parts are made.	RE developers are entitled to import duty exemption on RE machinery, equipment, and materials. DOE endorsement is required.
		(d) Net operating loss carry-over (“**NOLCO**”)—The NOLCO of the RE developer during the first 3 years from the start of commercial operation will now be carried over as a deduction from gross income for the next 7 consecutive taxable	RE developers are entitled to carry over net operating loss from the first 3 years to the next 7, including tax

Section	Heading	Content	Remarks
		years immediately following the year of such loss, provided that operating loss resulting from the eligibility of incentives provided for in this Act will not be entitled to NOLCO.	shielding and free cash flow enhancement.
		(f) Accelerated depreciation—If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on this, provided that the project or its expansions will no longer be eligible for an ITH.	RE projects that failed to receive an ITH can apply for accelerated depreciation, but those that received accelerated depreciation are not eligible for an ITH.
		(g) 0% value-added tax (“**VAT**”) rate—The sale of fuel or power generated from renewable sources of energy, such as biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources, using technologies, such as fuel cells and hydrogen fuels, will be subject to 0% VAT, pursuant to the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337. All RE developers will be entitled to zero-rated VAT on its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities. This provision will also apply to the whole process of exploring and developing RE sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors.	Sales of electricity generated from RE are entitled to 0% VAT. Purchase of goods and services for the purpose of RE projects’ exploration and development are entitled to 0% VAT, including contractors.
		(h) Cash incentive of RE developers for missionary electrification—An RE developer, established after the effectivity of this Act, will be entitled to a cash generation-based incentive per kWh rate generated, equivalent to 50% of the universal charge for power needed to service missionary areas where it operates the same, to be chargeable against the universal charge for missionary electrification.	RE developers are entitled to a cash incentive equal to 50% of universal charge for missionary electrification.
		(i) Tax exemption of carbon credits—All proceeds from the sale of carbon emission credits will be exempt from any and all taxes.	Sales of carbon credits generated from operating RE projects are exempt from all taxes.
		(j) Tax credit on domestic capital equipment and services—A tax credit equivalent to 100% of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials, and parts had these items been imported will be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in this Act, provided that prior approval by the DOE was obtained by the local manufacturer and that the acquisition of such machinery, equipment,	Purchases of capital equipment and services from domestic manufacturers for the purpose of RE projects exploration and development are entitled to 100% tax credit. Purchases must be made within the duration of the RE operating contract.

Section	Heading	Content	Remarks
		materials, and parts, will be made within the validity of the RE operating contract.	Manufacturers need to be approved by the DOE.
19	Hybrid and cogeneration systems	The tax exemptions and/or incentives provided for in Section 15 of this Act will be availed of by registered RE developers of hybrid and cogeneration systems utilizing both RE sources and conventional energy, provided that the tax exemptions and incentives will apply only to the equipment, machinery, and/or devices utilizing RE resources.	Incentives in section 15 are only applicable to RE parts for hybrid and cogeneration systems.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Foreign Investment Act of 1991)

Section	Heading	Content
3	Definitions	g) The term "Foreign Investments Negative List" or "Negative List" shall mean a list of areas of economic activity whose foreign ownership is limited to a maximum of forty percent (40%) of the equity capital of the enterprises engaged therein.
8	List of Investment Areas Reserved to Philippines Nationals	List A shall enumerate the areas of activities reserved to Philippine nationals by mandate of the Constitution and specific laws.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the current FINL (Executive Order No. 65 Eleventh Regular Foreign Investment Negative List)

Section	Heading	Content	Remarks
List A	Up to Forty Percent (40%) Foreign Equity	Operation of public utilities except power generation and the supply of electricity to the contestable market	Complete (100%) ownership is allowed for generation companies and supply companies (to the contestable market)

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The BOT Law)

Section	Heading	Content	Remarks
1.3	Definition of Terms	Build-Operate-Transfer (BOT): In case of an infrastructure or development facility whose operation requires a public utility franchise, the proponent must be Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission (SEC) and owned up to at least 60% by Filipinos.	In BOT Scheme, for licensed business, foreign ownership is limited to 40% for project proponents of public utility projects
		Private sector infrastructure or development projects: For the	During construction, foreign financing

Section	Heading	Content	Remarks
		construction stage of these infrastructure projects, the project proponent may obtain financing from foreign and/or domestic sources and/or engage the services of a foreign and/ or Filipino contractor: provided, that, in case an infrastructure or a development facility's operation requires a public utility franchise, the facility operator must be a Filipino or if a corporation, it must be duly registered with the SEC)and owned up to at least sixty percent (60%) by Filipinos.	sources and foreign contractors are allowed. But foreign ownership is limited to 40% for facility operators of public utility projects
5.4	Pre-qualification requirements	For projects to be implemented under a contractual arrangement which requires a public utility franchise for its operation, and where the project proponent and facility operator are one and the same entity, the prospective project proponent must be Filipinos or, if corporations, must be duly registered with the SEC and owned up to at least 60% by Filipinos, or, if a consortium of local, foreign, or local and foreign firms, Filipinos must have at least 60% interest in said consortium.	If the project proponent and the facility operator is the same entity, foreign ownership is limited to 40% for facility operators of public utility projects
		For projects to be implemented through a contractual arrangement requiring a public utility franchise for its operation but where the project proponent and facility operator could be two separate and independent entities, the facility operator must be a Filipino or, if a corporation, must be duly registered with the SEC and owned up to at least 60% by Filipinos	If the project proponent and the facility operator is the different entity, foreign ownership is limited to 40% for facility operators of public utility projects
		For projects that do not require a public utility franchise for its operation, the prospective project proponent or the facility operator may be Filipino or foreign-owned.	No limit on foreign ownership for non-public utility projects

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Government Procurement Reform Act of 2003)

Section	Heading	Content	Remarks
3	Governing on Principles Government Procurement	Procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units (LGUs), will, in all cases, be governed by these principles, such as competitiveness by extending equal opportunity	Private participation in government procurement Is ensured via equal opportunity in public bidding.

Section	Heading	Content	Remarks
		to enable private contracting parties who are eligible and qualified to participate in public bidding.	
4	Scope and Application	This Act shall apply to the procurement of infrastructure projects, goods, and consulting services, regardless of source of funds, whether local or foreign, by all branches and Instrumentalities of government, its department, offices and agencies, including government owned and/or controlled corporations and LGUs, subject to the provisions of Commonwealth Act No. 138.	This act is applied to infrastructure projects and foreign funding.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Generation Policy Framework (Power Development Plan 2017-2040)

Section	Heading	Content	Remarks
Generation	Power Sector Roadmap, Medium Term(2019-2022) to Long-term (2023-2040)	The entry of new and emerging technologies for power generation (e.g. ocean, fuel cells, and nuclear) consistent with the power mix policy.	DOE encourages development of new and emerging power generation technologies.
		The plant performance assessment/benchmarking should be led in to review and develop policies to improve power generation	DOE encourages the deployment of state-of-the-art technologies to achieve high performance power generation.
		Compliance to international standards for constructing power plants and accreditation of contractors should be encouraged	International standards and contractor's accreditation in power plants construction are adopted by DOE.
		Power generation projects should be monitored periodically	Power plant construction and operations will be monitored by DOE
		Technical support should be provided	Technical assistance from DOE is available.
		Investments in power generation should be promoted, including merchant power plants	merchant power plants (nonutility power generation) are included in investment promotion.

Source: Government of Philippines and Frost & Sullivan analysis

Key Elements of the Electricity Generation Policy Framework (Philippines Energy Plan 2018-2040)

Section	Heading	Content	Remarks
RE for a Clean Future	Roadmap of the Sector, Medium Term (2019–2022)	The development of off-grid areas should be intensified for wider populace access to energy.	The DOE encourages RE developments in off-grid areas.

Section	Heading	Content	Remarks
	Roadmap of the Sector, Long Term (2023–2040)	Implementation of RE projects should be continued and accelerated.	-
		The administration processes of Renewable Energy Service Contract (RESC) applications should be streamlined.	RESC application will be simpler than in the past.
		Technical assistance should be provided to lower investment costs.	Technical assistance from the DOE is available and may help reduce investment costs.
		Local technology producers should be promoted and incentivized.	The purchase of local technologies is promoted.
		An initiative should be explored on the harmonization of LGUs and national government related programs and policy.	Resistance to RE project development from local governments is expected to be minimum.
		Transmission development plans should be harmonized with RE targets.	RE project development should have minimum or no transmission constraint.
		The conduct of information, education, and communication should be continued to attain social acceptability.	Resistance to RE project developments is expected to be minimal.
Harnessing Conventional Fuels	Upstream Oil and Gas, Roadmap of the Sector, Medium Term (2019–2022)	Three gas fields (Malampaya, San Martin, and Polyard A8 with 0.645 TCF) should be produced.	Domestic natural gas supply is in both medium- and long-term roadmaps. There is a small increase in confidence in gas supply continuity to natural gas power plants.
		Three service contracts (SCs) for gas should be administered.	
	Upstream Oil and Gas, Roadmap of the Sector, Long Term (2023–2040)	Seven gas fields (Malampaya, San Martin, Sampaguita, Polyard A8, Mangosteen, Progres, and Sta.Monica 1 with 4.04 TCF) should be produced.	
		Seven SCs for gas should be administered.	
Advocating Infrastructure Development in the Downstream Industry	Downstream Natural Gas Roadmap of the Sector, Medium Term (2019–2022)	The development of the upstream activities should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional projected LNG imports in Quezon and Batangas should be monitored.	

Section	Heading	Content	Remarks
		New and emerging technologies in LNG storage and transport should be monitored.	
		The consumption of LNG in off-grid islands should be monitored.	
		The development and status of various natural gas projects (e.g., FSRU, FSU, LNG, CNG, and pipeline) should continue to be monitored.	
		New and existing natural gas power plants should be monitored.	
		The passage of the Natural Gas Bill should be advocated.	As the Natural Gas Bill will require off-takers, it will help support the development of LNG terminals and increase confidence in the gas supply's continuity to natural gas power plants.
	Downstream Natural Gas Roadmap of the Sector, Long Term (2023–2040)	The activities of the upstream developments, including drillings of Malampaya East, should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional LNG imports should be monitored.	
		The operations of the pipeline, LNG terminals, satellite terminals, and distribution lines should be monitored.	
		New and existing natural gas power plants should continue to be monitored.	
		The commissioning of additional natural gas-based power plants should be espoused.	The development of additional natural gas power plants is supported.

Source: Government of Philippines and Frost & Sullivan analysis

VALUE CHAIN ANALYSIS

Key Entities in the Electricity Sector

Entities	Acronyms	Brief Description
Department of Energy	DOE	The establishment of the DOE was mandated by RA 7638 (Department of Energy Act of 1992). The DOE is responsible for preparing, integrating, coordinating, supervising, and controlling all plans, programs, projects, and activities of the government related to energy exploration, development, utilization, distribution, and conservation.

Entities	Acronyms	Brief Description
Energy Regulatory Commission	ERC	ERC was created under section 38 of EPIRA as an independent, quasi-judicial regulatory body.
National Power Corporation	NPC	NPC was established in 1936 to construct, operate, and maintain facilities for the production of electricity. EPIRA mandated the privatization of NPC's generation and transmission assets save for those necessary for missionary electrification. This has effectively reduced NPC's participation in the generation business through its small power utilities groups (SPUGs) across the country.
Power Sector Assets and Liabilities Management Corporation	PSALM Corporation	PSALM Corporation is government owned and controlled and was created in 2001. It manages the orderly sale, disposition, and privatization of NPC generation assets, real estate, and other disposable assets, and IPP contracts with the objective of liquidating NPC debts and stranded contract costs.
National Transmission Corporation	TRANSCO	TRANSCO is a government agency created per EPIRA to own and operate a nationwide transmission system. In 2009, TRANSCO turned over the management and operation of its transmission system to NGCP via concession agreements but retain ownership of transmission assets.
National Grid Corporation of the Philippines	NGCP	NGCP is a private corporation in charge of operating, maintaining, and developing transmission systems under concession agreement from TRANSCO. The shareholders of NGCP consist of Monte Oro Grid Resources, Calaca high Power Corporation and State Grid Corporation of China.
Wholesale Electricity Spot Market	WESM	The wholesale market for electricity created per EPIRA is governed by PEMC and operated by IEMOP.
Independent Electricity Market Operator of the Philippines	IEMOP	IEMOP is a non-stock, non-profit corporation established in June 2018 to assume the market operator functions of PEMC for WESM.
Independent Power Producers	IPPs	IPPs are power generating entities not owned by NPC.
Independent Power Producer Administrators	IPPAs	IPPAs are qualified independent entities appointed by PSALM Corporation to administer, conserve, and manage the contracted energy output of NPC's power generation companies engaging in either an energy conversion agreement or power purchase agreement (PPA). IPPAs are essentially brokers in selling electricity from NPC's power generation companies to the market, assuming the market risk from NPC.
Distribution Utilities	DUs	DUs are any electric cooperative, private corporation, government-owned utility, or existing LGU that has an exclusive franchise to operate a distribution system.
Suppliers	-	Suppliers are any person or entity authorized by ERC to sell, broker, market, or aggregate electricity to the end users.
National Electrification Administration	NEA	NEA is a government owned and controlled corporation committed to the rural electrification program created by RA 6038 in 1969. Due to its limited role and coverage, NEA is not covered in this report.
Small Power Utilities Group	SPUG	SPUG is a subsidiary of NPC. SPUG is mandated by EPIRA to perform the missionary electrification function and will be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the main

Entities	Acronyms	Brief Description
		transmission system. Due to its limited role and coverage, SPUG is not covered in this report.

Source: Government of Philippines

KEY MARKET DRIVERS AND RESTRAINTS

Key Market Drivers

Increasing Rate of Urbanization

The total population of the Philippines as of 2020 stood at 109.6 million, having grown from 102.1 million in 2015 at a CAGR of 1.4%. Of the total 2020 population, the urbanization rate of the country stood at 47.4%. The expansion of the total population and expected increase in urbanization rates are expected to drive the demand for more generation capacity across the 3 islands. The PEP 2018–2040 has set out the target for RE of at least 20 GW by the end of 2040 and various other initiatives, such as the utilization of imported LNG, to meet the forecast peak system demand by 2040. Increasingly due to urbanization, the Philippines government, through NEA, is striving to realize the country's target of 100% electrification by 2022.

Strong Regulatory and Policy Framework

To encourage the growth of RE, the RE Act of 2008 set targets to propel the development of the country's potential in geothermal, hydropower, solar, wind, biomass, and ocean energy. The Act led to the development of the FiT program, which essentially provided a guaranteed payment to generators at the rate approved by ERC for producing power from eligible RE sources. As of May 2021, the highest uptake through the program was observed in the solar power segment, and the government has now allowed 100% foreign ownership for large-scale geothermal projects that have an initial investment of at least PHP 2,425 million (USD 50 million).

Additionally, to reduce the country's reliance on coal as the primary source of electricity generation, the government has issued EO 30, which led to the formation of the Energy Investment Coordinating Council ("EICC") in June 2017. The EICC was created for the purpose of coordinating the nation's efforts in streamlining regulatory processes, requirements, and forms relating to the development of energy investments in the Philippines, which include projects that are classified as Energy Projects of National Significance ("EPNS"). The conditions for a project to be considered as an EPNS have been stipulated in the EO 30, and as of January 2021, the DOE has certified 149 energy projects of EPNS status totaling PhP 795.5 billion, including the Batangas Clean Energy LNG import terminal and Excelerate Energy's Luzon LNG.

In 2019, the government completed the signing of the Republic Act 11234, also known as the Energy Virtual One-Stop Shop ("EVOSS") Act, with the expectation that it would lure more energy firms to invest in the country and thus reduce power rates. Overall, the newly enforced system is targeted to streamline the permitting process of power generation, transmission, and distribution projects. The streamlining process is expected to enable prospective developers to apply, monitor, and receive all the necessary permits and complete payment for charges and fees, all through an online centralized EVOSS platform, managed and maintained by the DOE.

To promote fair competition among the generation companies across the 3 islands and ensure consumer protection, ERC had enacted the Resolution No. 26 Series of 2005, which effectively set out the market's limitation on installed capacity ownership. The said resolution enforces a market share limitation of a single generating entity to no more than 30% installed capacity across each grid and 25% installed capacity of the national grid (consisting of the total installed capacity from all 3 grids combined). ERC has been mandated to set numbers (in MW) by 15 March annually.

Previously known as the Joint Congressional Power Commission, the power sector watchdog was renamed in 2019 to the Joint Congressional Energy Commission ("JCEC"). The newly rebranded energy commission was originally created to last for 10 years after the launch of EPIRA. However, JCEC's term was further extended beyond its supposed expiration on 26 June 2021. Since EPIRA, JCEC provides oversight on activities of the government stakeholders in the energy sector, inclusive of PSALM, DOE, and NEA. More importantly, JCEC has the statutory power to enforce amendments to EPIRA.

Liberalization of Power Generation Industry

As the country looked into the unbundling of its previous vertically integrated structure, the power sector has progressively witnessed more significant competition across the value chain. With the enforcement of EPIRA 2001 being the foundation for the opening of the market, the government, through its stakeholders, such as DOE, ERC, IEMOP, PEMC, PSALM, and NPC, have worked collectively to realize the vision of a more competitive electricity market. A more competitive electricity market would thereby lead to a fair and non-discriminatory environment and thus attract more domestic and foreign investments into the power sector, particularly in RE. With respect to RE, some of the prominent policy mechanism that has been set out since the enactment of EPIRA in 2001 includes the net metering, RPS, the Green Energy Option Program ("GEOP"), Competitive Renewable Energy Zone, Renewable Energy Trust Fund ("RETF"), and REM. Specifically, on the RETF, the National Renewable Energy Board ("NREB") under the DOE is responsible for reviewing and updating the NREP to provide the necessary support for the development of RE across the Philippines.

As of December 2020, private IPPs contributed to the majority of the gross power generation output across the 3 islands, although at various percentages. As Luzon has the highest number of residential, commercial, and industrial customers, the private IPPs, which are classified as non-NPC power plants, have contributed to 97.2% of the 72,386.3 GWh of gross power generation output. Comparatively, the private sector IPPs contributed to 76.1% of the 15,484.9 GWh of gross power generation output in Visayas, while Mindanao observed a marginal difference in terms of absolute contribution relative to Visayas, with 75.2% of the gross power generation output of 13,852.1 GWh coming from the non-NPC power plants.

As EPIRA 2001 mandated the liberalization of the industry, this has also led to the privatization of transmission operations in the country. The transfer of management of the operation of the assets from TRANSCO to privately-owned NGCP via a 25-year concession agreement took place in 2007, with NGCP officially assuming the role of Philippines power transmission service provider in 2009. The shareholders of NGCP include a consortium of Monte Oro Grid Resources (30% ownership) and Calaca High Power Corporation (30% ownership), with the remaining stakes owned by the State Grid Corporation of China. Through the NGCP, among the upcoming prominent projects that have yet to be realized is the Visayas–Mindanao grid interconnection, which has been delayed further than the expected completion date of December 2021. The absence of interconnection between the Mindanao grid with the other 2 grids, namely, Luzon and Visayas (with both having a commercially operating WESM), has been a major concern that has yet to be addressed prior to the integration of Mindanao into WESM.

In the power distribution and retail market, the various strategies from the government, including the Competitive Selection Process ("CSP") and RCOA, have increased competition across both segments. The CSP is a requirement imposed by ERC on the DUs to procure the least-cost power through their respective PSAs with any generation company in the market. As for the retail market, the IEMOP is looking into reducing the threshold level in 3 phases, enabling the lowest level of consumer category, within the 10 kW to 99 kW consumer bracket, to participate in the WESM to procure electricity by January 2023. Additionally, the DOE has introduced the GEOP, which is a voluntary policy mechanism that enables consumers having an electricity consumption of at least 100 kW to source their electricity from qualified retail energy suppliers that generate power from RE. Currently, there are 12 qualified firms generating RE that are listed in the GEOP initiative, including the 2 largest private IPPs in the country: AP and First Gen.

Easy Access to Capital

- Infrastructure projects in Philippines are financed through three main sources such as Government's Budget, Official Development Assistance ("**ODA**") and Private Sector participation. Out of these, the primary source remains to be the Government's/public budget.

- Government banking institutions such as the Land Bank of the Philippines and the Development Bank of the Philippines ("**DBP**") also extend loans to LGUs under various financing programs for infrastructure projects covering the following sectors such as: transport and logistics, power generation and distribution, water supply, social infrastructure, government offices, and tourism facilities. DBP has a dedicated program called "Financing Utilities for Sustainable Energy Development Program (FUSED)" to provide financing support for power generation and distribution projects.

- At the end of 2019, the total ODA received by the country amounted to PHP 1047.6 billion (USD 21.6 billion) with major sources including Japan (39.4%), ADB (26.4%), World Bank (19.9%), Korea (2.9%), and China (2.7%).

- The Government's Public-Private Partnerships ("**PPP**") Program is governed by the Philippine BOT Law, Republic Act No. 6957 as amended by R.A. 7718. The private sector can participate in infrastructure development through joint venture arrangements too. However, private sector financing has not been as successful in the Philippines unlike ODA financing of infrastructure projects.

- Recently, the government has introduced the concept of "hybrid PPPs", where the cost of constructing the facility comes out cheaper by implementing the same through ODA, while its operation and maintenance is carried out efficiently through private sector financing.

- The Philippines' capital market is also a major source of financing for infrastructure projects. Previously in 2016, the Philippine stock exchange has issued new listing and disclosure rules applicable to engage in PPP projects.

Competitive Power Market for Foreign Investors

- Profit remittance abroad is generally not regulated. However, if the foreign exchange will be purchased from AABs or AAB-forex corps, the foreign investment must have been previously registered with the BSP.

- In the Philippines, profits can be remitted abroad through either:

    - Remittance of dividends by a Philippine subsidiary to its foreign parent company.

    - Remittance of profits by a branch to its head office.

<u>Key Market Restraints</u>

Tariff Mechanism Favors the Development of Conventional Power Plants

As of August 2020, the country registered the second highest average electricity prices (average of residential, commercial, and industrial rates combined) in Southeast Asia ("SEA"), with Cambodia having the highest cost of electricity. The trend in prices can be explained, as the country imports a significant amount of coal to meet the local demand of the power generation industry. Presently, the generation cost (which is predominantly driven by fuel cost) of electricity, as detailed in the latest EPIRA Implementation report, is more than 50% of the electricity tariff across all 3 islands.

The Philippines still practices an automatic pass-through fuel cost mechanism, which is expected to impede the energy transition in the country, as generators are not incentivized to switch to RE. Additionally, fossil fuel subsidies have not been entirely removed, and estimates from the Institute for Energy Economics and Financial Analysis ("IEEFA") suggest that the Department of Finance could save over PHP 9,700 million (USD 200 million) per year on diesel subsidies by switching to RE.

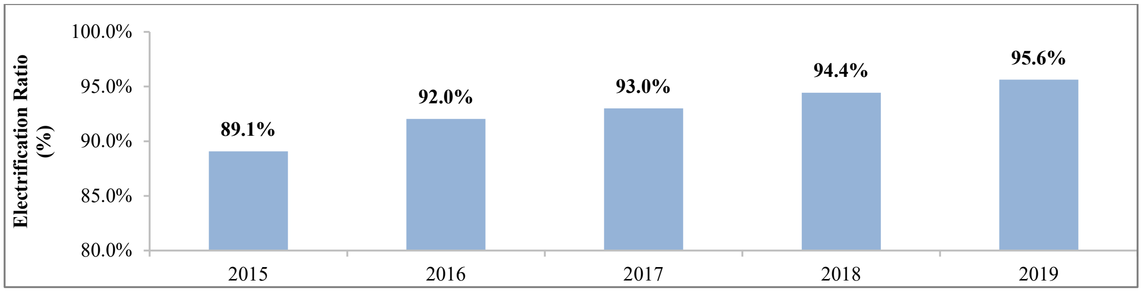
High Reliance on Fossil Fuels

By 2030, the Philippines will still rely heavily on fossil fuels as the major source of power generation. Based on the list of committed private sector-initiated projects from the DOE, coal and natural gas will represent nearly 50% of the additional total installed capacity of 26.5 GW by then. As coal power plants serve as baseload generators, and the automatic cost pass-through policy is still in practice, it is not possible to entirely move away from coal. In addition, the country is currently looking into the development of a number of LNG import terminals to mitigate the expected depletion of its Malampaya gas field.

INDUSTRY SIZE AND GROWTH

Electricity Access

Electricity Access in Philippines, 2015-2019



Source: The World Bank

Note: Data availability up to 2019 only

The percentage of the population that has access to electricity grew from 89.1% from 2015 to 95.6% in 2019. This means that a total population of 103.4 million had access to electricity, with the remaining population that are not electrified mainly residing in the rural parts of the Philippines, particularly Mindanao, where electrification rates on the island are relatively lower than Luzon and Visayas. Previously, the DOE had developed the Household Electrification Development Plan ("HEDP") 2013–2017 to promote both grid and off-grid electrification programs, which included various stakeholders, such as the NEA and NPC, through its SPUG power plants. Based on the Electric Power Industry Roadmap 2017–2040, the DOE has targeted to achieve an 100% electrification ratio through the HEDP across the country by 2022.

Long-term Load/ Power Demand Forecast, The Philippines, 2019 to 2030

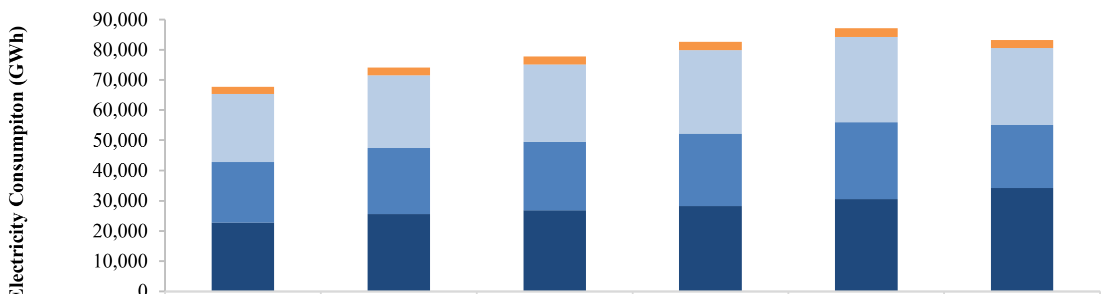
Country	Power demand (peak load) forecast	CAGR (time period)
The Philippines	From 15,817MW in 2019 to 31,851 MW in 2030 (reference scenario)	6.6% (2019 to 2030)

Source: Philippine Energy Plan 2018-2040

The peak demand for electricity is forecast to grow from 15,817 MW in 2019 to 31,851 MW in 2030 at a CAGR of 6.6%. In terms of comparison of the 3 grids, the peak demand is expected to grow from 11,476 MW in 2019 to 22,177 MW in 2030 at a CAGR of 6.2%, while peak demand in Visayas is expected to grow from 2,211 MW in 2019 to 4,801 MW in 2030 at a CAGR of 7.3%. Interestingly, the peak demand in Mindanao is expected to grow at the highest rate, from 2,130 MW in 2019 to 4,874 MW in 2030 at a CAGR of 7.8%. This could potentially be explained by the anticipated increase in electrification and urbanization rates, which would then significantly drive the demand for power consumption.

Electricity Consumption

Total Electricity Consumption in Gigawatt Hour ("GWh") by Customer Segments, the Philippines, 2015–2020



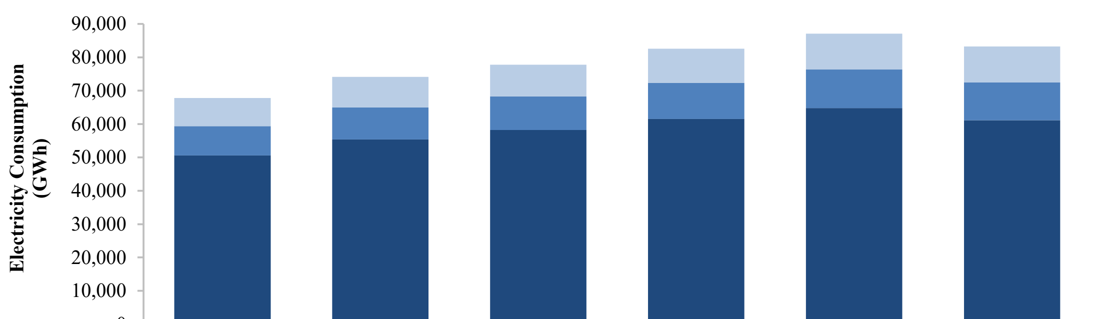
	2015	2016	2017	2018	2019	2020
Others	2,462.0	2,634.3	2,669.5	2,752.7	2,896.6	2,657.8
Industrial	22,513.9	24,116.8	25,573.3	27,587.3	28,194.0	25,566.3
Commercial	20,084.8	21,770.2	22,768.0	24,016.3	25,475.9	20,727.1
Residential	22,747.0	25,631.3	26,782.0	28,260.8	30,551.6	34,291.6

Source: Department of Energy

Note: Others refer to public buildings and streetlights

The total electricity consumption in the Philippines grew from 65,345.7 GWh in 2015 to 80,585 GWh in 2020 at a CAGR of 4.3%. Of the total electricity consumption in 2020, residential customers comprised 42.6% of the total electricity consumption equivalent to 34,291.6 GWh, followed by the industrial customers at 31.7% (25,566.3 GWh) and commercial customers at 25.7% (20,727.1 GWh). The government through DOE has introduced DSM programs to encourage lower consumption of electricity, including the adoption of energy efficient appliances.

Total Electricity Consumption (GWh) by Region, The Philippines, 2015–2020

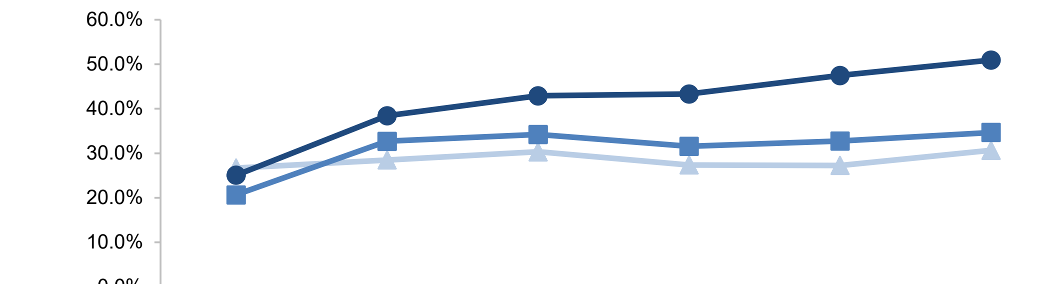


	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

Source: Department of Energy

Reserve Margin

Reserve Margin by Grid, The Philippines, 2015-2020



	2015	2016	2017	2018	2019	2020
Luzon	26.7%	28.5%	30.3%	27.4%	27.3%	30.6%
Visayas	20.7%	32.7%	34.2%	31.6%	32.7%	34.7%
Mindanao	25.1%	38.4%	42.9%	43.3%	47.5%	50.9%

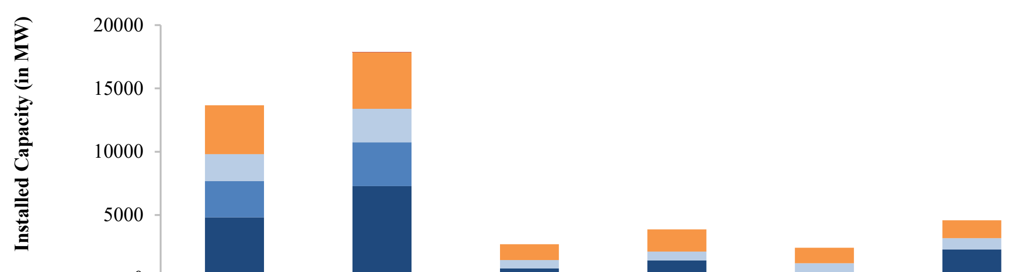
Source: Department of Energy, Frost & Sullivan Analysis

Note: Reserve margin taken as the total dependable installed capacity minus the peak demand

From 2015 to 2020, the reserve margins across each grid have grown relatively steady at various rates. The reserve margin in Luzon has grown from 26.7% in 2015 to 30.6% in 2020 while Visayas witnessed an increase from 20.7% in 2015 to 34.7% in 2020. On the other hand, Mindanao had witnessed the largest excess of dependable capacity, having grown from a reserve margin of 25.1% in 2015 to 50.9% in 2020. Previously, DOE had institutionalized a minimum of 25% reserve margin across grids to ensure the country's reliability in electricity supply. Once the Visayas-Mindanao grid interconnection is completed, the excess power generated in the Mindanao grid could be well utilized elsewhere.

Installed Capacity

Total Installed Capacity (in MW) by Region and Fuel Type, The Philippines, 2015 & 2020



	Luzon		Visayas		Mindanao	
	2015	2020	2015	2020	2015	2020
BESS	-	11	-	-	-	-
Renewble Energy	3,863	4466	1,242	1,757	1,225	1,430
Oil	2,133	2,642	670	705	807	889
Natural Gas	2,861	3,452	1	1	-	-
Coal	4,812	7,280	769	1,399	382	2,264

Source: Department of Energy

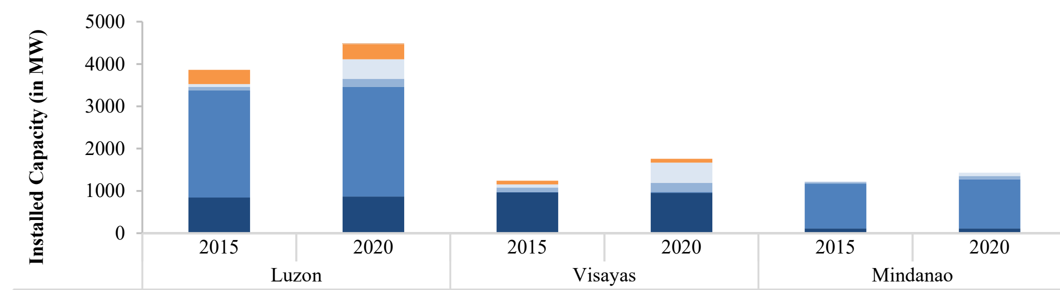
Due to the distinctive resource development policies in the Philippines, the three island regions are characterized by different fuel mix in power generation.

- Luzon - Natural gas sourced from the Malampaya gas field has been a prominent feature to the development of natural gas-based generating assets in Luzon, with 5 operational plants on the island to date. With the expected boom in LNG imports, the number of natural gas-based power plants will observe a sharp increase in the next 10 years.

- Visayas – Historically until 2016, geothermal energy has been the main source of power generation with major reserves found in Negros and Leyte. Since 2016, coal-fired power plants have surpassed geothermal capacity.

- Mindanao – RE, in particular hydropower was the key source of power generation until 2015. However, due to power outages on the island, the government has pushed for developing coal-fired power plants for baseload generation. As a result, coal-based capacity has increased substantially between 2015 and 2020 . This includes new coal-fired power plants owned and operated by Filinvest Development Corporation's **("FDC")**, SMC Global Power Holdings **("SMC")**, AP, and GNPower Kausawagan Ltd Co .

Renewable Energy Installed Capacity Mix (in MW) by Region, The Philippines, 2015 & 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Wind	337	353	90	90	-	-
Solar	70	460	75	476	20	84
Biomass	83	195	101	216	36	73
Hydropower	2,528	2,593	11	21	1,061	1,165
Geothermal	844	865	965	955	108	108

Source: Department of Energy

Through the Republic Act 9513, known as the RE Act of 2008, the government introduced fiscal and non-fiscal incentives to promote the utilization of RE in the power generation industry. The non-fiscal policies include the RPS, net-metering ("NEM"), FiT system, and GEOP. As seen above, the growth of RE has been relatively robust.

First, the development of hydropower has been the most significant contributor to the promotion of RE as an alternative source of generation since EPIRA 2001. Luzon has the highest hydropower-based installed capacity, having marginally grown from 2,528 MW in 2015 to 2,592 MW in 2020 at a CAGR of 0.5%. Nonetheless, hydropower in Mindanao is more prevalent in Mindanao with a generating capacity of 1,165 MW by 2020, representing the majority RE that is found on the island.

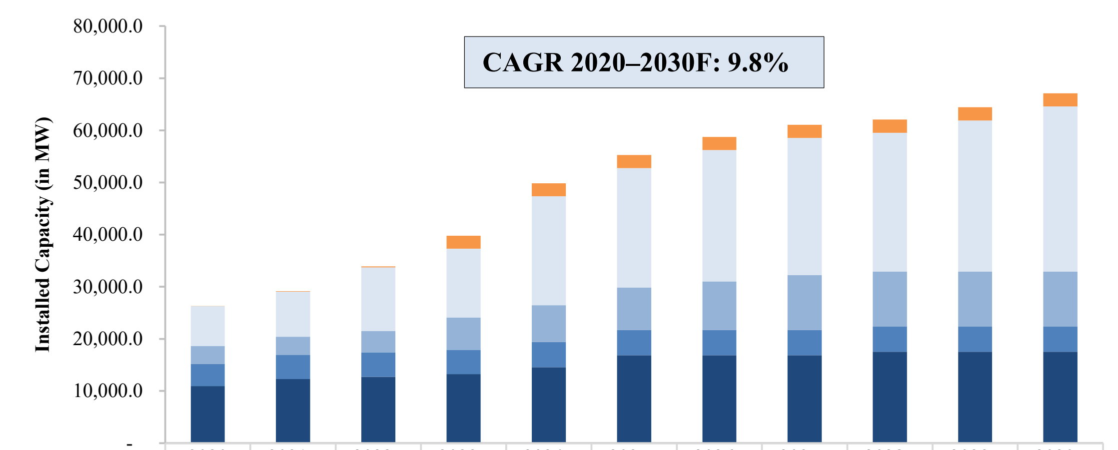
The overall push for RE was more notable within the Visayas island, as coal-based power plants were no longer the main sources of power generation. Specifically, on the RE development, geothermal and solar have been the 2 main sources of green energy, with a total installed capacity of 955 MW and 476 MW, respectively. By 2020, Luzon's grid observed the completion of the only battery energy storage system ("BESS") project in the Philippines. The BESS system, owned and operated by Masinloc Power Partners Co. Ltd., came online in June 2018

Fiscal Policies to promote RE, The Philippines, 2021

Incentive	Description
Duty-free Importation	10-year exemption from tariff duties
Tax Credit on Domestic Capital Equipment and Services	Equivalent to 100% of custom duties and value-added tax
Tax Credit on Domestic Capital Components, Parts, and Materials	100% equivalent of custom duties and value added tax
Income Tax Holiday	7-year tax exemption
Zero-rated Value-added Tax (VAT) Transactions	0% VAT on transactions
Tax Rebate for Purchase of RE Components	RE equipment for residential, industrial, and community use

Source: Department of Energy

Installed Capacity Forecast, The Philippines, 2020-2030F



	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BESS	11.0	91.0	200.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,530.0	2,530.0	2,530.0
RE	7,652.8	8,654.7	12,205.	13,208.	20,886.	22,914.	25,179.	26,314.	26,626.	28,980.	31,680.
Natural Gas	3,452.5	3,452.5	4,102.5	6,177.5	7,052.5	8,152.5	9,352.5	10,552.	10,552.	10,552.	10,552.
Oil	4,236.6	4,674.7	4,674.7	4,674.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7	4,824.7
Coal	10,943.	12,279.	12,729.	13,229.	14,579.	16,867.	16,867.	16,867.	17,535.	17,535.	17,535.

Source: Department of Energy; Frost & Sullivan Analysis

Note:

1) *The forecasted installed capacity up to 2030 is based on DOE's list of committed and indicative private sector initiated power plants as of March 2021 in the country*

2) *Decommissioning plans of older generating plants has not been taken into account in the forecast as there are no published plans from the DOE.*

3) *Based on the list of committed private sector initiated power projects, additional capacity with a "to be determined" timeline is expected to come online by 2028 as per DOE's estimates*

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to be coming from RE, 26.1% from coal, 15.7% from natural gas, 7.2% from oil, and 3.8% from BESS. From an estimated additional installed capacity equivalent to 40,826.1 MW from 2021 to 2030, 85.6% will be coming from Luzon, 10.7% from Visayas, and the remaining 3.7% from Mindanao. Based on the latest NREP released by the DOE, the RE target is to have least 20,000 MW generating capacity by 2040, which has been detailed in the PEP 2018–2040 in support of the government's "AmBisyon Natin 2040" master plan.

The expected addition of RE will total to 24,027.5 MW by the end of the forecast period, which is already 20.1% above the target that is being planned for 2040. Of the total RE that is expected to come online by 2030, 13,138.9 MW (54.7%) is expected to be coming from solar, followed by 5,597.2 MW (23.3%) from hydropower, 4,763.8 MW (19.8%) from wind, 371.6 MW (1.5%) from geothermal, and 154 MW (0.6%) from biomass. The existing RE roadmap does not include nuclear power into its policy development plans; however, the government created the Nuclear Energy Programme Implementing Organisation in 2016. In 2019, the DOE signed a memorandum of intent ("MoI") with Russia's Rusatom Overseas to explore a prefeasibility study on the construction of nuclear power plants based on small nuclear reactor technology.

The growth in natural gas-based generating capacity is expected to grow with the second highest CAGR, behind RE, from 3,452.5 MW in 2020 to 10,552.5 MW in 2030 at a CAGR of 11.8%. The development of natural gas-generating assets, primarily CCGT power plants, will mainly be observed in Luzon. The growth of natural gas comes at the backdrop of the expected completion of EWC's LNG import terminal and 2 other import terminals that have been included under the EPNS. As for the forecast oil-fired based installed capacity, the growth is very marginal, peaking at 4,824.7 MW by 2030. The expected marginal growth in oil-based generating capacity is probably due to the commitment of the DOE and other government stakeholders to reduce the importation of diesel, with the enforcement of the Tax Reform for Acceleration and Inclusion Law, which includes excise tax on oil products from 2018.

INDUSTRY THREATS

LACK OF GAS

Philippines is expected to face a shortage of domestic gas by 2024 as Malampaya gas field will produce less natural gas. Unless new production and LNG import infrastructure comes on stream as planned, there will be a shortage of gas for power generation.

Mitigation: The location of gas-fired power plants should locate near the source of gas such as LNG terminals. Investment in both LNG terminals along with power plants is also conventional risk mitigation.

RESTRICTIVE PRICE CAP

Price cap and offer price ceiling are implemented to safeguard against anti-competitive behavior. Price caps are highly likely to remain restrictive, which reduces the revenue upside from the spot market.

Mitigation: No mitigation, except lobbying the market operator and regulator.

DEVELOPMENT DELAYS

There have been several delays, both in infrastructure development, transmission access, and market development.

Mitigation: Projects should be located close to existing / near completion network of suitable voltage; negotiate airtight connectivity agreement as part of project development.

TERRORISM AND NATURAL DIASTERS

Natural disasters such as yearly typhoon impacts transmission and distribution grids. Philippines have been also experiencing terrorism in the form of transmission towers sabotage.

Mitigation: No mitigation.

COMPETITIVE LANDSCAPE AND STRUCTURE

The 3 largest private IPPs in the Philippines as of 31 December 2020 are SMC Global Power Holdings, AP, and First Gen. These 3 generation companies have a significant market share in each grid; however, their expansion in capacity development is limited by Resolution No. 26 Series of 2005, which calls out the limitation of no more than 30% in each grid and 25% in the national grid mix, respective to the installed capacity ownership by a single entity. Out of the 6 players in table 2-18, FDC Utilities ("FDCUI") do not have a strong footing in the RE segment, as the company currently only owns 1 RE asset (a geothermal power plant) in its portfolio.

Singapore-based Vena Energy emerged as the leading player with respect to solar capacity in the country as of December 2020. To date, it holds a total portfolio of 193.5 MW of solar power, consisting of 2 solar farms in Visayas and 1 each in Luzon and Mindanao. Interestingly, ACEN is looking to add 2,500 MW of solar and wind power across the Philippines by 2025, which would then effectively position the company to be among the leading players in RE. As the adoption of emerging technologies, such as BESS, is increasingly being focused on to supply more flexible generation, companies that have announced plans to pursue BESS projects include SMC, AP, and ACEN. SMC, through its subsidiary Universal Power Solutions Inc., is expected to commission a total of 1,660 MW-worth of BESS projects in 2023 alone. Upon completion, SMC will be the leading owner and developer of BESS in the Philippines.

Effective Capacity of the key IPP Players in the Philippines (excluding utility players and off-takers), as of 31st December 2020

Name of IPP	Business Focus	Fuel Type	Country of Incorporation	Countries of Operation for Power Generation as of 31 December 2020	Effective Installed Capacity (MW) as of 2020	Revenue, 2020(1)
SMC	Power Generation, Distribution and Retail	Natural gas, coal, hydropower	The Philippines	The Philippines	4,714	PHP 110.97 billion (USD 2.29 billion)
AP	Power Generation, Distribution and Retail	Coal, oil, geothermal, hydropower, solar	The Philippines	The Philippines	4,429	PHP 106.51 billion (USD 2.20 billion)
First Gen(2)	Power Generation and Retail	Natural gas, geothermal, hydropower, wind, solar	The Philippines	The Philippines	3,495.2	PHP 88.77 billion (USD 1.83 billion)
ACEN	Power Generation and Retail	Solar, wind, geothermal, coal, diesel	The Philippines	The Philippines, Indonesia, Vietnam, and Australia	730(3)	PHP 19.72 billion (USD 0.41 billion) (4)
FDCUI	Power Generation and Retail	Coal, geothermal	The Philippines	The Philippines	513.5	PHP 8.20 billion (USD 0.17 billion)
Vena Energy	Power Generation	Solar, wind	Singapore	Japan, India, Thailand, Australia, the Philippines, Taiwan, and Indonesia	301.5(5)	PHP 4.18 billion (USD 0.09 billion) (6)

Source: Company websites

Note:

(1) Conversion of 1USD to 50.26 PhP used

(2) Include the portfolio of Energy Development Corporation

(3) Total effective installed capacity in the Philippines

(4) Philippine revenues only

(5) Total effective installed capacity in the Philippines

(6) Philippine revenues only

FUTURE INDUSTRY OUTLOOK

Based on the present list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030. The growth of RE is expected to be primarily driven by new solar power capacity, guided by the plans and programs outlined in the NREP. However, nearly 95% of the additional capacity coming from solar is enlisted as indicative. The government introduced the EVOSS system in 2019, which is expected to be a key enabler in improving the entire application process of power sector project development, inclusive of RE.

The DOE allowed 100% foreign ownership on large-scale geothermal projects in October 2020 to promote its development in the country. Presently, most geothermal generating capacity comes from the Leyte and Negros islands within Visayas. By 2030, the total additional installed capacity (based on committed and indicative projects) of geothermal is only expected to reach 371.6 MW, which explains the government's decision to lower the barrier to entry for foreign investors, in particular, the United States, on geothermal investments.

In June 2021, the government launched the Philippine Offshore Wind Roadmap project that will be funded by the World Bank Group through its Energy Sector Management Assistance Program. Presently, the DOE has awarded

5 offshore wind power projects ("WPP") with a combined capacity of 5 GW. These include the Guimaras Strait WPP, Aparri Bay WPP, Guimaras Strait II Wind Project, Frontera Bay WPP, and San Miguel Bay WPP.

Besides RE, another type of fuel expected to be a driver in the country's energy transition is natural gas. With the development of LNG import terminals in the country, such as those having received the EPNS status to date, natural gas-based generating capacity is expected to peak by 2027, with 100% of additional capacity forecast to be coming from the Luzon island region.

To address the energy trilemma, another possibility to ensure sufficient and reliable supply of power includes the development of nuclear power in the Philippines, as the DOE had previously signed an MoI with Russia's Rusatom Overseas on SMR technology. As the country's electricity prices are among the highest in ASEAN, the government should carefully deliberate on nuclear power as an alternative source of baseload generation. The option to start the operations of the previously built nuclear power plant in Bataan has been cited as unviable, as the facility has outdated international safety standards.

On the development of the country's transmission and distribution assets, one of the most anticipated projects is the Visayas–Mindanao interconnection. Presently, Mindanao has the highest reserve margin compared to the other 2 grids. On completion of the interconnection, excess power could be utilized efficiently via distribution across the whole country to ensure an overall reliability in electricity supply. In 2020, the DOE had finalized the national smart grid policy framework, which is expected to be a key driver facilitating the integration of more flexible generations, such as RE and BESS.

Another upcoming trend in the power generation industry includes the development of floating solar farms in the Philippines, through the utilization of hydropower dams. The first 200 kW floating solar power plant concept was developed over Magat Dam by SN Aboitiz Power Group in 2019. Due to the success of the pilot project, the company is now looking into scaling up the facility to 67 MW and is currently conducting a feasibility study to validate the initial results and thus confirm the viability of a commercial-scale project. On the aspect of hybridization of power plants, AP, the JV partner in the 200 kW pilot floating solar plant, is considered to be an early adopter of BESS. The private IPP is presently working with Wartsila Corporation on the integration of BESS to its existing floating thermal power plant in Mindanao. With its completion expected by the end of 2021, the project will be the first floating energy storage system in SEA, with several other BESS projects announced by the company to be developed within the next 10 years.

OVERVIEW OF RENEWABLE POWER GENERATION – SOLAR ENERGY

Introduction

Historically, RE power in the Philippines has been largely associated with geothermal and hydropower capacity. Under the RE Act, all qualified intermittent RE sources will receive priority in dispatch. However, the government had introduced several fiscal and non-fiscal incentives to promote the utilization of other types of RE, primarily solar and wind, which have observed a significant uptake since the RE Act of 2008. The non-fiscal policies included the RPS, NEM, FiT system, and GEOP. Key highlights of the non-fiscal policies are given below:

- **Renewable Portfolio Standards (RPS)**
    - Applicable to all 3 grids (Visayas, Mindanao, Luzon).
    - Mandated to all DUs for their captive customers, all suppliers supplying to contestable market, and all generation companies only for directly connected customers
    - Establish minimum RE requirement and minimum increment annually (1% of net electricity sales in previous year).
    - 1 MWh = 1 RE Certificate), which are generated are for compliance with RPS.
- **Green Energy Option Program (GEOP)**
    - Voluntary RE policy mechanism to empower end users to choose RE sources.

- DUs and RE suppliers facilitate the demand of end users.

- All rates and charges to end users shall be unbundled, segregated and itemized for each of the generation components, transmission charges and distribution, supply charges and other applicable charges.

- **FiT Scheme**

  - RE receives priority grid connection.

  - RE receives priority purchase, transmission of, and payment for such electricity by grid system operators.

  - Fixed tariff to be paid for electricity from each type of RE resources over fixed period not less than 12 years (implemented with 20 years).

  - Compensates eligible RE plants through the FiT-Allowance allocation, which is essentially a uniform charge billed to on-grid customers, to fund the projects that have been approved by the DOE

The FiT scheme was introduced by ERC in 2012, with initial installation targets and the associated rates provided as shown below. Several additions have been made since, including the inclusion of second FiT rates for solar and wind in 2015. In December 2020, the DOE, through the request made by the NREB, had approved the extension to the ROR hydropower quota, as it was not 100% utilized. However, in April 2021, the DOE announced the intention to remove the FiT scheme entirely (applicable to new capacity only), as it has been seen as a major financial burden to consumers. End users that procure power from the grid will have to bear the cost since the inclusion of the FiT-Allowance, enabling generators to partially recover the cost of developing eligible RE plants via the FiT scheme.

RE FiT rates, December 2020

RE Sources	FIT Rates (PhP per kWh)	Installed Capacity (MW)	Installation Target Balance (in MW)
ROR hydropower	5.9	34.6	103.89
	5.87	8.5	
	TBD	103.01	
Wind	8.53	249.9	0
	7.4	144	
Solar	9.68	108.9	0
	8.69	417.05	
Biomass	6.63	117.35	0
	6.6	14.56	
	TBD	125.13	
Ocean	Deferred	0	100

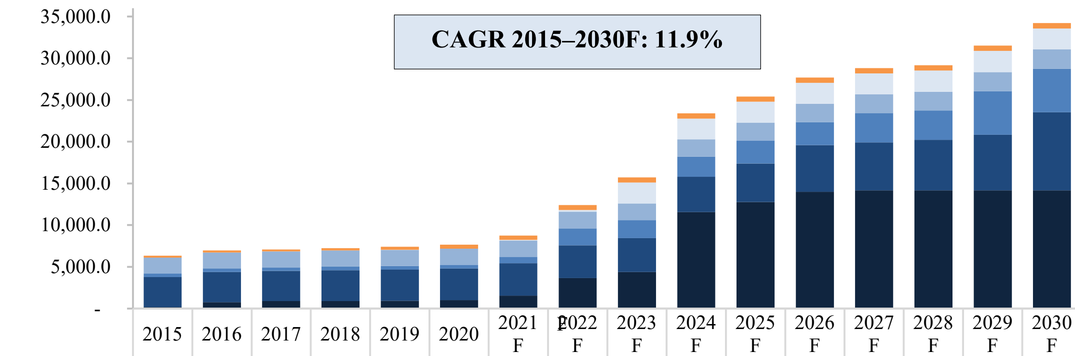
Source: Department of Energy

Note: With the removal of FiT that was announced on April 2021, it is unclear if the FiT rates for the ROR hydropower applicable to the remaining balance of installation target and for the ocean energy will remain effective.

The above policy measures have helped the country significantly in RE capacity building efforts since the enactment of RE Act of 2008.

INDUSTRY SIZE (2015-2025F)

Historical (2015-2020) and Forecast (2021F-2030F) of Installed Capacity, The Philippines



	2015	2016	2017	2018	2019	2020	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
Biomass	221	233	224	258	363	483	527	594	606	620	628	634	634	637	637	637
BESS	0	0	0	0	11	11	91	200	2500	2500	2500	2500	2500	2530	2530	2530
Geothermal	1917	1916	1916	1944	1928	1928	1931	1997	2027	2068	2138	2198	2260	2260	2300	2300
Wind	427	427	427	427	427	443	765	2043	2143	2405	2764	2764	3517	3517	5209	5209
Hydropower	3600	3618	3627	3701	3760	3779	3873	3927	4048	4237	4631	5597	5745	6055	6677	9377
Solar	165	765	885	896	921	1019	1558	3644	4384	11557	12754	13987	14158	14158	14158	14158

Source: Department of Energy

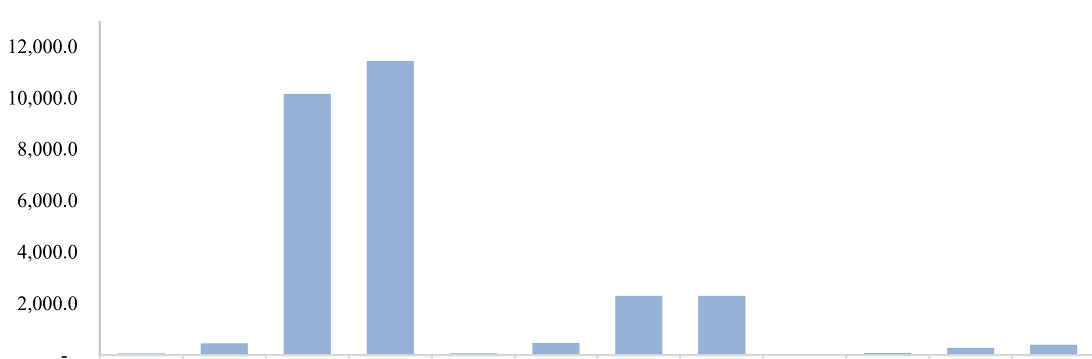
Note:

1) *Forecast of installed capacity is based on the list of committed and indicative private sector initiated power projects as of March 2021*

2) *Based on the list of committed private sector power projects, additional new capacity with a "To be determined" timeline is expected to come online by 2028 as per DOE's estimates.*

The growth in RE has been rather exceptional since the establishment of fiscal and non-fiscal policies that was introduced by the government. As observed above, the total installed capacity is expected to grow from merely 6,329.9MW in 2015 to 34,210.4MW in 2030 with a CAGR of 11.9%. With the announcement of FiT removal as of April 2021, the scheme is unlikely to cause a setback as the DOE has been preparing the RETF as early as 2012 . Undoubtedly, the FiT scheme proved crucial to the growth of RE from the period of 2015 to 2020. In particular, solar and wind power has contributed immensely . Additionally, hydropower and BESS projects are also expected to increase significantly by 2030, peaking at 2,530MW and 9,377MW respectively.

Historical (2015 & 2020) and Forecast (2025 & 2030) Installed Capacity of Solar Power, The Philippines



	Luzon				Visayas				Mindanao			
	2015	2020	2025F	2030F	2015	2020	2025F	2030F	2015	2020	2025F	2030F
Solar	69.9	459.6	10,155.	11,439.	75.0	475.9	2,308.7	2,308.7	19.7	83.7	289.7	409.7

Source: Department of Energy; Frost & Sullivan Analysis

Note:

1) Forecast of installed capacity is based on the list of committed and indicative private sector initiated power projects as of March 2021

2) Based on the list of committed private sector power projects, additional new capacity with a "To be determined" timeline is expected to come online by 2028 as per DOE's estimates.

Figure 3-4 shows that the highest growth will be seen in Luzon. From only 69.9 MW in 2015, the solar capacity is expected to grow to 11,439.8 MW at a CAGR of 40.5%, while in Visayas, the installed capacity of solar is forecast to grow from 75 MW in 2015 to 2,308.7 MW in 2030 at a CAGR of 25.7%. Finally, Mindanao is expected to grow at the lowest rate, from 19.7 MW in 2015 to 409.7 MW in 2030 at a CAGR of 22.4%.

List of Solar power projects in the pipeline with project status (as provided by DOE)

As of May 2021, there are 54 operational solar farms in commercial operation. Of these, 29 are located in Luzon, 19 in Visayas, and 6 in Mindanao. Since the introduction of the FiT program in 2012, there have been a total of 23 solar farms with approved FiT rates from ERC. Subsequently, there was a significant growth in solar power capacity feeding into the national grid between 2015 and 2016.

In terms of FiT status, there are 23 FiT solar farms and 31 non-FiT solar farms. The total generating capacity of FiT-based solar farms amounted to 526.3 MW as of May 2021. Interestingly, the highest installed capacity is found in Visayas with only 5 FiT-approved solar projects, Luzon comes 2nd with a total capacity of 283.7 MW from 16 FiT-approved solar farms, and Mindanao has a total capacity of 16.7 MW from 2 FiT solar generating assets.

List of commercially operating solar power plants in Luzon, The Philippines, as of 31st May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Burgos Solar Power Project Phase I	Energy Development Corporation	4.1	FiT	2015
Burgos Solar Power Project Phase 2	Energy Development Corporation	2.66	FiT	2016
Currimao Solar Power Project	Mirae Asia Energy Corporation (Vena Energy)	20	FiT	2016
Sarrat Solar Power Project	Bosung Solartec, Inc.	1	Non-FiT	
Hermosa Solar Power Project	YH Green Energy Incorporated	14.5	FiT	2016
Bataan Solar Power Project Phases 1, 2, 3a and 3b	Jobin-Sqm Inc.	32.34	Non-FiT	
Bataan Solar Power Project.	Citicore Solar Bataan Inc. (CITICORE)	18	Non-FiT	
Morong Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	Non-FiT	
Bulacan 3 Solar Power Project	Citicore Solar Bulacan, Inc. (CITICORE)	15	FiT	2016
San Rafael Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	3.82	FiT	
Cabanatuan Solar Power Project	First Cabanatuan Renewable Ventures, Inc.	10.26	FiT	2016
Concepcion 1 Solar Power Project	Solar Philippines Tarlac Corporation(1) **(“SPTC”)**	100.61	Non-FiT	
Armenia Solar Power Project	Citicore Solar Tarlac 1, Inc. (CITICORE)	8.84	Non-FiT	
Tarlac Solar Power Project Phase I	PetroSolar Corporation(2)	50.07	Yes	2016
Dalayap Solar Power Project	Citicore Solar Tarlac 2, Inc. (CITICORE)	7.48	Non-FiT	
Clark Solar Power Project	CREIT (CITICORE)	22.33	FiT	2016
CityMall Dau Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Pampanga Solar Power Project Phase I	RASLAG Corporation	10.05	FiT	2015
Pampanga Solar Power Project Phase II	RASLAG Corporation	13.14	FiT	2016
Palauig Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	FiT	2016
Central Mall Biñan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.7	Non-FiT	

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Calatagan Solar Power Project	Solar Philippines Calatagan Corporation[(3)]	63.3	FiT	2016
Lian Solar Power Project	Absolut Distillers, Inc.	2.04	FiT	2016
Cavite Economic Zone Solar Power Project	Majestics Energy Corporation	41.3	FiT	2015
Tumingad Island Solar Power Project	Suweco Tablas Energy Corporation	7.5	Non-FiT	
SM Mall of Asia Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	2.69	Non-FiT	
SM North Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1.47	Yes	2015
Valenzuela Solar Power Project	Valenzuela Solar Energy Inc.	8.5	Yes	2016
Ecopark Isla Solar Power Project	Ecopark Energy of Valenzuela Corp.	4.7	Non-FiT	

Notes:

(1) In June 2020, Prime Metroline Infrastructure Holdings acquired 50% of Solar Philippines Tarlac Corporation

(2) PetroSolar Corporation is 56% owned by PetroGreen Energy Corporation ("PGEC") and 44% by EEI Power Corporation

(3) In 2018, the Philippine Competition Commission approved Korea Electric Power Corporation ("KECPO")'s 38% acquisition of Solar Philippines Calatagan Corporation

Source: Department of Energy

List of commercially operating solar power plants in Visayas, The Philippines, as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non- FiT	Year of Signing
CityMall Mandalagan Solar Power Project	Solar Pacific Citysun Corporation	0.63	Non-FiT	
Bais Solar Power Project (SACASOL IV) /	Monte Solar Energy Inc. (ACEN)	18	FiT	2016
Cadiz Solar Power Project	Helios Solar Energy Corporation (Vena Energy)	132.5	FiT	2016
Kabankalan Solar Power Project	Solar Pacific Citysun Corporation	0.61	Non-FiT	
Islasol Solar Power Project (ISLASOL II)	Negros Island Solar Power Inc.	32	Non-FiT	
Manapla Solar Power Project (ISLASOL III) / (SACASOL III)	Negros Island Solar Power Inc. (ACEN)	48	Non-FiT	

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non- FiT	Year of Signing
San Carlos Solar Power Project Phase I-A and I-B (SACASOL I-A&I-B)	San Carlos Solar Energy Inc. (ACEN)	22	FiT	2014
San Carlos Solar Power Project Phase I-C and I-D (SACASOL I-C&I-D)	San Carlos Solar Energy Inc. (ACEN)	23	FiT	2015
SACASUN Solar Power Project	San Carlos Sun Power Inc. (AP)	58.98	Non-FiT	
Silay Solar Power Project	Citicore Solar Negros Occidental, Inc. (CITICORE)	25.01	Non-FiT	
Victorias Solar Power Project	Solar Pacific Citysun Corporation	0.64	Non-FiT	
Kalibo Solar Power Project	Solar Pacific Citysun Corporation	0.22	Non-FiT	
Boracay Solar Power Project	Solar Pacific Citysun Corporation	0.3	Non-FiT	
Gaisano Iloilo Solar Rooftop Project	EDC Siklab Power Corporation (EDC)	1.03	Non-FiT	
Miag-ao Solar Power Project	Cosmo Solar Energy, Inc.	5.67	Non-FiT	
Dumaguete Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Toledo Solar Power Project	Citicore Solar Cebu, Inc. (CITICORE)	60	Non-FiT	
Ormoc Solar Power Project	First Solar Energy Corp. (Vena Energy)	30.36	FiT	2015
Palo Solar Power Project	Sulu Electric Power and Light (Phils.), Inc.	49.81	Non-FiT	

Source: Department of Energy

List of commercially operating solar power plants in Mindanao, The Philippines as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or NonFiT	Year of Signing
Kibawe Solar Power Project	Asian Greenenergy Corporation (Vena Energy)	10.49	FiT	2016
Kirahon Solar Power Project	Kirahon Solar Energy Corporation	12.5	Non-FiT	
Tagum Solar Power Project	Solar Pacific Citysun Corporation	1.1	Non-FiT	
Digos Solar Power Project	Alterpower Digos Solar, Inc.	28.59	Non-FiT	

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or NonFiT	Year of Signing
Santos Solar Power Project	Astronergy Development GenSan Inc.	24.96	Non-FiT	
Centrala Solar Power Project	Citicore Solar South Cotabato Inc (CITICORE)	6.23	FiT	2016

Source: Department of Energy

THE SPONSORS

Overview of the Sponsors

Each of the Company's sponsors, Citicore Renewable Energy Corporation ("**CREC**") and Citicore Solar Tarlac 1, Inc. ("**Citicore Tarlac 1**"), is a corporation organized under the laws of the Philippines (each a "**Sponsor**", and together, the "**Sponsors**").

CREC was registered with Philippine SEC on May 15, 2018 with a primary purpose of engaging in power generation under the Renewable Energy Law. CREC has investments also in Sikat Solar Holdco Inc., Citicore Solar Energy Corporation and Citicore Solar Holdings, Inc. CREC is a wholly owned subsidiary of Citicore Power, Inc. ("**CPI**"). CPI is a domestic corporation and is primarily engaged in the development of renewable energy sources for power generation, with a commitment to achieve a healthy energy mix for the Philippines and lessen the country's dependence on fossil fuels through projects using clean and sustainable energy. CPI is a direct subsidiary of Citicore Holdings Investment, Inc., the parent company of Megawide Construction Corporation ("**Megawide**").

Citicore Tarlac 1 was registered with the Philippine SEC on November 11, 2013 with a primary purpose generating, transmitting, and/or distributing energy derived from solar power for lighting and power purposes and whole-selling the electric power to power corporations, public electric utilities, electric cooperatives, and retail electricity suppliers. Citicore Tarlac 1, together with other operating renewable energy companies, was acquired by CREC in October 2018 from AP Solar Pte. Ltd., AAM Philippines Solar 2 Pte. Ltd., Lumos Investment Pte. Ltd. and Mabalacat Solar Philippines, Inc. Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC (CREC owns of all of the outstanding common shares of Sikat Solar Holdco Inc., which in turn owns all of the outstanding common shares of Citicore Tarlac 1).

CREC and its subsidiaries and affiliates (the "**Citicore Group**") have a vast experience in constructing, operating and maintaining the solar power plants, with an aggregate installed capacity of 163MWp_{DC} as of September 30, 2021. The Company believes that the Citicore Group is among the solar energy project pioneers in the Philippines, and is one of the few developers with solar power projects have been awarded FIT eligibility.

Megawide is one of the Philippines' largest construction and infrastructure conglomerates, with total revenues of ₱12.9 billion for the year ended December 31, 2020, and ₱11.4 billion for the nine months ended September 30, 2021. Megawide was incorporated in 2004 primarily as a general construction company. From its successful initial public offering on February 18, 2011, Megawide has since diversified its business into a leading infrastructure company with interests in airport and landport operations in addition to its vertically integrated construction business. Megawide has a market capitalization of ₱12.5 billion as of September 30, 2021. Megawide received the following awards in 2021:

<u>FinanceAsia Asia's Best Companies 2021</u>

- Best Managed Listed Company
- Most Committed to Environmental Stewardship
- Most Committed to Social Causes
- Most Committed to the Highest Governance Best Standards
- Best CEO
- Best Managed Company in South East Asia Industrials Category

<u>Asia Money Asia's Outstanding Companies Poll 2021</u>

- Most Outstanding Company, Philippines Construction and Engineering Sector

IR Magazine Awards 2021

- Nominee, South East Asia 2021

International Finance Awards 2021

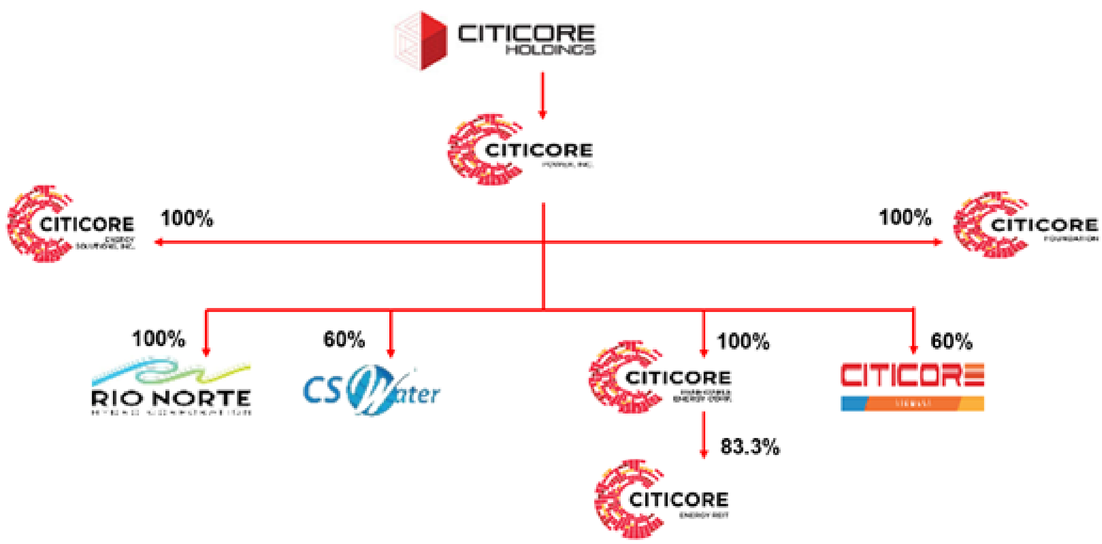
- Best CEO

Asia CEO Awards 2021

- Most Innovative Company of the Year, Philippines

As such, the Company believes it benefits from the Citicore Group's and Megawide's well-established reputation, relationship with key players in the Philippine real estate and solar generation industries, understanding of the Philippine market, and extensive experience in developing and managing properties.

As of September 30, 2021, the Citicore Group's structure is as follows:



Track Record of CREC and the Citicore Group

CREC and the Citicore Group have established a strong presence and track record in its core business market of the Philippines. Some of the notable milestones include:

2015	Citicore Power, Inc. ("**CPI**") was incorporated to engage in the development of renewable energy
2016	Greenfield assets were constructed for three solar farms totaling 103MWp$_{DC}$.
2017	Citicore Biomass Corp. was formed to be engaged in forest management and production of biomass as fuel.
	Citicore Energy Solutions, Inc. ("**CESI**") signed Retail Power Agreement with Citystate Centre Condominium Corporation in July 2017.
	CESI signed a Distribution Wheeling Service Agreement with Meralco in October 2017.
	CESI signed a power supply agreement with AC Energy, Inc. in December 2017.

2018	CREC acquired Armstrong assets comprising five solar farms with a total installed capacity of $60MWp_{DC}$
	Citicore Summa Water Corporation ("**CS Water**") took-over surface water treatment plant in Iloilo.
2019	CS Water took over the distribution facilities of Janiuay Water District.
2020	Signed a $1,200MWp_{DC}$ Framework Agreement with AC Energy, Inc.
2021	Rio Norte, a company incorporated to engage in Run-of River Hydro, tapped Xian Electric for a greenfield development of $19.7MWp_{DC}$ run-of river hydro power plant in Ilaguen Rivera, Isabela.

THE FUND MANAGER AND THE PROPERTY MANAGER

The Fund Manager of the Company

The fund manager, Citicore Fund Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Fund Manager**"). The Fund Manager was incorporated on July 21, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Fund Manager is a wholly owned Subsidiary of CREC.

Save as is disclosed in this REIT Plan, the Fund Manager is not engaged in any property fund business in the Philippines.

The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Fund Manager. See the section entitled "*Certain Agreements Relating to the Company and the Properties – Fund Management Agreement*" in this REIT Plan. Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of the Company's Shareholders. The Fund Manager will manage the assets of the Company with a focus on generating Rental Revenues and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company and, ultimately, the distributions to the Company's Shareholders. For a more detailed discussion on the Company's strategy, see the section entitled "*Business and Properties – Business Strategies*" in this REIT Plan.

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, perform the following general functions:

- implement the investment strategies of the Company by:

  - determining the allocation of the Company's assets to the allowable investment outlets in accordance with this REIT Plan and the investment strategies of the Company; and

  - selecting income-generating real estate in accordance with the investment strategies of the Company;

    For this purpose, however, notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendation, even if contrary to the Company's instructions;

- oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;

- cause a valuation of any of the real estate and other properties of the Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;

- take all necessary measures to ensure:

  - that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;

  - that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the REIT was authorized are complied with;

  - that all transactions carried out by or on behalf of the Company are conducted at arm's length;

  - that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;

  - that the Property Manager obtains adequate property insurance for the real properties of the Company from insurance companies approved by the Fund Manager;

- take custody of all relevant documents supporting the insurance taken on real properties of the Company. The real properties shall be insured for their full replacement value, including loss of rental, where appropriate, and general liabilities on real properties and operations of the Company;

- provide research and analysis on valuation and market movements of the Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;

- recommend the appropriate capital structure for the Company;

- manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for the Company;

- negotiate and finalize loan documents on behalf of the Company and determine debt drawdowns;

- recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;

- open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;

- submit periodic reports ensuring that: (i) the three-year investment strategy prepared by the Company is submitted to the Philippine SEC and the PSE; and (ii) quarterly written report on the performance of the Company's fund and properties and of the appropriate benchmarks are submitted to the Company, the Philippine SEC and the PSE within 45 days after the end of each quarter;

- negotiate for and implementing the purchase of assets to be held by the Company for investment;

- perform legal review, documentation, structuring, and due diligence on assets to be acquired;

- where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;

- pursue various exit options and make necessary strategic recommendations to the Company;

- accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of the Company;

- fully, properly, and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;

- establish and understand the investment objectives, instructions, risk profile, and investment restrictions of the Company prior to making any investment recommendations or carrying out any transactions for or on behalf of the Company;

- do any and all acts on behalf of the Company as it may deem necessary of advisable in connection with the management and administration of the Company's assets, including without limitation, the voting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and

- perform all such functions necessary and incidental to asset management.

In summary, the Fund Manager will set the strategic direction of the Company and make recommendations to the Board on the acquisition, divestment, or enhancement of assets of the Company in accordance with its investment strategy as stated in this REIT Plan. The research required for these purposes will be coordinated and carried out by the Fund Manager.

In the absence of bad faith, fraud, willful misconduct or gross negligence of the Fund Manager, it shall not incur liability by reason of any act or omission under the Fund Management Agreement.

Total net assets under management, after the REIT Formation Transactions, amount to ₱12.89 billion as of September 30, 2021.

Fund Management Fee

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive equivalent 0.5% of the Company's Guaranteed Base Lease, exclusive of value-added taxes (the "**Management Fee**").

The Fund Manager shall likewise be entitled to (i) an acquisition fee of 0.5% of the acquisition price of every acquisition made, exclusive of value-added taxes, and (ii) a divestment fee of 0.5% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of (x) fees paid under the Property Management Agreement, and (y) the Management Fee, acquisition fee, and divestment fee (collectively referred to as "**Fund Management Fee**"), paid to the Fund Manager, in any given year, shall not exceed 1% of the Net Asset Value of the properties under management.

In computing the Fund Management Fee, the formula to be used shall be as follows:

Fund Management Fee = (0.5% x Guaranteed Base Lease)

+ (0.5% x acquisition price, for every acquisition, if applicable)

+ (0.5% x sales price for every property divested, if applicable)

The Fund Management Fee shall be due and payable to the Fund Manager 10 days from the receipt by the Company of a billing statement. For clarity, such billing statement shall be provided no later than 10th day of the month following the determination of the Guaranteed Base Lease of the immediately preceding quarter.

Termination of the Fund Management Agreement

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on the following grounds:

1. a material breach, default, or failure of either party to comply with its obligations and undertakings under Fund Management Agreement;

2. the cessation of the corporate existence of the Fund Manager or the Company or a change in the principal stockholders of the Fund Manager or the Company;

3. the failure of the Fund Manager to obtain or maintain any license required by applicable Philippine law for its appointment as Fund Manager and the performance of services;

4. the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

5. the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

Duty to Disclose Material Interest.

If the Fund Manager has a material interest in a transaction with or for the Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, the Fund Manager shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to the Company and has taken all reasonable steps to ensure fair treatment of the Company.

Written Policies

The Fund Manager shall establish, maintain, and implement policies and procedures on conflict of interest, particularly to identify and deal with conflicts of interest situations.

Related Party Interests

- The Fund Manager shall take all necessary measures to ensure that all transactions carried out by or on behalf of the Company are conducted at arm's length.

- The Fund Manager shall also establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to the Company. The related party transactions policy of the Fund Manager must set out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

- The Fund Manager shall establish, maintain and implement policies and procedures to ensure that its research is independent and impartial, to provide a reasonable and adequate basis for making investment decisions and taking investment action and to ensure fair and equitable allocation of orders among its clients, including the Company.

- The Fund Manager shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of orders.

- Where the Fund Manager undertakes proprietary trading, the Fund Manager shall, in its agreement with the Company, disclose to the Company the method of selection and determination of securities transacted for the proprietary accounts and clients' accounts. The Fund Manager shall ensure that trades are not directed to benefit its proprietary accounts or any preferential clients and, for this purpose, shall establish information barriers or firewalls, closely supervise internal communication to prevent flow of information and maintain the confidentiality of pending transactions and the holdings of the Company. Proprietary orders shall be conducted through a separate licensed representative of the Fund Manager who shall not be managing the Company's funds.

- Where the Fund Manager is part of a group of companies, which undertake other financial or real estate/property activities, the Fund Manager shall ensure that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public, between the different areas of operations.

Directors and Executive Officers of the Fund Manager

The Fund Manager's board of directors is entrusted with the responsibility for the overall management of the Fund Manager, while the Fund Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Fund Manager is set out below:

Name	Age	Nationality	Position
Leonilo G. Coronel	75	Philippines	Independent Director and Chairman
Elizabeth Anne C. Uychaco	65	Philippines	Independent Director
Rhoel Alberto B. Nolido	48	Philippines	Independent Director
Christoper Nadayag	37	Philippines	Director, President
Abigail Joan R. Cosico	48	Philippines	Director, Treasurer
James A. Jumalon	35	Philippines	Corporate Secretary
Arcyl P. Orfiano	28	Philippines	Corporate Finance Manager
Aubrey Marie P. Sobrevinas	33	Philippines	Accounting Manager
Raymund Jay S. Gomez	50	Philippines	Compliance Officer

None of the directors of the Fund Manager have any financial interest in the Properties of the Company. The Fund Manager has adequate technical, operational and human resources, for the performance of its duties, led by a seasoned banker as Chairman of the Board, including two responsible officers, Arcyl Orfiano and Aubrey Sobrevinas, each of whom have at least three years of track record in fund management, and at least one of the responsible officers available to supervise the business of the Fund Manager.

The following individuals have interlocking officer positions in the Company, the Fund Manager and the Property Manager:

1. Leonilo G. Coronel is the Chairman and an independent director of the Fund Manager, and is also an independent Director of the Company.

2. Elizabeth Anne C. Uychaco is an independent director of the Fund Manager, and is also an independent director of the Property Manager and an independent Director of the Company.

3. Rhoel Alberto B. Nolido is an independent director of the Fund Manager and is also an independent director of the Property Manager.

4. James A. Jumalon is the Assistant Corporate Secretary of the Company, the corporate secretary of the Fund Manager and the corporate secretary of the Property Manager.

5. Jose M. Layug Jr. is the Chairman and an independent director of the Property Manager and is also an independent Director of the Company.

6. Jaime P. Del Rosario is a director and treasurer of the Property Manager and is also the Corporate Secretary of the Company.

7. Abigail Joan R. Cosico is the president and director of the Property Manager and also a director and treasurer of the Fund Manager.

8. Raymund Jay S. Gomez is the compliance officer of the Company and also of the Fund Manager.

Information on the business and working experience of the Fund Manager's directors and executive officers and certain full time employees is set out below:

Leonilo G. Coronel is the Chairman and an independent director of the Fund Manager, and is also an independent Director of the Company.

Mr. Coronel has more than 50 years of experience as a banker. He is currently the Vice Chairman and has been a director of the Philippine National Bank since 2013. He has held directorship positions in various financial institutions such as DBP Daiwa Securities, RBB Microfinance Foundations, and other companies such as Software Ventures International Corporation, Philippine Business for Social Progress, and Bankers Association of the Philippines. He was previously one of the independent directors of Megawide from 2011 to 2020. Mr. Coronel holds a Bachelor of Arts, Major in Economics from the Ateneo de Manila University.

Elizabeth Anne C. Uychaco is an independent director of the Fund Manager, and is also an independent director of the Property Manager and an independent Director of the Company.

Ms. Uychaco has been engaged both in real estate development and investment management for 12 years now. She currently holds the position of Senior Vice President of SM Investment Corporation and a Director and Vice Chairperson of Belle Corporation, since 2009. She has been the Chairman of the NEO Group, since 2020 and holds other directorship positions in Republic Glass Corporation, Goldilocks and PULS. Ms. Uychaco holds a DBA, with 18 units in Corporate Finance from Walden University, and Masters in Business Administration from the Ateneo Graduate School of Business and Masters in Business Economics from the University of Asia and the Pacific.

Rhoel Alberto B. Nolido is an independent director of the Fund Manager and is also an independent director of the Property Manager.

Mr. Nolido has extensive experience in the property development and management sector for more than 25 years, and has held the following positions: President & COO of Pueblo de Oro Development Corporation from 2015 to present; COO of Century Property Group's Affordable Housing Division from 2013 to 2015; Senior Vice President for Business Management, Commercial, Office, Residential Leasing & Property Management for Eton Properties Philippines, Inc. from 2011 to 2013. He was also the General Manager of Northpine Land (formerly Jardine Land) from 2007 to 2011, and a Division Manager – Property Planning Group in Ayala Land, Inc. from 1995 to 2006. He holds an MBA in Business Management, with a Major in Finance from the Asian Institute of Management and a Bachelor of Science in Management from the Ateneo de Manila University.

Christopher A. Nadayag is a director and the president of the Fund Manager. Mr. Nadayag has been in finance and accounting capacity for 15 years. He has been the Treasurer and Deputy Chief Finance Officer for Megawide Construction Corporation since 2018 and involved in setting up the Company's treasury management system, group cash and liability management and review of business units' financial performance. Mr. Nadayag also has experience in real estate and property development for almost five (5) years serving as a Treasurer, Director, and the Chairman of the Audit Committee of PH1 World Developers, Inc. (formerly Myspace, Inc.), involved in the Company's financial and operation audit and review as well as in the oversight of accounting set-up and operational processes and review of monthly financial, operational, and sales performances. Mr. Nadayag holds directorship positions in various corporations such as Citicore Holdings Investment Inc., MWM Terminals, Inc., and Wide-Horizons, Inc. He was also the AVP for Comptrollership for Citicore Power, Inc. from 2017 to 2018. He was previously as Senior Auditor in SyCip Gorres &Velayo Inc. from 2006 to 2009. He has a Bachelor of Science in Accounting degree from San Sebastian College, Manila.

Abigail Joan R. Cosico, is a director and treasurer of the Fund Manager, the president and a director of the Property Manager, and has been the Head of Investor Relations for Megawide Construction Corporation and Citicore Power, Inc. since 2016.

Prior to joining Megawide, Ms. Cosico was with the JG Summit Holdings group for 15 years, of which 10 years was with Robinsons Land Corporation. Holding senior management positions from Land Acquisition for the Commercial Centers Division, Property Leasing for 29 Robinsons Malls nationwide, Business Unit General Manager for Homes and Communities and concurrently, Head of Investor Relations.

Ms. Cosico also has 2 years experience in Fund Management from HSBC Trust Division, from 1997 to 1999, handling fixed income fund management for the bank's Trust Department institutional and private clients. Her scope of work included daily investment transactions and prepared transaction orders for money market placements for trust clients and coordinated with various banks' treasury departments for indicative rates, fund placements, availability and money market placement maturities. She holds an MBA in Business Management, Major in Finance from the Asian Institute of Management and a Bachelor of Science in Management from the Ateneo de Manila University.

James A. Jumalon is the Corporate Secretary of the Fund Manager and also the Corporate Secretary of the Property Manager. Atty. Jumalon joined the Citicore Group as Manager for Legal & Regulatory in January 2021 and was previously with the Meneses Gonzales and Gupit Law Offices as Senior Associate from 2018 to 2019. Prior to that, he was the Corporate Secretary for Parola Maritime Corporation from 2016 to 2018. Atty. Jumalon has an accumulated work experience in real estate business for 7 years particularly in land acquisition, and other real estate development requirements. He holds a Bachelor of Arts in Management Economics from the Ateneo de Manila University and a Bachelor of Laws from the San Beda University, College of Law.

Arcyl P. Orfiano, is the Corporate Finance Manager of the Fund Manager. Ms. Orfiano is a Certified Public Accountant and has been in finance and accounting capacity for 6 years. She joined CPI in 2016 is currently the Corporate Finance and Planning Manager. Ms. Orfiano is with the Company for 5 years handling business development and planning, including the land acquisition, procurement of solar panels, machineries, equipment and other real estate development requirements and structures necessary for the project across all CPI companies. Ms. Orfiano is also involved in financial analysis for land acquisition, (through buying and leasing) and Power Supply Contracts with off-takers and consumers. She is also involved in bank financing (including hedging facility) for the engineering, procurement and construction of solar projects and photovoltaic panel importation. She was previously with Navarro & Amper, Corp. (Deloitte Philippines) as an Audit Associate from 2015 to 2016. Ms. Orfiano holds a Bachelor of Science in Accountancy from the Saint Louis University and is currently completing a Master's of Science in Finance from the University of the Philippines.

Aubrey Marie P. Sobrevinas, is the Accounting Manager of the Fund Manager. Ms. Sobrevinas is a Certified Public Accountant and has been in finance and accounting practice for 12 years with 10 years of experience in real estate business. She joined CPI in 2019 and is currently the Senior Accounting Manager involved in standardization of accounting process and strengthening of internal control across all CPI companies. She is also part of the contracts review involving acquisition of lands either by buying or leasing, for use of renewable energy plant sites; acquisition of solar panels, machineries, and equipment necessary for the operation of a solar power plant or other renewable energy plants; development of purchased or leased land into a renewable energy power plant; activities relating to the operations and maintenance affecting the renewable energy power plant. Prior to this, she was the Controller for the Lopez Group for seven years from 2011 to 2018 where she was involved in the real estate businesses of the group such as the development of an industrial park located in Batangas for long-term lease to client known as First Philippine Industrial Park. She was also engaged in acquisition, disposal, or lease of real and personal property in First Philippine Realty Corp. (formerly known as INAEC Development Corporation) as well as in the development of other real estate businesses in TerraPrime Inc. and Rockwell Land Corporation. Ms. Sobrevinas was also a Trust Assistant in China Banking Corporation in 2009 to 2010. She holds a BS Accountancy degree from the University of the East.

Raymund Jay S. Gomez, is the Compliance Officer of the Fund Manager pursuant to Certificate of Registration No. 02-2022-06 dated January 11, 2022. He also serves as the Compliance Officer of the Company. Mr. Gomez is also concurrently the Chief Legal Counsel, Compliance Officer, and Data Protection Officer of Megawide. He is also a Director of Altria, CIHI, CMCI, MLI, MTI, and MWMTI. Before joining Megawide, he was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. Mr. Gomez also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., as Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., as Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and as an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda University.

Corporate Governance

The Fund Manager is currently subject to the principles of corporate governance required by the Philippine SEC. In addition, the Fund Manager will be filing the necessary application for licensing as a fund manager of a REIT as required by the Philippine SEC. The Fund Manager will strive to meet all requirements for corporate governance as set forth in the rules for secondary license.

The board of directors of the Fund Manager (the "**Fund Manager's Board**") is responsible for the overall corporate governance of the Fund Manager including establishing goals for management and monitoring the achievement of these goals. The Fund Manager is also responsible for the strategic business direction and risk management of the Company. All Fund Manager's Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of directors. Following Memorandum Circular No. 1, Series of 2020 issued by the Philippine SEC, the Fund Manager's Board comprises five members, three of whom are independent directors, with at least one of them have a working knowledge of the real estate industry, fund management, corporate finance, or other relevant finance-related functions. The directors of the Company and the Sponsors, jointly or separately, do not occupy more than 49% of the board of directors of the Fund Manager.

As of the date of this REIT Plan, the directors and executive officers of the Fund Manager have an average of 16 years of experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry. The Fund Manager's President and at least two of its full-time professionals, have had experience in the financial and real estate industries for at least three years prior to joining the Fund Manager.

Internal Controls and Risk Management System

In general the Fund Manager has established internal control procedures to achieve the following overall objectives:

1. Ensure compliance with the relevant laws and regulations

2. Safeguard the assets and maximize its asset potential

3. To prevent operational risk and ensure the sound operation of business operations in terms of the Company's liquidity position

4. Ensure that the financial and other information of the fund or assets being managed is true, accurate and complete

The Fund Manager expects to establish a culture that prioritizes lawful and compliant operations,that prioritizes awareness of risk control procedures, encourages employee awareness of compliance control procedures and ensures the integrity and diligence of senior managers and employees. The Fund Manager expects to employ senior management personnel responsible for performing compliance risk control roles. Such personnel shall independently perform functions such as internal controls supervision, inspection, evaluation, reporting and recommendations. Such personnel shall also be accountable for any major losses caused by the failure of internal controls caused by managerial neglect or the dereliction of duty. The Fund Manager shall establish a scientific risk assessment system to identify, evaluate and analyze internal and external risks and to prevent and resolve risks in a timely manner.

The Property Manager of the Company

The property manager, Citicore Property Managers, Inc., is a corporation organized under the laws of the Philippines (the "**Property Manager**"). The Property Manager was incorporated on August 4, 2021, and has its registered office at 11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila. The Property Manager is a wholly owned Subsidiary of CREC. As of the date of this REIT Plan, the Company believes that the Property Manager has sufficient financial resources to carry out its business and services to the Company.

In compliance with the Revised REIT IRR, the Property Manager has engaged the services of Cuervo Appraisers, Inc. ("**Cuervo Appraisers**"), through its authorized representatives, as its real estate appraiser. Cuervo Appraisers has satisfied all qualification requirements under applicable laws.

As of the date of this REIT Plan, the directors and executive officers of the Property Manager have an average of 16 years, and 130 years of accumulated experience in commercial real estate operations, leasing, and property portfolio management. The Property Manager's executive officers will be primarily responsible for the day-to-day management of the Properties, pursuant to the Property Management Agreement. The Company believes the Property Manager has adequate technical and human resources for the performance of its duties, including two responsible officers, Mr. Manolo T. Candelaria, Responsible Officer, and Mr. Ruel L. Alma Jr., Facilities Manager, with 31 and 14 years of experience in real estate industry and property management, respectively, and for the adequate oversight of CREC's operations and maintenance activities with respect to the Clark Solar Power Plant. Mr. Candelaria will be available for the full-time supervision of the business of the Property Manager. Please see "— *Directors and Executive Officers of the Property Manager*" in this REIT Plan for further information on the qualifications and track record of the directors and executive officers of the Property Manager.

For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party companies. The Property Manager may contract affiliates of the Sponsors or the Company for some of these functions, in particular with respect to management of the properties. Notwithstanding such contracts, the Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

The total value, after the Company's REIT Formation Transactions, of the Property Manager's properties under management amounts to ₱10.9 billion as of October 31, 2021. In addition, the Property Manager's current capitalization, as well continuing support extended by CREC, can sufficiently cover the monthly operating and working capital requirement of the Property Manager to ensure the effective conduct of its business.

Operations

The Property Manager performs day-to-day property management functions at the Properties pursuant to the Property Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Property Manager. See the section entitled "*Certain Agreements Relating to the Company and the Properties – Property Management Agreement*" in this REIT Plan. These functions include managing the execution of new leases and renewing or replacing expiring leases as well as overall management of, maintenance of the land premises, formulation and implementation of policies and programs in respect of facility management, maintenance and improvement, secure and administer routine management services including security control, fire precautions, communication systems and emergency management.

The solar plant operators are responsible for the operations and maintenance of the solar plant facilities. With respect to the Clark Solar Power Plant, the Property Manager exercises oversight over CREC's operations and maintenance-related activities to ensure that it does so in accordance with the Oversight Policy for the Clark Solar Power Plant, applicable rules and regulations, as well as industry best practices.

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 1.5% of the Company's Guaranteed Base Lease, provided that total of such fee (the "**Property Management Fee**") and the Fund Management Fee and shall not exceed 1% of the Net Asset Value of the properties being managed.

Property Management Fee = Guaranteed Base Lease x 1.50%

The Property Management Fee shall be due and payable to the Property Manager 10 days from the receipt by the Company of a billing statement. For clarity, such billing statement shall be provided no later than 10th day of the month following the determination of the Guaranteed Base Lease of the immediately preceding quarter.

Termination of the Property Management Agreement

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on the following grounds:

1. a material breach, default, or failure of either party to comply with its obligations and undertakings under the Property Management Agreement;

2. the cessation of the corporate existence of either party, or the change of the principal stockholder(s) of either party;

3. the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

4. the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Termination shall be effective immediately upon written notice by the terminating party to the other party.

Conflict of Interest

Duty to Disclose Material Interest

If the Property Manager has a material interest in a transaction with or for the Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, the Property Manager shall neither advise nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to the Company and has taken all reasonable steps to ensure fair treatment of the Company. The Property Manager does not own any shares of the Company.

Allocation of Resources

The Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. The Property Manager shall also ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations.

Related Party Interests

The Property Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to the Company. The policies shall define related party relationships and transactions and shall set out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders of the Company to ensure the related party relationships have been accounted for, and disclosed, in accordance with prevailing rules and law.

Directors and Executive Officers of the Property Manager

The Property Manager's board of directors is entrusted with the responsibility for the overall management of the Property Manager, while the Property Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Property Manager is set out below:

Name	Age	Nationality	Position
Jose M. Layug, Jr.	50	Philippines	Independent Director and Chairman
Rhoel Alberto B. Nolido	48	Philippines	Independent Director
Elizabeth Anne C. Uychaco	65	Philippines	Independent Director
Jaime P. del Rosario	35	Philippines	Director, Treasurer
Abigail Joan R. Cosico	48	Philippines	Director, President
James A. Jumalon	35	Philippines	Corporate Secretary
Manolo T. Candelaria	53	Philippines	Responsible Officer

Ruel L. Alma Jr.	37	Philippines	Facilities Manager

None of the directors and executive officers of the Property Manager have any financial interest in any of the Properties of the Company. The Property Manager has adequate technical and human resources for the performance of its duties, including two responsible officers, each of whom shall have at least three years of track record in property management, and at least one of the responsible officers available to supervise the business of the Property Manager.

Information on the business and working experience of the Property Manager's directors and executive officers is set out below.

Jose M. Layug Jr. is the Chairman and an independent director of the Property Manager and is also an independent Director of the Company.

Atty. Layug has been in the Energy industry for more than 10 years which started when he joined the Department of Energy as Undersecretary in 2010 and served as the Chairman of the Department of Energy's National Renewable Energy Board from 2016 to 2018. Atty. Layug has also been the President of the Developers of Renewable Energy for Advancement, Inc. from 2019 to present. He has been a Senior Partner at Puno and Puno Law Offices since 2013 and a Dean at the University of Makati School of Law since 2018. Atty. Layug has a Masters of Law from the Cornell University, a Bachelor of Laws and a Bachelor of Science in Business Economics, both from the University of the Philippines.

Rhoel Alberto B. Nolido is an independent director of the Fund Manager and an independent director of the Property Manager.

Mr. Nolido has had extensive experience in the property management sector for more than 25 years, and has held the following positions: President & COO of Pueblo de Oro Development Corporation from 2015 to present; COO of Century Property Group's Affordable Housing Division from 2013 to 2015; Senior Vice President for Business Management, Commercial, Office, Residential Leasing & Property Management for Eton Properties Philippines, Inc. from 2011 to 2013. He was also the General Manager of Northpine Land (formerly Jardine Land) from 2007 to 2011, and a Division Manager – Property Planning Group in Ayala Land, Inc. from 1995 to 2006. He holds an MBA in Business Management, with a Major in Finance from the Asian Institute of Management and a Bachelor of Science in Management from the Ateneo de Manila University.

Elizabeth Anne C. Uychaco is an independent director of the Fund Manager, and is also an independent director of the Property Manager and an independent Director of the Company.

Ms. Uychaco has been engaged both in real estate development and investment management for 12 years now. She currently holds the position of Senior Vice President of SM Investment Corporation and a Director and Vice Chairperson of Belle Corporation, since 2009. She has been the Chairman of the NEO Group, since 2020 and holds other directorship positions in Republic Glass Corporation, Goldilocks and PULS. Ms. Uychaco holds a DBA, with 18 units in Corporate Finance from Walden University, and Masters in Business Administration from the Ateneo Graduate School of Business and Masters in Business Economics from the University of Asia and the Pacific.

Jaime P. Del Rosario is a director and treasurer of the Property Manager and is also the Corporate Secretary of the Company. Atty. Del Rosario is currently the AVP for Legal and Compliance for CPI. He his 9 years of experience in the real estate industry in 2012 focusing on handling land acquisition and other real estate development requirements and had an accumulated experience of 9 years in the real estate industry. He was previously with the Alsons Power Group as Legal Counsel and a Senior Associate with the San Diego Ycasiano Macias Estorco Cataneda Sanchez Law Offices. He holds a Juris Doctor from San Beda University and a Bachelor of Science Legal Management degree also from San Beda University.

Abigail Joan R. Cosico, is a director and treasurer of the Fund Manager, the president and a director of the Property Manager, and has been the Head of Investor Relations for Megawide Construction Corporation and Citicore Power, Inc. since 2016.

Prior to joining Megawide, Ms. Cosico was with the JG Summit Holdings group for 15 years, of which 10 years was with Robinsons Land Corporation. Holding senior management positions from Land Acquisition for the Commercial Centers Division, Property Leasing for 29 Robinsons Malls nationwide, Business Unit General

Manager for Homes and Communities and concurrently, Head of Investor Relations. She holds an MBA in Business Management, Major in Finance from the Asian Institute of Management and a Bachelor of Science in Management from the Ateneo de Manila University.

Ms. Cosico also has 2 years experience in Fund Management from HSBC Trust Division, from 1997 to 1999, handling fixed income fund management for the bank's Trust Department institutional and private clients. Her scope of work included daily investment transactions and prepared transaction orders for money market placements for trust clients and coordinated with various banks' treasury departments for indicative rates, fund placements, availability and money market placement maturities.

James A. Jumalon is the Corporate Secretary of the Fund Manager and also the Corporate Secretary of the Property Manager. Atty. Jumalon joined the Citicore Group as Manager for Legal & Regulatory in January 2021 and was previously with the Meneses Gonzales and Gupit Law Offices as Senior Associate from 2018 to 2019. Prior to that, he was the Corporate Secretary for Parola Maritime Corporation from 2016 to 2018. Atty. Jumalon has an accumulated work experience in real estate business for 7 years particularly in land acquisition, and other real estate development requirements. He holds a Bachelor of Arts in Management Economics from the Ateneo de Manila University and a Bachelor of Laws from the San Beda University, College of Law.

Manolo T. Candelaria is the Responsible Officer of the Property Manager. He holds the position of Executive Vice President for CREC since 2016. Mr. Candelaria has been in the energy industry with expertise on property and plant management for more than 30 years now. Prior to joining CREC in 2016, he was the Director for Power Generation for CPI from 2014 to 2016. He was formerly the Project Manager, Marketing Head and Regulatory Coordinator for EDC Corporation from 1990 to 2012. He graduated with a Bachelor of Science in Management Engineering from the Ateneo de Manila University.

Ruel L. Alma Jr. is a Facilities Manager of the Property Manager. He has 14 years of experience in property management. Mr. Alma has been the Head of Facilities Management for Megawide group since 2018. He was previously with Jones Lang Lasalle as Senior Facilities Manager from 2017 to 2018 and Rockwell Land as Senior Property Manager from 2007 to 2017. He holds a Bachelor of Science in Electrical Engineering from the Mapua Institute of Technology.

Internal Controls and Risk Management System

The Property Manager aims to establish internal control procedures to achieve the following overall objectives:

1. Ensure compliance with the relevant laws and regulations.

2. Protect assets that are under its control from physical loss or unauthorized access.

3. Prevent operational risk related to the assets of the Company and ensure the sound operation of business operations.

4. Ensure that property records are accurate.

The Property Manager shall aim to establish procedures to further operations that are lawful and compliant, enhance an awareness of risk controls, cultivate compliance and awareness for employees and ensure the integrity, diligence and responsibility of managers and their employees. The Property Manager shall set up senior management personnel responsible for compliance risk controls who shall independently perform the functions of internal control supervision, inspection, evaluation, report and recommendation and shall be responsible for major losses caused by the failure of internal controls caused by neglect or dereliction of duty. In addition, the Property Manager intends to establish a scientific risk assessment system to identify, evaluate and analyze internal and external risks in order to prevent and resolve risks in a timely manner.

The Oversight Policy of the Property Manager

The Property Manager's Oversight Policy on the Conduct of Operations and Maintenance Activities of the 22.33 MWp_{DC} Clark Solar Plant lists the following guidelines to be followed by CREC and the Property Manager:

- CREC, through its operations and maintenance team headed by the operations and maintenance manager (the "**O&M Manager**", shall ensure that operations and maintenance activities at the Clark Solar Power

Plant strictly adhere to the Oversight Policy and the Solar Energy Service Contract No. 2014-007-086 issued by the Philippine Department of Energy;

- The O&M Manager shall provide the Property Manager with the Oversight Policy and the monthly/quarterly/semi-annual/annual reports pertaining to the Clark Solar Power Plant's properties, operations, maintenance, health and safety, emergency plans, and such other relevant reports (collectively, the "**Relevant Reports**");

- The O&M Manager shall grant the Property Manager, its officers, staff, representatives, and other personnel access to the Clark Solar Power Plant for the purpose of conducting inspections and examinations;

- The Project Manager shall review the applicable Oversight Policy and Relevant Reports to check whether they are compliant with applicable laws and whether they conform with the best possible practices available in the industry;

- The Property Manager shall submit its findings and recommendations to the Company at least once every quarter;

- The Property Manager shall coordinate, monitor, and facilitate the compliance of operations and maintenance activities with applicable laws, ensure that they conform with the Oversight Policy, and strive to ensure that they adhere to the best practices in the industry; and

The Property Manager shall exercise diligence and thoroughness in the exercise of its functions.

Related Party Transactions

Review Procedures for Related Party Transactions

In general, the Fund Manager and Property Manager have established internal control procedures to ensure that all future transactions involving the Company and a related party of the Fund Manager, Property Manager or the Sponsors are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Property Manager and/or the Fund Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Fund Manager, Property Manager or Sponsors, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law).

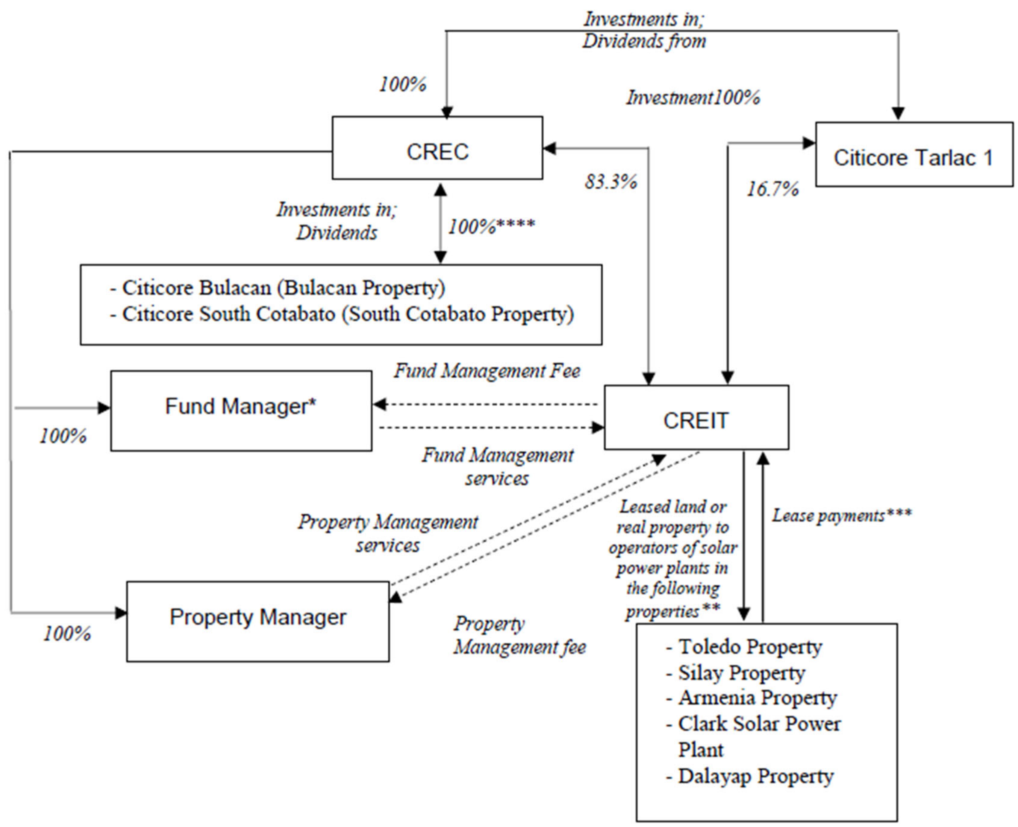
Existing Related Party Transactions

The Company has entered into a number of transactions with the Sponsors and certain Affiliates of the Sponsors. Please see the section entitled "*Related Party Transactions*" in this REIT Plan for more information on the Company's related party transactions. Save as disclosed in this REIT Plan, the Company has not entered into any other transactions with any Subsidiaries or Affiliates of the Fund Manager or the Sponsors.

THE STRUCTURE OF THE REIT

OPERATIONAL STRUCTURE

The Company is a domestic corporation, established to invest in income-generating renewable energy real estate properties. The operational and ownership structure and the relationship of the various parties, as of the date of this REIT Plan, are illustrated in the following diagram:



Notes:

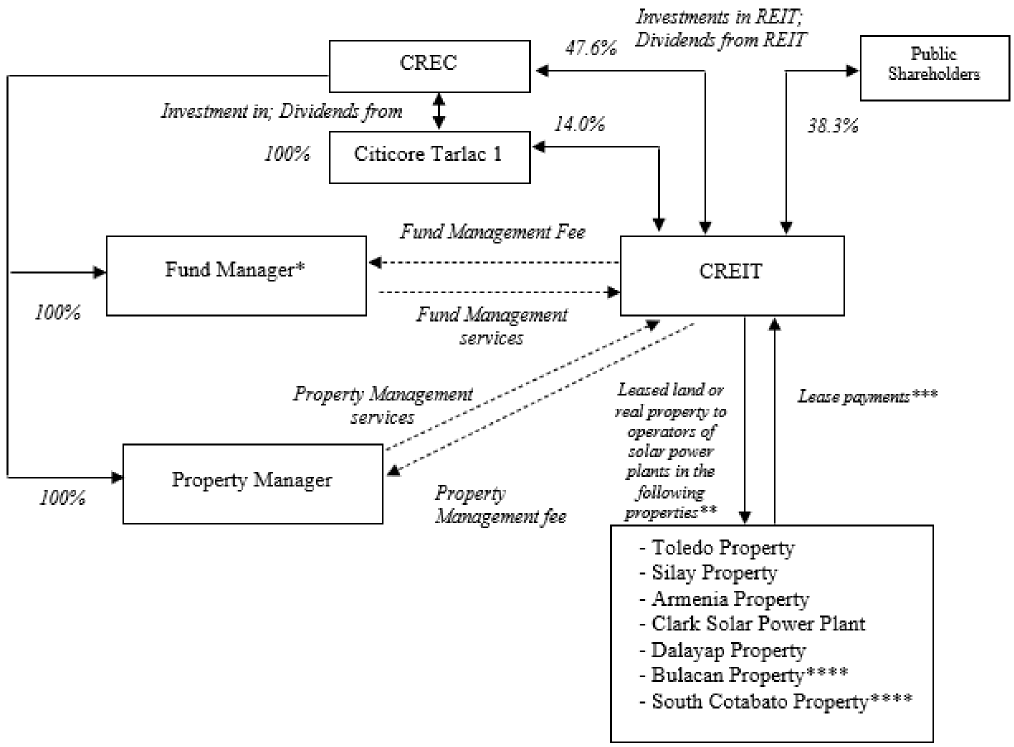
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** CREC indirectly owns 100% of Citicore Bulacan through Citicore Solar Holdings, Inc., and indirectly owns 100% of Citicore South Cotabato through Sikat Solar Holdco Inc.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is fully exercised) is illustrated in the following diagram:



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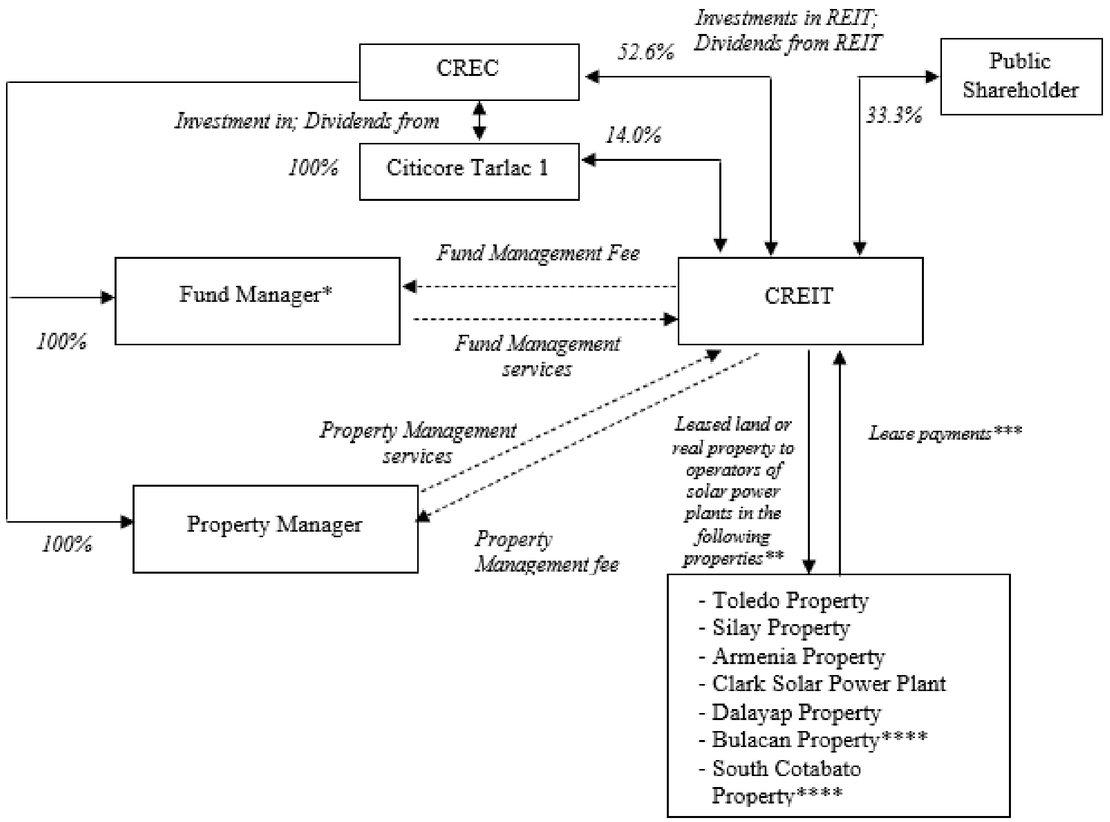
**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), which are wholly owned subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in this REIT plan.

The operational and ownership structure of the Company, following the Listing Date (assuming the Over-allotment Option is not exercised) is illustrated in the following diagram:



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While the Fund Manager and the Property Manager are Subsidiaries of CREC, in enacting their roles as Fund Manager and Property Manager, respectively, they are functionally independent from the Sponsors.

Pursuant to the provisions of the REIT Law and the Fund Management Agreement, the Fund Manager must implement the investment strategies of the REIT by: (i) determining the allocation of the Company's property to the allowable investment outlets in accordance with this REIT Plan and the investment strategies of the Company; and (ii) selecting income-generating real estate in accordance with the investment strategies of the Company; notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments, and formally advise the Company of its recommendations, even if contrary to the Company's instructions; oversee and coordinate property acquisition, leasing, operational and financial reporting, including operating budgets, appraisals, audits, market review, accounting and reporting procedures, as well as refinancing and asset disposition plans; cause a valuation of any of the real estate and other properties of the Company to be carried out by the an independent property valuer once a year or whenever the Fund Manager believes that such valuation is appropriate; take all necessary measures to ensure: (i) that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the property valuer for the relevant period, and that such Net Asset Value per Share shall be disclosed in periodic reports; (ii) that the investment and borrowing limitations set out in this REIT Plan and the conditions under which the Company was authorized are complied with; (iii) that all transactions carried out by or on behalf of the Company are conducted at arm's length; (iv) that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid and binding and enforceable by or on behalf of the Company; and (v) that the Property Manager obtains adequate property insurance for the solar panels and other real properties the Company owns unless the Lessees assume the obligation to obtain such property insurance; and perform all such functions necessary and incidental to asset management. See the sections entitled "*The Fund Manager and the Property Manager – The Fund Manager*" and "*Certain Agreements Relating to The Company and the Properties – the Fund Management Agreement*" in this REIT Plan for additional details.

The Company's principal investment strategy is to invest in income-generating real estate that meet a select set of criteria and which produces secure and growing income that provides a Competitive Investment Return to investors. Please see the section entitled "*Business and Properties – Investment Policy*" in this REIT Plan. The Company generates returns for its Shareholders by owning, and managing, real estate properties in line with its investment strategy. See the section entitled "Business and Properties – Business Strategies" in this REIT Plan for more details.

By operating pursuant to the Company's investment strategy and under the provisions of the REIT Law, the Company benefits from preferential tax treatment. Instead of being subject to income tax on the Company's taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, the Company's income tax liability is instead based on its taxable net income as defined in the REIT Law, which allows for the dividends distributed by the Company to the Company's Shareholders to be deducted for the purposes of determining the Company's taxable net income. See the section entitled "*Regulatory and Environmental Matters – Real Estate Laws – Taxation of REITs*" in this REIT Plan for more details.

DESCRIPTION OF THE SHARES

The following is general information relating to our capital stock but does not purport to be complete or to give full effect to the provisions of law and is in all respects qualified by reference to the applicable provisions of our Articles of Incorporation and By-Laws.

This REIT Plan relates to the offer and sale of 2,181,819,000 common shares (the "**Firm Offer**," and such shares, the "**Firm Shares**"), with a par value of ₱0.25 per share. The Firm Shares will comprise (i) 1,047,272,000 new common shares with a par value of ₱0.25 per share (such common shares, "**Shares**") to be issued and offered by the Company on a primary basis (the "**Primary Offer**", and such Shares, the "**Primary Offer Shares**"), and (ii) 1,134,547,000 existing Shares offered by the Selling Shareholder pursuant to a secondary offer (the "**Secondary Offer**", and such shares, the "**Secondary Offer Shares**"). The Option Shares will comprise up to 327,273,000 existing Shares of the Selling Shareholder.

The Firm Shares will be offered at a price of ₱2.55 per Share (the "**Offer Price**"). The determination of the Offer Price is further discussed in the section entitled "Determination of the Offer Price" in this REIT Plan. A total of 6,545,454,004 Shares will be outstanding after the Firm Offer representing 100% of the issued and outstanding stock of the Company.

Subject to the approval of the Securities and Exchange Commission of the Philippines (the "**SEC**"), the Selling Shareholder has granted BDO Capital in its role as stabilizing agent (the "**Stabilizing Agent**"), an option exercisable in whole or in part from and including the date of listing and when trading of the Shares commences on the PSE (the "**Listing Date**") and ending 30 calendar days from and including the Listing Date to purchase up to 327,273,000 Option Shares at the Offer Price, on the same terms and conditions as the Firm Shares as set forth in this REIT Plan, solely to cover over-allotments, if any (the "**Over-allotment Option**"). The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up. The Stabilizing Agent may conduct stabilization activities by repurchasing Common Shares from the market at up to the number of Option Shares sold under the Over-allotment Option; hence, stabilization activities and the funds available therefor will necessarily be limited by the number of Option Shares actually sold or purchased. The Over-allotment Option, to the extent not fully exercised by the Stabilizing Agent, shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholders. The Option Shares will be sold as part of the Institutional Offer (as defined below).

The Firm Shares and the Option Shares are referred to as the "**Offer Shares**," and the offer of the Offer Shares is referred to as the "**Offer**." The Offer Shares will represent approximately 38.3% of the issued and outstanding capital stock of the Company after completion of the Offer, assuming the full exercise of the Over-allotment Option, and the Offer Shares will represent approximately 33.3% of the issued and outstanding capital stock of the Company after completion of the Offer, assuming the Over-allotment Option is not exercised. After the Offer, CREC shall own 3,117,641,132 Shares, or 47.6% of the outstanding Shares and Citicore Tarlac 1 will own 918,720,864 Shares, or 14.0% of the outstanding Shares, assuming the full exercise of the Over-allotment Option. CREC shall own 3,444,914,132 Shares, or 52.6% of the outstanding Shares and Citicore Tarlac 1 will own 918,720,864 Shares, or 14.0% of the outstanding Shares, assuming the Over-allotment Option is not exercised. Please see the sections entitled "*Dilution*" and "*Plan of Distribution*" in this REIT Plan.

SHARE CAPITAL INFORMATION

As of the date of this REIT Plan, the Company has an authorized capital stock of ₱3,840,000,000.00 divided into 15,360,000,000 common shares with a par value of ₱0.25 per share. As of the date of this REIT Plan, it has 5,498,182,000 common shares are issued and outstanding and has no shares held in treasury.

RIGHTS RELATING TO SHARES

The rights and interests of Shareholders are contained in the Organizational Documents. In addition, pursuant to the REIT Law, the Company's Shareholders are entitled to annual dividends, amounting to a total of at least 90% of the Company's Distributable Income.

Each Share represents an undivided interest in the Company. From the time Shares are issued, pursuant to the Offer, such Shares will carry the same rights as all Shares in issue as at the date of this REIT Plan.

There are no restrictions under the Organizational Documents or the REIT Law on a person's right to subscribe for (or purchase) Shares and to own Shares.

Issue of Shares

Shares, when listed on the PSE, may be traded on the PSE. For so long as the Company is listed on the PSE, the Company may, subject to provisions of the Company's Organizational Documents and the REIT Law, issue further Shares, at an issue price determined in accordance with the applicable provisions of the Company's Organizational Documents and the REIT Law.

Any suspension of the issue of Shares will be announced to the PSE.

Investors should note that the Fund Manager will not be required to redeem or repurchase any Shares so long as the Company is listed on the PSE. It is intended that Shareholders deal in their Shares through trading on the PSE.

Rights and Liabilities of Shareholders

The key rights of Shareholders include rights to:

- receive income and other distributions attributable to the Shares held;
- receive audited accounts and the annual reports of the Company; and
- participate in the termination of the Company by receiving a share of all net cash proceeds derived from the realization of the assets of the Company less any liabilities, in accordance with their proportionate interests in the Company. However, no Shareholder has a right to require that any asset of the Company be transferred to him, her or it.

Further, Shareholders cannot give any directions to the Fund Manager or the Company (whether at a meeting of Shareholders or otherwise) if it would require the Fund Manager or the Company to do or omit doing anything which may result in:

- the Company ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the Fund Manager by the relevant agreements.

Voting Rights of Shares

Each common share is entitled to one vote. At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the Company's books at the time of the closing of the transfer books for such meeting.

In accordance with Section 23 of the Philippine Revised Corporation Code, at each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number his shares shall equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.

The Company's shares have full voting rights. However, the Philippine Revised Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the Board of Directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights of Common Shares

The Company may declare dividends out of its unrestricted retained earnings at such times and in such percentages as may be determined by its Board of Directors. Such determination will take into consideration factors such as debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among other things.

As of the date of this REIT Plan, the Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 95% of the Company's annual Distributable Income no later than the last day of the fifth month following the close of the fiscal year of the Company. A cash dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires the further approval of shareholders holding or representing not less than two-thirds of its outstanding capital stock. The Philippine Revised Corporation Code defines the term "outstanding capital stock" to mean the "total shares of stock issued under binding subscription contracts to subscribers or stockholders, whether fully or partially paid, except treasury shares." Such shareholders' approval may be given at a general or special meeting duly called for such purpose. See "*Dividends and Dividend Policy*."

Rights of Shareholders to Assets of the Company

Each holder of a Share is entitled to a pro rata share in the Company's assets available for distribution to the shareholders in the event of dissolution, liquidation, and winding up.

Pre-emptive Rights

Pursuant to its Articles of Incorporation, the Company's stockholders are not entitled pre-emptive right to subscribe to any issue or disposition of shares of any class of the Company.

Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

Derivative Rights

Under Philippine law, shareholders have the right to institute proceedings on behalf of the corporation in a derivative action in the event that the corporation itself is unable or unwilling to institute the necessary proceedings to rectify the wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors themselves are the malefactors.

Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

Change in Control

There are no existing provisions in the Company's Articles of Incorporation or the By-Laws which will delay, defer or in any manner prevent a change in control of the Company.

Meetings of Shareholders

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes including the election of directors. The by-laws of the Company provide for annual meetings on the first Tuesday of May of each year, or if that day is a legal holiday, then on the following business day, to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by any of the following: (a) by the Board of Directors, at its own instance, or at the written request of shareholders representing at least majority of the outstanding capital stock, or (b) by order of the President. Such call shall state the purpose or purposes of the proposed meeting.

Notice of Shareholders' Meeting

Notice for annual meetings of stockholders may be sent by the secretary or assistant secretary by personal delivery, or by mail, telegraph, cable, facsimile, electronic-mail or other electronic means to each stockholder of record entitled to vote at the address and/or facsimile, telegraph number or electronic mail address last known to the secretary or assistant secretary at least 21 days before the date of the meeting. Notice for special meetings of stockholders may be sent at least one week before the date of the meeting. Except where expressly required by law, no publication of any notice of a meeting of stockholders shall be required.

Each stockholder shall provide his current residential or office address and electronic mail address to the secretary not later than 30 days after the regular meeting of the stockholders, and shall notify the secretary of any change in his residential or office address or electronic mail address within five days from the said change. The secretary shall maintain a record of the current residential or office address, and the electronic mail address of each stockholder of the corporation. Any notice of any regular or special meeting sent by electronic mail to the last known electronic mail address of a stockholder shall be considered a valid service of the notice upon said stockholder. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. Such requirements aforesaid and notice of any meetings may be waived, expressly or impliedly, by any stockholder.

Quorum

A quorum at any meeting of the Company's shareholders shall consist of a majority of the outstanding voting stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion. If no quorum is present, the meeting shall be adjourned until the requisite number of shareholders shall be present.

Place of Meetings

All meetings of the stockholders shall be held at the principal office of the Company or at any place designated by the Board of Directors in the city or municipality where the principal office of the Corporation is located. The Board of Directors may authorize holding such meetings through remote communications or other alternative modes of communication, subject to compliance with applicable regulations. If the meetings are conducted through teleconferencing or any similar means, the secretary, or in his absence, the secretary of the meeting appointed by the chairman of the meeting, shall see to it that the conferences are duly recorded and the tapes properly stored for safekeeping.

Voting

The Company's shareholders may vote at all meetings the number of shares registered in their respective names, either in person (or through remote communication or in absentia as the Philippine SEC shall allow under its guidelines) or by proxy, executed in writing by the stockholder or his duly authorized attorney in fact. All elections and questions, except in cases specified by law or the Company's Articles of Incorporation, shall be decided by the majority vote of the stockholders present in person or by proxy, a quorum being present. Unless required by law or demanded by a stockholder present in person or by proxy at any meeting, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy, if there be such proxy, and shall state the number of shares voted by him.

Fixing Record Dates

All dividends must have a record date which shall not be less than ten and not more than 30 days from the date of declaration of dividends, in the case of cash dividends, and from the date of shareholders' approval, in case of stock dividends. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the Philippine SEC.

For the purpose of determining the shareholders entitled to notice of, or to vote at, any meetings of shareholders or any adjournment thereof, or to exercise any right under the law, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be less than ten days but not more than 30 days immediately preceding such meeting.

Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and signed in accordance with the applicable laws and rules and regulations of the Philippine SEC and of the PSE. Proxies must be in the hands of the secretary not later than seven business days prior to the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. Proxies filed with the corporate secretary may be revoked by the shareholders extending the same either by an instrument in writing duly presented and recorded with the secretary prior to the scheduled meeting or by their personal presence at the meeting. The decision of the secretary or the assistant secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.

Proxies should comply with the relevant provisions of the Philippine Revised Corporation Code, the SRC, and Philippine SEC Memorandum Circular No. 5 (series of 1996) issued by the Philippine SEC.

Substantial Holdings

While there is no rule specifically mandating the Fund Manager to report to the PSE any substantial changes in shareholdings, the REIT Law and the PSE Listing Rules adopt the disclosure and reportorial requirements under the SRC. The Company is therefore subject to the provisions of the Philippine Revised Corporation Code and SRC, which state that any person who acquires directly or indirectly the beneficial ownership of more than 5% of a class of shares or in excess of such lesser percentage as the Philippine SEC by rule may prescribe, shall, within ten days after such acquisition or such reasonable time as fixed by the SEC, submit to the issuer of the securities, to the PSE, and to the Philippine SEC a sworn statement, containing the following information and such other information as the Philippine SEC may require in the public interest or for the protection of investors: (a) the personal background, identity, residence, and citizenship of, and the nature of such beneficial ownership by, such person and all other person by whom or on whose behalf the purchases are effected; in the event the beneficial owner is a juridical person, the business of the beneficial owner shall also be reported; (b) if the purpose of the purchases or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have that will effect a major change in its business or corporate structure; (c) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by; (i) such person, and (ii) each associate of such person, giving the background, identity, residence, and citizenship of each such associate; and (d) information as to any contracts, arrangements, or understanding with any person with respect to any securities of the issuer including but not limited to transfer, joint ventures, loan or option arrangements, puts or call guarantees or division of losses or profits, or proxies naming the persons with whom such contracts, arrangements, or understanding have been entered into, and giving the details thereof.

As of the date of this REIT Plan, each of the Sponsors holds more than 5% of the Company's issued and outstanding Shares.

TRANSFER OF COMMON SHARES

All transfer of shares on the PSE shall be done by means of a book-entry system. Pursuant to this system of trading and settlement, a registered shareholder transfers legal title over the shares to such nominee, but retains beneficial ownership over the shares. A shareholder transfers legal title by surrendering the stock certificate representing his shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee. A shareholder may request his shares to be uplifted from the PDTC, in which case a certificate of stock is issued to the shareholder and the shares are registered in the name of the shareholder. See "*The Philippine Stock Market*" on page 315 of this REIT Plan.

Under Philippine law, transfer of the Shares is not required to be effected on the PSE, but any off exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "*Taxation*" on page 320 of this REIT Plan. All transfers of Shares on the PSE must be effected through a licensed stockbroker in the Philippines.

SHARE REGISTER

The Company's share register is maintained at the principal office of the Company's share transfer agent, Philippine Stock Transfer, Inc.

SHARE CERTIFICATES

Certificates representing the Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. According to the PSE Rules, however, the constitutional documents for a REIT must provide that all stock certificates must be in the form of uncertificated securities and that a shareholder may not require the REIT to issue a certificate in respect of any share recorded in his/her name. For Shareholders who wish to split their certificates, they may do so through application to our stock transfer agent. Shares may also be lodged and maintained under the book-entry system of the PDTC. See "*The Philippine Stock Market*" beginning on page 315 of this REIT Plan.

MANDATORY TENDER OFFER

Pursuant to the SRC and its implementing rules and regulations, it is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months;
- 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or
- equity which would result in ownership of over 50% of the outstanding equity securities of a public company.

Pertaining to the first instance, when the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations with and the minority shareholders.

Pertaining to the second instance, the tender offer shall be made for all the outstanding voting shares. The sale of shares pursuant to the private transaction with the stockholders shall not be completed prior to the closing and completion of the tender offer.

Pertaining to the third instance, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer shall be required to accept all securities tendered.

Further, no mandatory tender is required in:

- purchases of shares from unissued capital shares unless such purchases will result in a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the Board;

- purchases from an increase in the authorized capital shares of the target company;

- purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;

- purchases in connection with a privatization undertaken by the government of the Philippines;

- purchases in connection with corporate rehabilitation under court supervision;

- purchases through an open market at the prevailing market price; or

- purchases resulting from a merger or consolidation.

FUNDAMENTAL MATTERS

The Revised Corporation Code provides that the following acts of the corporation require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the corporation: (i) amendment of the articles of incorporation; (ii) removal of directors; (iii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the corporation; (iv) investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (v) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws; (vi) merger or consolidation; (vii) an increase or decrease in capital stock; (viii) dissolution; (ix) extension or shortening of the corporate term; (x) creation or increase of bonded indebtedness; (xi) declaration of stock dividends; (xii) management contracts with related parties; and (xiii) ratification of contracts between the corporation and a director or officer.

Further, the approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting shares, is required for the adoption or amendment of the by-laws of such corporation.

ACCOUNTING AND AUDITING REQUIREMENTS

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the Company's operations for the preceding year. This report is required to include audited financial statements.

Continuation of the Company

Under the provisions of the Philippine Revised Corporation Code and the Company's Amended Articles of Incorporation, the Company shall have perpetual existence.

CERTAIN AGREEMENTS RELATING TO THE COMPANY AND THE PROPERTIES

AGREEMENTS RELATING TO THE PROPERTIES

Property-for-Share Swap

Armenia Property

In 2021, the Company acquired the Armenia Property from Citicore Solar Tarlac 1, Inc. (formerly, nv vogt Philippines Solar Energy Three Inc.) and CREC through separate Deeds of Assignment. Subject to the Philippine SEC's confirmation of the valuation of the Armenia Property through the approval of the Company's application for increase in capital stock and issuance by the BIR of the CAR, the Sponsors transferred, assigned and conveyed absolutely in favor of the Company all of their rights, title and interest in the Armenia Property, free from liabilities, debts, liens and encumbrances, in consideration of the Company's issuance of 918,720,864 common shares to Citicore Tarlac 1 and 19,461,142 common shares to CREC.

On October 12, 2021, the Philippine SEC approved the Company's application for increase in capital stock. The CAR was issued by the Revenue District Office of Tarlac for the Armenia Property which led to the issuance of the transfer certificates of title and tax declarations for the Armenia Property in the name of the Company. The Armenia Property was swapped for 938,182,006 common shares of the Company which were issued to the Sponsors.

Land Lease Agreements (Company as lessee)

Clark Land

On September 5, 2014, the Company, as lessee, executed with Clark Development Corporation, as lessor, a Lease Agreement for the lease of a parcel of land located within the Clark Special Economic Zone for the establishment of a solar power project to be owned, operated, and maintained by the Company. CREC is the current operator of the said solar power project.

The term of the contact of lease is 25 years from the date of its execution and is renewable upon mutual consent of the parties. As a consideration for the lease, the Company pays the lessor an annual rent of ₱140,000.00, with a 10% escalation starting on the fourth year and compounded every three years thereafter. Under the terms of the contract, any of the following shall be deemed a default or breach and shall be a ground for suspension, revocation, cancellation or termination of the contract and take-over of the property without need of judicial action:

- Failure of lessee to pay any of its monetary obligations despite final written demand by the lessor;
- Use by the lessee of the property for purposes other than those specified unless mutually agreed in writing by the lessor and lessee;
- Failure of the lessee to comply with laws, rules, or regulations, including but not limited to Labor Code, Minimum Wage law, Employment and Compensation Law, Social Security Act and such other labor laws decrees or regulations;
- Violation of the lessee of any other terms and conditions of the agreement and failure to cure such violation within a period provided by the lessor;
- Violation of the lessee of any conditions provided in the lessee's Clark Freeport Zone ("**CFZ**") certificate of registration and all other CFZ rules and regulations being implemented and to be issued by the lessor;
- Any disagreement, misunderstanding, falling out or intra-corporate dispute between and among the lessee's investors, partners, representatives, or assigns which in any way impedes or disrupts compliance or implementation of the agreement.

Failure of the lessee to cure any of the foregoing default or breach within the given period from receipt of written notice issued by the lessor shall result to all, but not limited to revocation of any incentives or privileges of the lessee, cancellation or termination of the agreement, or take over and padlock the property.

Under the Lease Agreement, the Company shall post a performance bond in the amount of 12 months' rental upon the signing of the lease. The bond shall be forfeited in favor of the lessor, as liquidated damages, in case of failure of the Company to perform any of its obligations under the Lease Agreement, its pre-termination and/or termination. Upon expiration of the lease and the faithful compliance of the Company of its obligations, the bond shall be refunded or returned to the Company.

On February 24, 2016, the Company executed a lease contract, with Clark Development Corporation as lessor, for the lease of an additional area of 318 sq.m. located within the Clark Special Economic Zone for the establishment of a Protection Switchyard Station. The lease for the Protection Switchyard Station is co-terminus with the lease of the parcel of land for the Clark Solar Power Plant or until September 4, 2039. Under the agreement, the Company pays the lessor the rate of U.S.$104.94 per month with a 10% compounded increase starting on the fourth year and every three years thereafter.

On October 13, 2021, CREC and CREIT executed a Deed of Assignment whereby CREIT assigned to CREC Solar Energy Service Contract (SESC) No. 2014-07-086 which was granted to CREIT by the DOE on July 24, 2014 to explore, develop and operate the 22.33MWpDC Clark Solar Power Project. Pursuant to the Deed of Assignment, CREC was appointed and constituted as the party having the right to operate the Clark Solar Power Plant, effective upon the approval of the DOE and shall remain in force for a period until the expiry of the Service Contract including the renewal thereof.

Toledo Property

On July 30, 2021, Citicore Cebu executed a Deed of Assignment with the Company, which was confirmed by Leavenworth Realty Development, Inc. ("**LRDI**"), pursuant to which Citicore Cebu transferred, assigned and conveyed to the Company, all of Citicore Cebu's rights and obligations under the lease agreement dated November 12, 2015 between Citicore Cebu and LRDI over the Toledo Property. LRDI holds usufructuary rights over the Toledo Property granted by the owner of the land. The Toledo Property is the site of the 60MWp$_{DC}$ solar power plant of Citicore Cebu.

The term of the assigned contract of lease is for 25 years commencing on May 31, 2016 and ending on May 30, 2041. The contract grants to the Company the option to renew the contract upon mutual written agreement with the lessor.

As consideration for the lease, the Company pays the lessor ₱6,000,000 per annum. This rate is subject to an escalation rate of 12% every five years. Any adjustment in the rent that is not defined in the contract will be subject to a discussion and will be mutually agreed upon by the parties.

Under the terms of the contract of lease, the lessor is responsible for the real property tax over the leased area. The Company shall be responsible for the payment of any increase in the real property tax over the leased area as well as on the improvements introduced to the leased area. The Company is also responsible for any value-added tax, documentary stamp tax, or other taxes (except for income taxes) that are imposed in connection with the execution of the lease contract.

The contract also expressly recognizes Citicore Cebu's ownership of the solar power project as well as any intellectual property rights associated or attached to it.

Under the lease contract, the leased area shall be used exclusively for construction and operation of the solar power plant. The lessor shall notify the Company in case the landowner desires to sell the property in favor of his immediate family or to any corporation or legal entity controlled or owned by the landowner and/or his immediate family. However, if the landowner desires to accept a bona fide offer to purchase the property from a third-party offeror, the Company shall have the right to match the offer. Once the lessor receives the Company's matching offer, the lessor will forward the same to the land owner who, in turn, will sell the property to the Company. If the Company fails to exercise its right to match the offer, the contract provides that the third-party offeror will respect the lease contract, which will remain in full force and effect until its termination.

Either party may terminate the contract if the other party commits a substantial breach of any of its material obligations, representations, and warranties and fails to adequately remedy the same within 30 days from receipt of the written notice from the terminating party.

On the other hand, if the lessee commits any breach of the contract and it fails to adequately remedy the same within 30 days from receipt of a written notice of such breach, the lessor may cut-off services and utilities, lock up the premises, and exercise its absolute right to rescind and cancel the contract due to breach or non-performance of essential conditions.

Silay Property

On August 6, 2021, the Company, as lessee, executed with Claudio Lopez, Inc., as lessor, a Solar Site Lease Agreement for the lease of the Silay Property. The property is the site of the 25MW_{DC} solar power plant that is owned, operated, and maintained by Citicore Solar Negros Occidental, Inc. ("**Citicore Negros Occidental**").

The term of the contract of lease is a continuation of the original contract between Claudio Lopez, Inc. and Citicore Negros Occidental. The original contract commenced on November 1, 2015 and will expire on October 31, 2040. Accordingly, the contract of lease between the Company and Citicore Negros Occidental has a term of 19 years. At the end of the said term, the contract will be extended for an additional period of five years unless either party delivers a written notice to the other party at least six months prior to the end of the term of its intent to terminate the contract by the end of the term.

As a consideration for the lease, the Company pays Claudio Lopez, Inc. a rate of ₱98,925.63 per hectare per annum. This rate is subject to an escalation rate of two percent (2%) per annum.

Under the terms of the contract of lease, the lessor is responsible for all amounts relating to (i) inheritance or estate taxes imposed upon or assessed against the property; (ii) taxes computed upon the basis of the net income or payments derived from the property; and (iii) taxes, fees, service payments, excises, assessments, bonds, levies, fees, or charges of any kind which are adopted by any public authority after the contract's execution date. On the other hand, the Company shall pay all business or license taxes or fees, service payment in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to the Company's occupancy and use of the property, including real property taxes on the property.

The contract expressly allows the Company to sublease the property to Citicore Negros Occidental without the prior consent of the lessor. The contract also expressly recognizes Citicore Negros Occidental's ownership of the solar power project located on the leased property.

The contract specifies the following as events of default:

- A party fails to pay any amount it is obligated to pay under the law or the lease contract within 60 days after such amount is due;
- A party is in breach of any representation or warranty set forth in the contract or fails to perform any material obligation and such breach or failure is not cured within 60 days after notice from the non-defaulting party;
- A party admits in writing its inability to pay its debts generally as they become due;
- Such party files a petition for rehabilitation or insolvency under the Financial Rehabilitation or Insolvency Act (Republic Act No. 10142) or any other applicable law or statute;
- Such party makes an assignment for the benefit of creditors;
- Such party consents to the appointment of a receiver of the whole or any substantial part of its assets;
- Such party has a petition for bankruptcy filed against it, and such petition is not dismissed within 90 days after its filing;
- A court of competent jurisdiction enters an order, judgement, or decree appointing a receiver of the whole or any substantial part of such party's assets, and such order, judgment or decree is not vacated or set aside or stayed within 90 days from the date of its date of entry; or

- Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the whole or any substantial part of such party's assets and such custody or control is not terminated or stayed within 90 days from the date of assumption of such custody or control.

Upon the happening of any of the foregoing event of default, the non-defaulting party shall have the right (but not the obligation) to terminate or suspend the contract of lease upon notice to the defaulting party. The defaulting party shall be liable to reimburse the non-defaulting party for such damages, expenses and costs relating to such default.

Dalayap Property

Lease between the Company and Ma. Paula Cecilia David and Juan Francisco David

On July 26, 2021, the Company, as lessee, executed a contract of lease with Ma. Paula Cecilia David & Juan Francisco David, as lessors, in relation to a 56,600 sq.m. parcel of land forming part of the Dalayap Property and located at Barangay Dalayap, Tarlac City. The land is the site of Citicore Solar Tarlac 2, Inc.'s ("**Citicore Tarlac 2**") 7.55MWp_{DC} solar power plant.

The term of the contract of lease is for 19 years commencing on January 1, 2021 and ending on October 31, 2040. The contract may be extended for another 25 years at the Company's option by delivering to a written notice of extension to the lessor at least 180 days prior to the expiration of the original term of the contract. Upon the lessor's acceptance and consent to the extension, the term of the contract of lease shall be extended until October 31, 2065. Any further extension shall be the subject of a mutual agreement between the lessor and the Company.

As a consideration for the lease the Company pays the lessor a monthly rate of ₱205,333.34. Starting on November 1, 2026, the monthly rate shall be ₱225,867.77. Thereafter, the rate is subject to an escalation rate of 10%, which will take effect on the 5th, 10th, and 15th-anniversaries from November 1, 2026.

Such rate is subject to an escalation rate of ten percent (10%), which will take effect on the 5th, 10th, and 15th-anniversaries of the contract.

Under the terms of the contract of lease, the lessor is responsible for the payment of all taxes (either local or national), charges, assessments, or fees with respect to the land. On the other hand, the Company will be responsible for all taxes (local or national), charges, assessments, or fees with respect to any building and permanent improvements introduced by the Company or its sublessee. The lessor and the Company equally share the documentary stamp taxes or other taxes accruing by reason of the execution of the contract of lease or any amendment or extension of the same.

The Company has the right of first refusal in case the landowner decides to sell, assign, transfer, convey, or encumber the whole or portion of the property. The right shall be exercised with a written notice of intention to sell, specifying the terms and conditions of the proposed sale and the Company has a right to match the offer terms. The Company also has the express right to assign or sublease the property to Citicore Tarlac 2 without first securing the lessor's approval.

Under the contract of lease, the Company may be considered in default when: (1) it defaults in the payment of any due rent, penalty, charge, or amount payable to the lessor; or (2) it uses the property for any purpose other than the activity specified in the contract.

Lease between the Company and Benigno S. David and Vivencio M. Romero, Jr.

On July 26, 2021, the Company, as sublessee, also executed a Contract of Sublease with Benigno S. David and Vivencio M. Romero, Jr., as sublessors, for the sublease of a 47,731 sq.m. parcel of land forming part of the Dalayap Property and located in Barangay Dalayap, Tarlac City. A part of Citicore Tarlac 2's 7.55MWp_{DC} solar power plant is located on such property.

The terms of the Contract of Sublease are similar to the terms of the contract of lease between the Company and Ma. Paula Cecilia David and Juan Francisco David described above, except that:

1. In the Contract of Sublease, the Company pays the sublessor a monthly rate of ₱172,333.34 per month. Starting on November 1, 2026, the monthly rate shall be ₱189,566.67; and

2. Under the terms of the Contract of Sublease, the sublessor has the right of first refusal in case the landowner decides to sell, transfer or convey the property .

The Company similarly has the express right to further assign or sublease the property to Citicore Tarlac 2 without securing the sublessor's approval.

Land and Property Lease Agreements (Company as lessor)

Armenia Property

The 8.84MWp$_{DC}$ solar power plant owned and operated by Citicore Tarlac 1 is located on the Armenia Property. On July 26, 2021, the Company, as lessor, entered into a long-term lease agreement with Citicore Tarlac 1, as lessee for the latter's lease of the Armenia Property. The lease has a term of 25 years commencing on November 1, 2021 and ending on October 30, 2046, unless sooner revoked, cancelled, or otherwise terminated in accordance with law and/or for reasons stated in the agreement. The lease agreement may be renewed upon mutual agreement in writing by Citicore Tarlac 1 and the Company.

Citicore Tarlac 1 owns the 8.84MWp$_{DC}$ solar power plant within the Armenia Property, including the solar modules, inverters, mounting frames, cables, communication gadgets, and electrical accessories, among others. Citicore Tarlac 1 also owns any intellectual property rights associated or attached to the solar power plant. Except for purposes of project financing, Citicore Tarlac 1 cannot assign, transfer, mortgage, convey, or sell any equipment and other asset, or its rights and interests over the solar power plant, unless it obtains the Company's written consent 15 days prior to such assignment, mortgage, transfer, conveyance, or sale, and subject to such conditions and restrictions as the Company may impose. Any and all rights and interest accruing to third parties in violation of this condition does not bind the Company.

The lessee is not allowed to sublease the leased area or any portion thereof, without the consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

On the other hand, the Company has the right to assign, transfer, or encumber any of its rights and interests under the lease to any other entity upon written notice to the lessee. The Company is also allowed to sell, transfer, or convey the property to a third person or entity. However, the lessee shall have the right of first refusal in the event that the Company desires to sell, assign, transfer, convey, or encumber the property or any portion thereof to a third person or entity.

Under the terms of the lease agreement, Citicore Tarlac 1 is accountable for all real estate taxes and other assessments on the leased area and the buildings, structures, and improvements as may be imposed by the national or local governments. The lessee shall also be liable for the value-added, documentary stamp, or other taxes and fees that may be imposed in connection with the lease.

The lease agreement lists the following as grounds for the suspension, revocation, cancellation, or termination of the lease agreement and take-over of the leased area without need of judicial action:

(1) Failure of Citicore Tarlac 1 to pay any of its monetary obligations despite the Company's final written demand;

(2) Citicore Tarlac 1's use of the leased area for purposes other than those specified in the lease agreement, unless both parties have agreed in writing for such other use;

(3) Failure of Citicore Tarlac 1 to conduct its business activity for a period of six months, without any justifiable reason, even if rentals are paid;

(4) Declaration under oath by Citicore Tarlac 1 of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

(5) Citicore Tarlac 1's failure to comply with the provisions on transfer of rights;

(6) Citicore Tarlac 1's violation of any other terms and conditions of the lease agreement coupled with its failure to cure such violation within the period provided in the agreement;

(7) Citicore Tarlac 1's commission of any illegal act in the conduct of its business operations;

(8) Citicore Tarlac 1's abandonment of the leased area for a period of 30 days; and

(9) any other analogous grounds for suspension, revocation, cancellation, and termination of the lease agreement and the take-over of the leased area.

Toledo Property, Silay Property and Dalayap Property

The Company subleases the Toledo Property, the Silay Property, and the Dalayap Property to Citicore Cebu, Citicore Negros Occidental, and Citicore Tarlac 2, respectively.

The sublease contract for the Toledo Property is for a period of 19 years, commencing on January 1, 2022 and ending on May 31, 2041. The sublease contract for the Silay Property is for a period of 18 years, commencing on January 1, 2022 and ending on October 31, 2040. The sublease contract for the Dalayap Property is for a period of 19 years, commencing on November 1, 2021 and ending on October 31, 2040.

These sublease contracts have the following general terms:

(1) The sublessee has the option to renew the term of the contract, subject to the mutual written agreement of the parties, and provided that the term of the contract shall not go beyond the lease term of the principal lease contract between the Company and the respective lessor.

(2) The sublessee pays for all real estate taxes and other assessments on the subleased area and on the buildings, structures, and improvements on the subleased area. The sublessee also pays for all value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority in connection with the sublease contract. The sublessee shall also withhold the required withholding tax from the sublease payment and remit the same to the BIR, if applicable.

(3) The sublessee owns the solar power project built on the subleased property. However, the sublessee cannot assign, transfer, mortgage, convey, or sell any of its equipment or assets, or its rights and interests over the solar power project without first securing the Company's consent, except for purposes of financing the solar power project.

(4) The subleased area shall be exclusively used for the operation and maintenance of the solar power project, unless prior written consent of the Company is obtained.

(5) The sublessee is not allowed to further sublease the subleased area or any portion thereof, without the consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The sublessee and its subsublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

(6) The grounds for suspension, revocation, cancellation, or termination of the sublease agreement and the take-over of the subleased area by the Company without need of judicial action are:

    a. Failure of the sublessee to pay any of its monetary obligations despite final written demand by the Company;

    b. Use by the sublessee of the subleased area for purposes other than those specified in the sublease agreement, unless the parties agreed in writing for such other use;

c. Failure of the sublessee to conduct its business activity for a period of six months, without any justifiable reason, even if the rentals are paid;

d. Declaration under oath by the sublessee of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

e. Failure of the sublessee to comply with the provision on transfer of rights provided in the sublease agreement;

f. Violation of the sublessee of any other terms and conditions of the sublease agreement coupled with the failure to cure such violation within the period provided by the Company;

g. The commission by the sublessee of any illegal act in the conduct of its business operations;

h. Abandonment of the subleased area by the sublessee for a period of 30 days; and

i. Any other analogous grounds for suspension, revocation, cancellation, and termination of the sublease agreement and the take-over by the Company of the subleased area.

(7) A default by the sublessee on the payment of its monetary obligations shall have the following effects:

a. The Company may charge an interest of 1% per month plus penalty of 1% per month to be computed from the date of delay, which shall be compounded until full payment is remitted;

b. The sublessee shall have a curing period of 60 days from the date said payments ought to have been paid;

c. If there are disputed amounts, the sublessee shall immediately remit to the Company any amount that is not controverted;

d. If the sublessee still fails or refuses to settle its outstanding monetary obligations with the Company without a justifiable reason, the Company may impose the penalties mentioned above and have the automatic right to request the public utilities to discontinue their services without need of prior notice.

Clark Solar Power Plant Lease Agreement

The Company leased the Clark Solar Power Plant located on the Clark Land to CREC for a period of around 18 years commencing from November 1, 2021 until September 4, 2039.

The lease contract has the following general terms:

(1) The lessee has the option to renew the term of the contract, subject to the mutual written agreement of the parties, and provided that the term of the contract shall not go beyond the lease term of the principal lease contract between the Company and the respective lessor.

(2) The lessee pays for all real estate taxes and other assessments on the buildings, structures, and improvements on the leased property. The lessee also pays for all value-added, documentary stamp, or other taxes and fees that may be imposed by the appropriate taxing authority in connection with the lease contract. The lessee shall also withhold the required withholding tax from the sublease payment and remit the same to the BIR, if applicable.

(3) The Company owns the solar power project leased to the lessee. The lessee cannot assign, transfer, mortgage, convey, or sell any of the equipment or assets, or its rights and interests over the solar power project without first securing the Company's consent, except for purposes of financing the solar power project.

(4) The leased property shall be exclusively used for the operation and maintenance of the solar power project, unless prior written consent of the Company is obtained.

(5) The lessee shall not remove, replace, alter, or transfer any of the solar power project or any equipment or materials of the leased property without the prior written consent of the Company.

(6) The lessee is not allowed to transfer the leasehold right without the prior written consent of the Company.

(7) The lessee is not allowed to sublease the leased property or any portion thereof, without the consent of the Company, except if the sublessee is an affiliate, subsidiary, or a related party of the lessee. The lessee and its sublessee, if applicable, shall have no right to sell, mortgage, assign, transfer, or otherwise encumber its leasehold rights, interests, and obligations under lease without the prior written consent of the Company.

(8) The grounds for suspension, revocation, cancellation, or termination of the lease agreement and the take-over of the subleased area by the Company without need of judicial action are:

a. Failure of the lessee to pay any of its monetary obligations despite final written demand by the Company;

b. Use by the lessee of the leased property for purposes other than those specified in the sublease agreement, unless the parties agreed in writing for such other use;

c. Failure of the lessee to conduct its business activity for a period of six months, without any justifiable reason, even if the rentals are paid;

d. Declaration under oath by the lessee of its insolvency and/or mere filing of a petition for insolvency, petition for suspension of payments, or petition for corporate rehabilitation;

e. Failure of the lessee to comply with the provision on transfer of rights provided in the lease agreement;

f. Violation of the lessee of any other terms and conditions of the lease agreement coupled with the failure to cure such violation within the period provided by the Company;

g. The commission by the lessee of any illegal act in the conduct of its business operations;

h. Abandonment of the leased property by the lessee for a period of 30 days; and

i. Any other analogous grounds for suspension, revocation, cancellation, and termination of the sublease agreement and the take-over by the Company of the subleased area.

(9) A default by the sublessee on the payment of its monetary obligations shall have the following effects:

a. The Company may charge an interest of 1% per month plus penalty of 1% per month to be computed from the date of delay, which shall be compounded until full payment is remitted;

b. The lessee shall have a curing period of 60 days from the date said payments ought to have been paid;

(10) If there are disputed amounts, the lessee shall immediately remit to the Company any amount that is not controverted;

(11) If the lessee still fails or refuses to settle its outstanding monetary obligations with the Company without a justifiable reason, the Company may impose the penalties mentioned above and have the automatic right to request the public utilities to discontinue their services without need of prior notice.

Lease Rates

The property lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties.

In consideration for CREC's continuation of the operation of the Clark Solar Power Plant, CREIT executed a Deed of Assignment on October 13, 2021 effectively assigning its rights obligations, risks and liabilities, benefits and interests attributable to Service Contract issued by the DOE and other relevant permits, licenses, certifications, and agreements reasonably required for the operation of the Clark Solar Power Plant.

PROPERTIES TO BE ACQUIRED

After the Offer, the Company intends to acquire the lots where the respective solar power plants of Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property) are located. CREC indirectly owns 100% of Citicore Bulacan through Citicore Solar Holdings, Inc., and indirectly owns 100% of Citicore South Cotabato through Sikat Solar Holdco Inc. The Company intends to use the net proceeds from the Primary Offer to fund such acquisition. Please see "*Use of Proceeds*" in this REIT Plan. After the completion of the acquisition, the Company intends to lease each of such acquired properties to Citicore Bulacan and Citicore South Cotabato, respectively, on a commercial and arm's length basis. The Company will negotiate the final terms of the deeds of absolute sale and lease agreements with Citicore Bulacan and Citicore South Cotabato on a commercial and arm's length basis. The Company expects the lease rates for the Bulacan Property and the South Cotabato Property to have a fixed base rental rate and variable rental rate, similar to the Leased Properties. See "*Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue*", which includes further details and a table of the guaranteed annual base lease payments for each of the Properties to be Acquired.

Memorandum of Agreement for the acquisition and lease of the Bulacan Property

On July 26, 2021, the Company and Citicore Bulacan entered into a Memorandum of Agreement ("**Citicore Bulacan MOA**"), which details the agreement in principle between the Company and Citicore Bulacan for the acquisition and lease of seven parcels of land with an aggregate area of 253,880 sq.m. located in San Ildefonso, Province of Bulacan. Specifically, the parties have committed to execute a deed of absolute sale with the Company as buyer, and Citicore Bulacan as seller, upon the initial public offering of the shares of the Company as a REIT company and its listing at the PSE, unless such date is mutually extended by the parties, unless such date is mutually extended by the parties. The parties also committed to simultaneously enter into a lease agreement with the Company as lessor, and Citicore Bulacan as lessee, covering such properties, where Citicore Bulacan's 15MWp$_{DC}$ solar power plant is located.

The Company and Citicore Bulacan have committed to execute the deed of absolute sale and the lease agreement, subject to certain key indicative terms and conditions set forth in the Citicore Bulacan MOA, including the successful listing of the Company and the issuance of a certification by the Company's Compliance Officer stating the all clearances and approvals for the execution of the pertinent agreements have been secured.

Memorandum of Agreement for the acquisition and lease of the South Cotabato Property

Similarly, on July 26, 2021, the Company and Citicore South Cotabato entered into a Memorandum of Agreement for the acquisition of Citicore South Cotabato's property located at Banga, South Cotabato with an area of 79,997 sq.m. (the "**Citicore South Cotabato MOA**"). Under the terms of the Citicore South Cotabato MOA, the parties agreed in principle to execute a deed of absolute sale with the Company as buyer, and Citicore South Cotabato as seller, upon the initial public offering of the shares of the Company as a REIT company and its listing at the PSE, unless such date is mutually extended by the parties. The parties also committed to simultaneously enter into a lease agreement covering the entire property, which houses the 6.2MWp_{DC} solar power plant of Citicore South Cotabato.

The Company and Citicore South Cotabato have committed to execute the deed of absolute sale and the lease agreement, subject to certain key indicative terms and conditions set forth in the Citicore South Cotabato MOA, including the successful listing of the Company and the issuance of a certification by the Company's Compliance Officer stating the all clearances and approvals for the execution of the pertinent agreements have been secured.

FUND MANAGEMENT AGREEMENT AND PROPERTY MANAGEMENT AGREEMENT

Fund Management Agreement

The Fund Manager has the overall responsibility for the allocation of the Deposited Property to the allowable investment outlets and selection of income-generating real estate, pursuant to the Fund Management Agreement. The Fund Management Agreement was entered into on July 26, 2021 between the Company and the Fund Manager pursuant to which the Company engaged the Fund Manager to execute and implement the investment strategies for the Company.

The term of the Fund Management Agreement is for five years, commencing on the Listing Date. The Fund Management Agreement automatically renews for successive five-year terms thereafter, unless terminated on certain grounds, including material breach of the agreement.

Pursuant to the Fund Management Agreement, the Fund Manager has the authority to disburse funds of the Company, within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing, operating, and marketing plans approved by the Company's Board, and to designate the authorized signatories to execute such contracts.

Fund Manager's Services

For a description of the services provided by the Fund Manager to the Company pursuant to the Fund Management Agreement, please see "*The Fund Manager and the Property Manager – The Fund Manager*".

Fees

Under the Fund Management Agreement, the Fund Manager will receive a Fund Management Fee. See "*The Fund Manager and the Property Manager – Fund Management Fee*" for more details.

Budget

The Fund Manager has the authority to disburse funds of the Company, within the budget approved by the Board of Directors of the Company, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing and operating plans approved by the Board of the Company, and to designate the authorized signatories to execute such contracts

Expenses and Reimbursable Amounts

Costs included in the Fund Management Fee

The Fund Management Fee covers the fair and equitable share of the Company in the total routine administrative expenses of the Fund Manager such as salaries and wages, supplies, credit investigation, collateral appraisal, security, messengerial and janitorial services, supervision fees imposed by relevant regulatory agency and internal audit fees.

Reimbursable Costs

The Fund Manager may charge the Company for special expenses provided such expenses are: (1) necessary to preserve or enhance the value of the fund; (2) payable to a third party covered by a separate contract, and (3) disclosed to the Company's stockholders.

Fund Manager's costs that will not be reimbursed

Costs attributable to losses arising from the gross negligence or fraud on the part of the Fund Manager, the Fund Manager's agents or employees shall be at the sole cost and expense of the Fund Manager and shall not be reimbursed by the Company.

Termination

For grounds to terminate the Fund Management Agreement, please see "*The Fund Manager and the Property Manager – Termination*".

Assignment

The Fund Manager may not assign its rights and obligations under the Fund Management Agreement without the prior written consent of the Company.

Property Management Agreement

The Properties comprising the initial portfolio of the Company are managed by the Property Manager pursuant to the Property Management Agreement. This Property Management Agreement was entered into on August 9, 2021 between the Company and the Property Manager pursuant to which the Company engaged the Property Manager to operate, maintain, and manage each Property, subject to the overall management and directions of the Fund Manager.

The term of the Property Management Agreement is for five years, commencing on the Listing Date. The Property Management Agreement shall automatically renew for successive five-year terms thereafter, unless terminated by either party by written notice on certain grounds, including material breach of the agreement.

Pursuant to the Property Management Agreement, in general, the Company shall have the overall responsibility for the facilities management of the properties, lease administration, operations management, and handling of tenant relations. To this end, the Property Manager shall have the authority to disburse funds of the Company, in so far as such disbursement relates to its functions, and within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, negotiate and award lease contracts, execute and deliver, on behalf of the Company, all leasing contracts in accordance with the leasing and marketing plans approved by the Board, and to designate the authorized signatories to execute such contracts.

Property Manager's Services

For a description of the services provided by the Property Manager to the Company pursuant to the Property Management Agreement, please see "*The Fund Manager and the Property Manager – The Property Manager*".

Fees

Under the Property Management Agreement, the Property Manager will receive a Property Management Fee. See "*The Fund Manager and the Property Manager – Property Management Fee*" for more details.

Expenses and Reimbursable Amounts

Costs included in the Property Management Fee

The Property Manager shall be responsible for the expenses necessary for it to render the relevant management services, including compensation for its employees, which are assigned to manage and administer the Properties on a part-time or full-time basis, and other administrative expenses. The Property Management Fee charged to the Company shall cover the fair and equitable share of the Company in the total routine administrative expenses of the Property Manager, such as salaries and wages, supplies, appraisals, security, messengerial and janitorial services, supervision fees imposed by the relevant regulatory agency and internal audit fees.

Reimbursable Costs

The Property Manager may charge the Company for special expenses provided that such special expenses are: (1) necessary to preserve or enhance the value of the Properties; (2) payable to a third party covered by a separate contract, and (3) disclosed to the Company's stockholders.

Property Manager's costs that will not be reimbursed

Costs attributable to losses arising from the gross negligence or fraud on the part of the Property Manager, the Property Manager's agents or employees shall be at the sole cost and expense of the Property Manager and shall not be reimbursed by the owner of the Properties.

Termination

For grounds to terminate the Property Management Agreement, please see "*The Fund Manager and the Property Manager – Termination*".

Assignment

The Property Manager may not assign the Property Management Agreement without the prior written consent of the Company.

Contracting/Subcontracting

The Property Manager shall be allowed to employ, directly or through contractors and/or subcontractors for the provision of any of the services contemplated under the Property Management Agreement as would enable the Property Manager to manage, operate and maintain the Properties; provided, that in the case of subcontractors, the subcontractor must have the required competency to perform the services and acceptable to the Company; and provided further, that the Property Manager shall be primarily responsible for all acts and omission of the subcontractor, and shall hold the Company free and harmless from any and all liabilities, fault, or cause of action from acts or omissions of the subcontractor.

REGULATORY AND ENVIRONMENTAL MATTERS

The following description is a summary of certain laws and regulations in the Philippines that are generally applicable or relevant to companies such as ours, operating under the REIT Law, and the real estate industry. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

REAL ESTATE LAWS

The REIT Law

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the Philippine SEC approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on May 13, 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On January 20, 2020, the Philippine SEC issued Memorandum Circular No. 1, Series of 2020 (the "**Revised REIT IRR**"), amending the existing REIT regulations by, among other things, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on January 23, 2020 and became effective on February 7, 2020.

Minimum Requirements of a REIT

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the Philippine SEC in accordance with the SRC and listed with the PSE in accordance with its Listing and Disclosure Rules and its Amended Listing Rules for REITs (the "**PSE Rules**"). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the Philippine SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

Pursuant to the SRC and PSE Rules, a REIT must meet the following requirements:

1. A REIT must be incorporated as a stock corporation with a minimum paid-up capital of ₱300,000,000 at the time of incorporation which can be either in cash and/or property;

2. Its Articles of Incorporation and By-Laws must provide that all the shares of stock of the REIT shall be issued in the form of uncertificated securities;

3. It must be a public company and to be considered as such, maintain its status as a listed company; and upon and after listing, have at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT;

4. It must appoint a fund manager that is independent from the REIT and its sponsor(s)/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

5. It must appoint a property manager who is independent from the REIT and its sponsor/promoter(s), and is in compliance with the Fit and Proper Rule of the Philippine SEC for a REIT and the Revised REIT IRR;

6. At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;

7. It must have such organization and governance structure that is consistent with the Revised Code of Corporate Governance and pertinent provisions of the SRC and hold such meetings as provided for in its constitutive documents pursuant to the Philippine Revised Corporation Code;

8. It must submit a reinvestment plan and a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income-generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT;

9. A REIT must distribute at least 90% of its distributable income annually, as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT, subject to the conditions provided in Rule 4, Section 4 of the Revised REIT IRR;

10. The REIT shall also appoint an independent and duly accredited Property Valuer in accordance with Rule 9, Section 1 of the Revised REIT IRR; and

11. The REIT may only invest in certain allowable investments as will be further discussed in detail below.

Allowable Investments of a REIT

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT to the following:

1. Real estate, whereby 75% of the total value of the REIT's assets reflecting the fair market value of total assets held ("**Deposited Property**") must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the Philippine SEC. An investment in real estate may be by way of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees;

2. Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;

3. Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (i.e., treasury bills, fixed rate treasury notes, retail treasury bonds denominated in either Philippine or in foreign currency, and foreign currency linked notes);

4. Bonds and other evidence of indebtedness issued by: (a) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the Philippine SEC that is at least two notches higher than that of ROP bonds; and (b) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development or the Asian Development Bank);

5. Corporate bonds or non-property privately-owned domestic corporations duly registered with the Philippine SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;

6. Corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the Philippine SEC and the foreign country grants reciprocal rights to Filipinos;

7. Commercial papers duly registered with the Philippine SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

8. Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past 3 years;

9. Cash and cash equivalent items;

10. Collective investment schemes duly registered with the Philippine SEC or organized pursuant to the rules and regulation of the BSP, provided that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing the prescribed weekly publication of the Net Asset Value Per Unit of the Collective Investment Scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;

11. Offshore mutual funds with ratings acceptable to the Philippine SEC; and

12. Synthetic Investment Products, provided that (i) it shall not constitute more than five percent (5%) of its investible funds; (ii) availment is solely for the purpose of hedging risk exposures of the existing investments of the REIT; (iii) it shall be accounted for in accordance with the PFRS; (iv) it shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BPS and/or the Philippine SEC; and (iv) its use shall be disclosed in the REIT Plan and under special authority from the Philippine SEC.

Taxation of REITs

Income Tax

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020 and by Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the National Internal Revenue Code, as amended (the "**Tax Code**"), on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

Gross Income		(as defined under Section 32 of the Tax Code)
Less:		
	Allowable Deductions	(as provided under Section 34 whether itemized or Optional Standard Deduction)
	Dividends Paid	(as defined under Revenue Regulations No. 13-11, as amended)
	Taxable Net Income x 25%	
	Income Tax Due	

Under Revenue Regulations No. 3-2020, a REIT shall maintain its status as public company from the year of its listing, at the latest and thereafter, and shall comply with the provisions of its submitted Reinvestment Plan, as certified by the Philippine SEC. Otherwise, the dividend payment shall not be allowed as a deduction from its taxable income. For purposes of Revenue Regulations No. 3-2020, a "public company" is a company listed with the Exchange and which, upon and after listing, has at least 1,000 public shareholders each owning at least 50 shares of any class and who, in the aggregate, own at least one-third (1/3) of the outstanding capital stock of the

REIT. Furthermore, upon the occurrence of any of the following events, a REIT shall be subject to income tax on its taxable net income as defined in the Tax Code instead of its taxable net income as defined in the REIT Law: (a) failure to maintain its status as a public company as defined in the REIT Law; (b) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure to distribute at least 90% of its Distributable Income as required by the REIT Law; (d) failure to comply with the Reinvestment Plan, as certified by the Philippine SEC, or (e) any combination of the foregoing. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

A REIT availing of tax incentives under the REIT Law shall not be entitled to avail of incentives for the same types of taxes that may be available under special laws. Moreover, under Revenue Regulations No. 3-2020, as a condition for the availment of tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Creditable Withholding Tax

Income payments received by a REIT which are subject to the expanded withholding tax shall be subject to a lower creditable withholding tax of 1%.

Transfer Taxes

The sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest thereto, shall be subject to 50% of the applicable Documentary Stamp Tax ("**DST**"). Moreover, all applicable registration and annotation fees relative or incidental thereto shall be 50% of the applicable registration and annotation fees. Both incentives can be availed by an unlisted REIT, provided it is listed with the PSE within two years from the initial availment of the incentives.

The 50% of the applicable DST shall be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such tax should have been paid upon the occurrence of any of the following events: (a) failure to list with the PSE within a period of two years from the date of initial availment; (b) failure to maintain its status as a public company as defined in the REIT Law; (c) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities with the Philippine SEC; (d) failure to distribute at least 90% of its Distributable Income required under the REIT Law, or (e) failure to comply with the Reinvestment Plan as certified by the SEC. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The Philippine SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

Value Added Tax

The gross sales from any disposal of real property or gross receipts from the rental of such real property by the REIT shall be subject to Value Added Tax ("**VAT**"). The REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange, or transfer of securities forming part of its real estate-related assets.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT, as well as income tax and DST, if made pursuant to a tax-free exchange under Section 40(C)(2) of the Tax Code.

Tax-Free Exchange

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the Tax Code shall have the following tax consequences: (a) the transferor shall not recognize any gain or loss on the transfer of the property to a REIT, and shall not be subject to capital gains tax, income tax, or creditable withholding tax on the transfer of such property to a REIT; (b) the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X), in relation to Section 40(C)(2) of the Tax Code; and (c) the transfer would be exempt from DST as provided under Section 199 of the Tax Code.

In general, Section 15 of Revenue Regulations No. 13-2011 provides that unless otherwise provided in the REIT Law, the internal revenue taxes under the Tax Code shall apply.

On January 2018, Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "**TRAIN Law**") was passed, and Section 86 thereof provides for a repealing clause enumerating the laws or provisions of laws that are repealed and the persons and/or transactions affected made subject to the changes in the VAT provisions of Title IV of the Tax Code, as amended. The REIT Law is not part of this enumeration. On March 15, 2018, the BIR issued Revenue Regulations No. 13-2018, amending the consolidated VAT rules under Revenue Regulations No. 16-2005. Among other things, Revenue Regulations No. 13-2018 inserted as among the VAT exempt transactions the transfer of property pursuant to Section 40(C)(2) of the Tax Code implementing Section 34 of the TRAIN Law.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulations No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X) of the Tax Code.

Previous tax regulations required entities entering into tax-free exchanges to obtain a confirmation or ruling from the Bureau of Internal Revenue that a transaction would qualify as a tax-free exchange. On April 11, 2021, Republic Act No. 11534, otherwise known as the CREATE Law (the "**CREATE Law**"), took effect. The CREATE Law expanded the list of tax-free exchanges and reiterated the VAT exemption of these transactions. It also removed the requirement of confirmation. Now, prior confirmation of the tax-free nature of an exchange under Section 40(C)(2) of the Tax Code need not be obtained from the Bureau of Internal Revenue for purposes of availing of the tax exemption. As such, at present, only a tax clearance ("**CAR**") need be obtained from the relevant Revenue District Office to effect the transfer of assets and issuance of shares through a tax-free exchange.

Reportorial Requirements and Other Matters

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("**LTRAD 3**") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the Tax Code and its implementing regulations.

A REIT shall, in addition to the existing requirements under the Tax Code and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

- a certification by a responsible person designated by the Philippine SEC that the REIT is compliant with the minimum public ownership requirement;
- a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;
- a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;
- a certified true copy of the employment contract of an overseas Filipino investor;
- a copy of the contract between the REIT and its fund manager;
- a copy of the contract between the REIT and its property manager;

- a written report on the performance of the REIT's funds and properties;

- any amendment(s) to the REIT Plan as approved by the Philippine SEC;

- a copy of the valuation report prepared by the REIT's appointed property valuer; and

- original/certified true copy of the Certification from the Philippine SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR.

In case of each failure to file an information return, statement, or list, or to keep any record, or to supply any information required by Revenue Regulations No. 13-2011, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the Philippine SEC, payment by the person failing to file, keep, or supply the same of ₱1,000 for each such failure; provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed ₱25,000.

Tax Incentives

A REIT enjoys the following tax incentives:

1. A tax deduction for dividends paid, in addition to the allowable deductions provided for under the Tax Code, to arrive at its taxable net income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend pay-out requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times.

2. Exemption from the minimum corporate income tax ("**MCIT**"), as well as documentary stamp tax ("**DST**") on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the initial public offering ("**IPO**") tax on its initial and secondary offering of its investor securities. Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, permanently repealed the IPO tax.

3. A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

Shareholders of a REIT enjoy the following tax incentives:

1. Dividends paid by a REIT to resident citizens and aliens are subject to 10% final tax. However, if the dividends are received by overseas Filipino investors, such dividends shall be exempt from the payment of income or any withholding tax. Such exemption shall be enjoyed by overseas Filipino workers for a period of seven years from the effectivity of the BIR regulations implementing the tax provisions of REIT Act. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect fifteen (15) days after that, or on August 11, 2011.

2. In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty.

Applicability of Income Taxation Incentive and DST Tax Incentive

Section 11 of Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, provides that, in order for a REIT to qualify for the income taxation incentive and the DST incentive on the transfer of real property, a REIT must be a public company, it must distribute at least 90% of its distributable income, and it must comply with its Reinvestment Plan, as certified by the Philippine SEC. The Certification from the Philippine SEC that the REIT is compliant must be submitted as an attachment to its annual income tax return and audited financial statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Conversely, for a REIT to qualify for the DST incentive on the transfer of real property, it should be listed with the PSE within two years from the date of its initial availment of the incentive (i.e., the date of the execution of the transfer documents) and maintain its listed status. While unlisted, the REIT in addition to all other presently existing requirements for the issuance of a Certificate Authorizing Registration ("**CAR**"), shall execute an undertaking that it shall list within 2 years from the date of its initial availment of the incentive.

The 50% of the applicable DST given as an incentive shall nevertheless be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such taxes should have been paid upon the occurrence of any of the following events, subject to the rule on curing period when applicable: (a) failure of a REIT to list with the PSE within 2 years from the date of its initial availment of this incentive; (b) failure of a REIT to maintain its status as a public company; (c) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; and (d) failure of a REIT to distribute at least 90% of its Distributable Income.

Revocation of Tax Incentives

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020, a REIT shall be subject to the applicable taxes, plus interests and surcharges, under the Tax Code upon the occurrence of any of the following events, subject to the rule on curing period where applicable: (a) failure of a REIT to maintain its status as a public company; (b) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the Philippine SEC; (c) failure of a REIT to distribute at least 90% of its Distributable Income; (d) failure of a REIT to list with the PSE within the two-year period from date of initial availment of DST incentive; (e) revocation or cancellation of the registration of the securities of a REIT; and (f) failure of a REIT to comply with the Reinvestment Plan as certified by the Philippine SEC and to submit the original or certified true copy of the Certification from the Philippines SEC, duly received by the BIR as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Delisting and its Tax Consequences

In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the Tax Code and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the Tax Code.

This shall be without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT's investors at the time of final delisting the book value/acquisition cost of their shares.

Moreover, any subsequent transfer of the Shares after delisting will be considered a sale outside the facilities of the local stock exchange and will expose the transferor to capital gains tax and documentary stamp tax (instead of stock transaction stock) and also require the parties to the transfer to secure a Certificate Authorizing Registration. For more information, please refer to the section entitled and "*Taxation – Sale, Exchange or Disposition of Shares After the IPO*" in this REIT Plan.

RENEWABLE ENERGY LAWS

Electric Power Industry Reform Act (EPIRA) 2001

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("EPIRA") established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations ("GOCCs"), the Power Sector Assets and Liabilities Management Corporation ("PSALM") and the TransCo.

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Philippine government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (a) restructuring of the entire power industry to introduce competition in the generation sector, (b) change from government to private ownership, and (c) introduction of a stable regulatory framework for the electricity sector.

With a view of implementing the EPIRA's objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations and electricity consumers, promulgated the Implementing Rules and Regulations of the EPIRA (the "EPIRA IRR") on February 27, 2002.

The EPIRA IRR governs the relations among, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely the DOE, NPC, National Electrification Administration ("NEA"), ERC and PSALM.

Renewable Energy Act

RA No. 9513, or the Renewable Energy Act of 2008, provides that it is the policy of the State to increase the development and utilization of RE resources such as, but not limited to, biomass, solar, wind, hydro, geothermal, and ocean energy sources, including hybrid systems, and to establish the necessary infrastructure and mechanism to carry this out. The DOE is the lead agency mandated to implement the Renewable Energy Act of 2008, in conjunction with the NREB.

Renewable Energy Developers (RE Developers) may apply for the issuance of an RE Contract with the Philippine Government through the DOE. An "RE Contract" or Renewable Energy Service/Operating Contract refers to the service agreement between the Government, through the President or the DOE, and an RE Developer over an appropriate period as determined by the DOE in which the RE Developer has the exclusive right to explore, develop or utilize a particular RE area. The RE Contract is divided into two stages:

1. Pre-Development Stage, which involves the preliminary assessment and feasibility study up to the financial closing of the RE Project, and

2. Development/Commercial Stage, which involves the development, production, or utilization of RE resources, including the construction and installation of relevant facilities up to the operation phase of the RE facilities.

The DOE shall issue the Certificate of Registration to the RE Developer immediately upon the award of an RE Service/Operating Contract. Similarly, existing RE projects must be covered by a new RE Service/Operating Contract, pre-terminating and replacing any existing service contract with the DOE.

The RE Contract cannot be assigned without the prior written approval of the DOE. The RE Contract shall also not be assigned to any third party, unless such third party is qualified in accordance with the Renewable Energy Act and its IRR. The RE Developer may assign or transfer part or all of its rights and/or obligations under the RE Contract to its Affiliate upon compliance with the following:

1. The RE Developer shall submit to DOE copies of the written agreement on the corresponding part of right/obligation to be assigned; and

2. The RE Developer shall guarantee in writing to the DOE its performance of the assigned obligations.

During the Pre-Development Stage, the RE Contract shall not be assigned except where the assignee is a subsidiary, branch or regional corporation of the RE Developer created for the special purpose of handling the project covered by the RE Contract.

Under the RE Contract, the RE Developer may authorize its subsidiaries, branches, or regional corporations to implement the RE Contract, but the RE Developer shall remain responsible for the performance of the RE Contract.

The Renewable Energy Act of 2008 provides numerous incentives to RE developers, such as tax holidays, import duty exemptions, and special tax rates, among others. In order to qualify for these incentives, the RE Developer must secure a Certificate of Endorsement from the Department of Energy–Renewable Energy Management Bureau ("REMB") for every applicable transaction.

Income Tax Holiday

Pursuant to the Renewable Energy Act of 2008, renewable energy projects are entitled to an ITH of seven years from commencement of commercial operations. For RE projects, the start of commercial operations shall refer to the state at which the RE plant generated the first kilowatt-hour of energy after commissioning or testing, or two months from the date of such commissioning or testing, whichever comes earlier, as certified by the DOE.

Application for registration must be accompanied by a copy of the DOE Certificate of Registration, Certificate of Accreditation or DOE endorsement, whichever is applicable. Applicant enterprises shall elect to be governed by the provisions of E.O. No. 226 otherwise known as the "Omnibus Investment Code" or the Renewable Energy Act of 2008 at the time of their application for registration.

Notwithstanding the changes brought by CREATE Law on the rationalization of tax incentives, ITH granted to BOI-registered RE Developers are not affected.

Wholesale Electricity Spot Market Rules

The WESM Rules establishes the basic rules, requirements, and procedures that govern the operation of the Philippine electricity market. The WESM Rules identifies and recognizes and sets the responsibilities of the Market Operator, System Operator, WESM Participants, and the Philippine Electricity Market Corporation (PEM) Board. These groups shall comply with and are bound by all the provisions of the WESM Rules. The WESM Rules are intended to be complimentary with the Grid Code and Distribution Code, all of which are meant to ensure the development of an appropriate, equitable and transparent electricity market, along with a safe, reliable, and efficient operation of the power system.

Under the WESM, RE developers are classified as a must-dispatch generating unit, which grants them specific preferences as to the dispatch output and restrictions. These preferences are granted to intermittent RE-based generation plants such as wind, solar, run-of-river hydro or ocean energy owing to the fact that they are dependent on a base supply of electricity but on the availability of the energy source.

Competitive Selection Process

In 2015, the ERC issued Resolution No. 13, Series of 2015 ensuring transparency in the Distribution Utilities' power supply procurement and providing opportunities for DUs to get the best price offers and other contractual terms. The resolution states that a PSA shall only be awarded to the winning generation company following a successful transparent Competitive Selection Process (CSP). A CSP is successful if the DU receives at least two (2) qualified bids from entities with which the DU is not prohibited from entering into a contract for power supply, as provided under the EPIRA Implementing Rules and Regulations. After two failed CSPs, a direct negotiation with interested party may be made by the DU. A CSP is considered failed when during its conduct, any of the following circumstances exist: (1) no proposal was received by the DU; (2) only one supplier submitted an offer; and (3) competitive offers of prospective suppliers failed to meet the requirements prescribed under the Terms of Reference, as determined by the DU Bids and Awards Committee.

The following instances, when present, shall warrant a Certificate of Exemption from the DOE on the conduct of CSP:

1. Any generation project owned by the DU funded by grants or donations. The DU may be allowed to infuse internally generated funds; provided, that the amount shared by the DU shall not exceed 30.00% of the total project cost; provided further, that taxes to be paid by the DU shall not be included in the total project cost.

2. Negotiated procurement of emergency power supply; provided, that the cooperation period of the corresponding power supply agreement shall not exceed one (1) year; provided further that the rate shall not be higher than the latest ERC approved generation tariff for same or similar technology in the area;

3. Provision of power supply by any mandated Government Owned and Controlled Corporation for off-grid areas prior to, and until the entry of New Power Providers (NPP) in an area; and

4. Provision of power supply by the Power Sector Assets and Liabilities Management (PSALM) Corporation through bilateral contracts for the power produced from the undisposed generating assets and Independent Power Producer (IPP) contracts duly sanctioned by the EPIRA as deemed by the DUs, subject to a periodic review by the DOE.

Non-compliance with the prescribed rules on the conduct of CSP may result to administrative fines and penalties under the EPIRA and other relevant issuances.

Renewable Portfolio Standards

RPS mandates industry participants (DUs, retail suppliers) to have a specified portion of their energy requirements sourced from renewables.

1. 2020 will be the first year of implementation where industry participants shall have at least 1.00% of their energy requirements sourced from renewables.

2. Requirements to increase at an annual rate of at least 1.00% (actual increment may be adjusted by DOE), in coordination with the National Renewable Energy Board, when there are substantial changes in the relevant market grid, or the prevailing percentage is deemed insufficient to attain the target renewable energy share.

Aspirational target of having 35.00% of power generation sourced from renewable energy by 2030.

Penalties for noncompliance include monetary fines and revocation of participants' license, franchise or authority to operate.

RPS has indirectly driven demand for renewable capacities by mandating that industry participants have a minimum portion of their energy requirements being sourced from renewables. Given that only power plants built (or capacities added) from 2008 are considered eligible renewable energy facilities under RES, there is additional demand for greenfield renewable capacities.

RE Auction

Under the DOE's green energy auction program, which was set to start in 2021 but has encountered delays, qualified renewable energy developers can offer to supply a specified volume of electricity generated from their facilities. The suppliers are chosen through a competitive process or auction. In turn, eligible customers enjoy electricity prices below market values. In July 2020, the DOE issued a circular detailing the guidelines governing the green energy auction, helping power providers comply with their commitment under the RPS program, a market-based policy that requires distribution utilities to source an agreed portion of their supply from eligible RE facilities. On November 3, 2021, the DoE issued the Revised Guidelines for the Green Energy Auction Program in the Philippines which, among others introduces the "Opt-In Mechanism" which would allow any distribution utility to procure portions of from the GEAP pool of a winning bidder under a particular auction round. In August 2020, the DOE said that the auction intended to pool an initial 2000MW of renewable energy capacity, but this may change base on the supply requirements of power utilities.

Retail Competition Open Access

The establishment of RCOA is mandated by the EPIRA. RCOA provides power suppliers access to transact directly with any customer designated by the ERC as contestable. RCOA also gives contestable customers the flexibility to choose their electricity suppliers.

The ERC recently expands the RCOA's coverage to end-users with an average monthly peak demand of at least 500 kilowatts (kW) for the last 12 months on a voluntary basis. Based on the said threshold, all qualified end-users can be considered as contestable customers under the Phase III threshold level (500kW-749kW) and will be allowed to switch to the Competitive Retail Electricity Market (CREM) beginning February 26, 2021.

Renewable Energy Safety, Health, and Environment Rules and Regulations

Pursuant to the enactment of the Renewable Energy Act of 2008, the DOE issued Circular No. DC-2012-11-0009, or the Renewable Energy Safety, Health, and Environment Rules and Regulations of 2012 (RESHERR), which outlines the pertinent rules and regulations applicable to all RE Employers, Employees, Contractors, and other entities engaged in RE Operations in the Philippines. The RESHERR covers all activities related to exploration, development and utilization of RE resources and manufacturing, fabrication, and suppliers of locally-produced RE machineries, equipment, components and parts.

Under the RESHERR, all RE Facilities are required, upon commencement of its operations, to organize a Safety, Health, and Environment Committee (SHEC), the minimum composition of which shall be determined based on the number of workers of the facility. Similarly, all persons employed in the practice of occupational safety in the RE industry are required to be duly qualified and accredited by the REMB. In addition, the RESHERR likewise establishes minimum occupational safety and health requirements for RE facilities. Non-compliance with the provisions of the RESHERR may result to fines and/or suspensions of operations.

BOI Certificate of Registration

Under the IRR of the RE Law, RE Developers shall register with the Board of Investments (BOI) to qualify for the availment of incentives under the RE Law. The application for registration shall be favorably acted upon immediately by the BOI on the basis of the certification issued by the DOE.

DOE Certificate of Confirmation of Commerciality

Upon Declaration of Commerciality by an RE Developer and after due confirmation by the DOE, the RE Developer shall apply for the conversion of the RE Contract, prior to its expiration, from Pre-Development Stage to Development/Commercial Stage.

The Declaration of Commerciality shall be based on the feasibility studies and/or exploration activities conducted by the RE Developer. The RE Developer of an RE Contract shall secure permits, clearances or certificates such as, but not limited to, Environmental Compliance Certificate/Certificate of Non-Coverage, Water Rights Permit, Free and Prior Informed Consent/Certificate of Non-Overlap, Local Government Unit endorsement and all other regulatory requirements from other government agencies which are applicable activities/operations.

Rules and Regulations for Renewable Energy Service Contracts

DOE Department Circular No. 2019-10-0013 ("DC 2019-10-0013") provides for the guidelines and procedures governing the award and administration of renewable energy contracts and the registration of renewable energy developers. An RE Contract refers to the service agreement between the government, through the DOE or the President, and an RE Developer over an appropriate period as determined by the DOE which grants to the RE Developer the exclusive right to explore, develop, or utilize the RE Resource within a particular area. RE Contracts may be awarded through (a) an Open and Competitive Selection Process ("OCSP"), or (b) Direct Application. The OCSP shall be adopted for the selection and award of RE Service Contracts for Pre-Determined Areas[3] covering any type of resource for commercial purposes, while Direct Application shall be available for the selection and award of: (x) RE Operating Contracts, (y) RE Service Contracts covering Pre-Determined Areas, following a failed OCSP, and (z) RE Service Contract in an area identified by a RE Applicant and verified with or confirmed by the DOE-Information Technology and Management Services ("ITMS") as available for exploration, development and/or utilization of the proposed RE Resource.

RE Service Contracts refer to service agreements between the Philippine government, through the President or the DOE Secretary, and RE Developer, covering an appropriate period as stated therein, in which the RE Developer shall have the exclusive right to explore, develop and utilize geothermal, hydropower, wind, ocean and other RE Resources within a particular area. The stages of an RE Service Contract are the following:

[3] Pre-Determined Areas refer to areas with RE Resource potential through sufficient available technical data as may be determined by the REMB and approved by the DOE Secretary for inclusion in the OCSP.

1. Pre-Development Stage which involves the conduct of preliminary assessment and feasibility study up to Financial Closing and Declaration of Commerciality of the RE Project, including the identification of the proposed Production Area; and

2. Development/Commercial Stage which involves the development, construction and commercial operation of the RE Project, production and utilization of RE Resources.

The RE Service Contract shall transition from the Pre-Development Stage to the Development/ Commercial Stage only after the issuance by the DOE of a Certificate of Confirmation of Commerciality.

RE Operating Contracts refer to service agreements between the DOE and RE Developer for the development and/or utilization of biomass, solar and other RE Resources which, due to their inherent technical characteristics, need not go through Pre-Development Stage. As such, the stages of an RE Operating Contract cover only the Development/Commercial Stage, which involves the development, construction and installation and commercial operation of the RE Project, including the achievement of Financial Closing.

All assignment of RE Contracts shall be subject to prior written approval of the DOE. An assignment to a non-affiliate, whether full or partial, may be allowed only once during: (a) the entire period of the Pre-Development Stage of the RE Service Contract; or (b) the entire term of the RE Operating Contract. An assignment shall not be allowed to a non-affiliate during the first two (2) years of the RE Contract from its effectivity.

Holders of contracts/agreements prior to the effectivity of DC 2019-10-0013 may apply for conversion to the new RE Contract templates, provided that such holders are fully compliant with the terms of the approved Work Program/Work Plan and the material terms and conditions of the contract/agreement for the past six months prior to the date of filing its application for conversion. For RE Developers with RE Contracts executed less than six months from date of application for conversion, the evaluation of compliance with commitments under the approved Work Program and of the material terms and conditions of the RE Contract shall be the basis of their performance.

A Certificate of Registration with the DOE is required for RE Developers to avail of the incentives under the Renewable Energy Act. The Certificate of Registration shall have an initial validity period of five years, renewable for the same period until the end-of-project life is reached, in no case to exceed 25 years.

DENR Environmental Compliance Certificate

Under Presidential Decree No. 1586 (Establishing an Environmental Impact Statement System including other Environmental Management Related Measures and for other purposes), all proponents of projects and undertakings, whether private or government-owned, are required to undergo the Environmental Impact Assessment (EIA) process, with the objective of securing an Environmental Compliance Certificate (ECC) from the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR).

Under DENR Administrative Order No. 2003-30 (Implementing Rules and Regulations of the Philippine Environmental Impact Statement System), projects that pose potential significant impact to the environment shall be required to secure ECCs.

The ECC is a document issued by the DENR/EMB after a positive review of an ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. The ECC also certifies that the proponent has complied with all the requirements of the EIS System and has committed to implement its approved Environmental Management Plan. The ECC contains specific measures and conditions that the project proponent has to undertake before and during the operation of a project, and in some cases, during the project's abandonment phase to mitigate identified environmental impacts.

LGU Endorsement

Under Section 27 of Republic Act No. 7160 or the Local Government Code (LGC), no project or program shall be implemented by government authorities unless the consultations mentioned in Sections 2 (c) and 26 of the LGC are complied with, and prior approval of the sanggunian concerned is obtained.

Section 26 of LGC provides that it shall be the duty of every national agency or government-owned or controlled corporation authorizing or involved in the planning and implementation of any project or program that may cause pollution, climatic change, depletion of non-renewable resources, loss of crop land, rangeland, or forest cover, and extinction of animal or plant species, to consult with the local government units, non-governmental organizations, and other sectors concerned and explain the goals and objectives of the project or program, its impact upon the people and the community in terms of environmental or ecological balance, and the measures that will be undertaken to prevent or minimize the adverse effects thereof.

Based on the foregoing, two requisites must be met before a national project that affects the environmental and ecological balance of local communities can be implemented: (i) prior consultation with the affected local communities, and (ii) prior approval of the project by the appropriate sanggunian. Absent either of these mandatory requirements, the project's implementation is illegal.

NCIP Certificate of Non-Overlap

Republic Act No. 8371 or The Indigenous Peoples Rights Act of 1997 (IPRA) provides that no department or governmental agency shall issue, renew or grant any concession, license or lease, or enter into any production-sharing agreement without prior certification from the National Commission on Indigenous Peoples (NCIP) that the area affected does not overlap with any ancestral domain.

Under the Implementing Rules and Regulations of the IPRA, the Ancestral Domain Office shall issue the certification only after a field-based investigation that such areas are not within any certified or claimed ancestral domains are conducted. The Certificate of Non-Overlap (CNO) shall be issued by the NCIP Regional Director (RD), and concurred by the concerned NCIP Commissioner.

DAR Land Conversion Clearance/Exemption Clearance

Under DAR Administrative Order No. 1, series of 1990 (Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non- Agricultural Uses), "agricultural land" refers to the following: (1) those devoted to agricultural activity as defined in RA 6657 or the Comprehensive Agrarian Reform Law (CARL) and not classified as mineral or forest by DENR and its predecessor agencies, and (2) not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

Thus, in Heirs of Luna vs. Afable (GR No. 188299 dated January 23, 2013), the Court held that a land is not agricultural, and therefore, outside of the ambit of the CARP if the following conditions occur: (i) the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and (ii) the town plan zoning ordinances embodying the land classification has been approved by the HLURB and its preceding competent authorities prior to 15 June 1988.

In DOJ Opinion No. 44, series of 1990 (the DOJ Opinion), the DOJ opined that, with respect to the conversion of agricultural lands covered by CARL to non-agricultural uses, the authority of DAR to approve such conversion may be exercised from the date of its effectivity, on June 15, 1988. Thus, all lands that are already classified as commercial, industrial or residential before June 15, 1988 no longer need any conversion clearance.

Thus, under DAR AO No. 6, series of 1994 (Guidelines for the Issuance of Exemption Clearances based on Sec. 3(c) of RA 6657 and the DOJ Opinion) and DAR AO No. 4, series of 2003 (2003 Rules on Exemption of Lands from CARP Coverage under Sec. 3(c) of RA 6657 and the DOJ Opinion), conversion clearances are no longer needed for lands already classified as non-agricultural prior to the enactment of the CARL. Any landowner or his duly authorized representatives whose lands are covered by the DOJ Opinion, and desires to have an exemption clearance from the DAR, should file the application with the Regional Office of the DAR where the land is located.

Under DAR AO No. 01, series of 1999 (Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses), Sec. 3 provides that these rules shall apply to agricultural lands that were "reclassified to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines on securing exemption clearance shall apply."

NGCP Review Report of Grid Impact Study

Pursuant to ERC Resolution No. 16, series of 2011 entitled "Resolution Adopting the Amended Rules on the Definition of Boundaries of Connection Assets for Customer of Transmission Provider", the Customer shall be connected to the Transmission System of the NGCP based on the System Impact Study (SIS) and Facility Study (FS) approved by NGCP.

1. System Impact Study (SIS)

   A SIS is an assessment made or conducted by the transmission provider/system operator or by the NGCP in addition to the Grid impact studies prepared by it in accordance with the Grid Code, to determine: (i) the adequacy of the Transmission System and its capability to accommodate a request for Power Delivery Service; and (ii) the costs, if any, that may be incurred in order to provide Power Delivery Service to a Transmission Customer.

2. Facilities Study

   A feasibility study and engineering study conducted by the Transmission Provider or Transmission Customer to determine the modification to the Transmission Provider's facilities, or the new facilities required by the Transmission Customer, including the cost and scheduled completion date for such modifications or new facilities, required to provide services under these OATS Rules.

NATIONALITY RESTRICTION

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

As of the date of this REIT Plan, the Company owns land. As such, foreign shareholdings in the Company may not exceed 40% of its total issued and outstanding capital stock.

PROPERTY REGISTRATION

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds.

All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

ZONING AND LAND USE

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("**DAR**"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

CLARK DEVELOPMENT CORPORATION PERMITS AND CLEARANCES

Pursuant to Republic Act No. 7227 and the lease agreement over the Clark Land, an enterprise registered as a Clark Freeport Enterprise is required to secure and maintain permits and clearances from the Clark Development Corporation including but not limited to the Registration Certificate, Certificate of Annual Inspection, Certificate of Environmental Clearance, Sanitary Permit, and Fire and Safety Inspection Permit for its business activities within the Clark Freeport.

LOCAL GOVERNMENT CODE

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("**LGC**") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("**LGU**") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit.

However, in the case of realty and other taxes on civil works, equipment, machinery, and other improvements by a registered renewable energy developer actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value provided that in case of integrated renewable energy resource development and generation facility as provided under Republic Act No. 9316, the real property tax shall be imposed only on the plant.

The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

LABOR LAWS

The Philippine Constitution

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

(a) Right to organize;

(b) Right to conduct collective bargaining or negotiation with management;

(c) Right to engage in peaceful concerted activities, including strikes in accordance with law;

(d) Right to enjoy security of tenure;

(e) Right to work under humane conditions;

(f) Right to receive a living wage; and

(g) Right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

Labor Code of the Philippines

The Department of Labor and Employment ("**DOLE**") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("**Labor Code**") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

Contracting and subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a "trilateral relationship" among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, Department Order No. 174 (2017) ("**D.O. No. 174-17**") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under

D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labor Code, including the failure to pay wages, there exists a liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislation, to the extent of the work performed under the employment contract.

On May 2, 2018, President Rodrigo Duterte signed Executive Order No. 51, reiterating the prohibition of the practice of illegal contracting or subcontracting in the country. The executive order aims to protect the worker's right to security of tenure, self-organization, and collective bargaining and peaceful concerted activities.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors, or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires providing complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The Rules for Occupational Safety and Health Standards ("**OSHS**") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("**TLV**") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under Department of Labor and Employment Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who willfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the workplace as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least four hours a day, six times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within 25 minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with, and approved by, the employees.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth, and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation ("**PhilHealth**"), a government corporation attached to the DOH tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship. The law provides that a member should have paid his contributions for at least three months within the six months prior to the first day of availment, including those of his dependents, to be entitled to the benefits of the program.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Other Labor-Related Laws and Regulations

Employment of Foreign Nationals

Under Department Order No. 186, Series of 2017 ("**D.O. No. 186-17**"), issued by the DOLE, all foreign nationals who intend to engage in gainful employment in the Philippines shall apply for an Alien Employment Permit ("**AEP**"). However, D.O. No. 186-17 clarifies that an AEP is not an exclusive authority for a foreign national to work in the Philippines. It is just one of the requirements in the issuance of a work visa (9g) to legally engage in gainful employment in the country. The foreign national must obtain the required special temporary permit from the Professional Regulation Commission in case the employment involves practice of profession and Authority to Employ Alien from the Department of Justice where the employment is in a nationalized or partially nationalized industry, as well as from the Department of Environment and Natural Resources in case of employment in a mining company. D.O. No. 186-17 also provides for the list of foreign nationals who are exempt and excluded from securing an AEP.

Under D.O. No. 186-17, the Regional Director shall impose a fine of ₱10,000.00 for every year or a fraction thereof to foreign nationals found working without a valid AEP. Employers found employing foreign nationals without a valid AEP shall also pay a fine of ₱10,000.00 for every year or a fraction thereof. Further, an employer who is found to have failed to pay the penalty provided under D.O. No. 186-2017 shall not be allowed to employ any foreign national for any position in the employer's company.

On January 6, 2021, the DOLE has issued Department Order No. 221, Series of 2021, or the Revised Rules and Regulations for the Issuance of Employment Permits to Foreign Nationals. It shall take effect after fifteen (15) days from its publication in two (2) newspapers of general circulation. As of the Date of this REIT Plan, the new Rules on AEP have not yet been published and taken effect. However, one of the notable revisions in the new Rules with respect to the processing of the AEP application is the requirement of a publication in a newspaper of general circulation by the employer of the job vacancy to which the foreign national is intended to be hired at least fifteen (15) calendar days prior to the application for an AEP. An additional requirement in the AEP application is a duly notarized affidavit stating that no applications were received or no Filipino applicant was considered for the position. Moreover, foreign nationals providing consultancy services were removed in the list of categories excluded from the AEP.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarity liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

The Company incurs approximately PHP100,000.00 annually in relation to its compliances with environmental laws and regulations. Such expenses relate to costs for securing permits, compliance fees, charges, and other incidental expenses.

Environmental Impact Statement System

Real estate development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("**ECC**") prior to commencement. The Department of Environment and Natural Resources ("**DENR**"), through its regional offices or through the Environmental Management Bureau (the "**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("**EIS**") to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted addressing possible adverse consequences of the project to the environment. The EIS refers to the document, prepares and submitted by the project proponent and/or the Environmental Impact Assessment Consultant which provides for a comprehensive study of the significant impacts of a project to the environment. On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "**IEE**") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Philippine Clean Water Act

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act of 2004," was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

Philippine Clean Air Act

R.A. 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants. The issuance of said permits seek to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

The Toxic Substances and Hazardous and Nuclear Waste Control Act

R.A. No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

Ecological Solid Waste Management Act

R.A. No. 9003 or "The Ecological Solid Waste Management Act of 2000" provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste. Pursuant to R.A. 9003, solar operating plants are required to establish a Material Recovery Facility (MRF) for biodegradable wastes (composting area), reusable and recycled materials. A zero waste management scheme should be adapted to minimize disposal of garbage site.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

DATA PRIVACY LAWS

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on August 15, 2012, to govern the processing of all types of personal information (*i.e.,* personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

ANTITRUST LAWS

Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act (the "**PCA**") came into effect August 5, 2015 and is the primary competition law in the Philippines.

The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

(a) Anti-competitive agreements between or amongst competitors that restrict competition as to price or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;

(b) Practices which are regarded as abuse of dominant position by engaging in conduct that would substantially prevent, restrict or lessen competition; and

(c) Mergers or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

The PCA provides for mandatory notification to the PCC where the value of such transaction exceeds ₱2.4 billion ("**Size of Transaction**"), and where the size of the ultimate parent entity of either party exceeds ₱6 billion ("**Size of Party**"). Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

On November 22, 2017, the PCC published the 2017 Rules on Merger Procedures ("**Merger Rules**") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the PCA. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from the signing of definitive agreements relating to the notifiable merger.

Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1% to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020. Such transactions are likewise exempt from the PCC's motu proprio review for a period of one year from the effectivity of the Bayanihan 2 Act. A transaction is considered "entered into" upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and

- the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

CORPORATION CODE

Philippine Revised Corporation Code

Republic Act No. 11232 or the Philippine Revised Corporation Code ("**Philippine Revised Corporation Code**") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Philippine Revised Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- The Code allows the creation of a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.

- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia,* the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and

- In case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Philippine Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

FOREIGN INVESTMENTS

Foreign Investment Act

The Foreign Investment Act ("**FIA**") liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "**Negative List**") signed on 29 October 2018. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Registration of Foreign Investments and Exchange Controls

Under current BSP regulations, an investment in Philippine securities (such as the Offer Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and/or the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration with the BSP is not required. BSP Circular No. 471 issued on January 24, 2005 subjects foreign exchange dealers and money changers to RA No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit supporting documents in connection with their application to purchase foreign exchange for purposes of capital repatriation and remittance of dividends.

Registration of Philippine securities listed in the PSE may be done directly with a custodian bank duly designated by the foreign investor. A custodian bank may be a universal or commercial bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document ("**BSRD**") or BSRD Letter-Advice from the registering custodian bank and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSRD or BSRD Letter-Advice; (2) the cash dividends notice from the PSE and the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository) showing a printout of cash dividend payment or computation of interest earned; (3) the copy of the corporate secretary's sworn statement attesting to the board resolution covering the dividend declaration and (4) the detailed computation of the amount applied for in the format prescribed by the BSP. For direct foreign equity investments, the latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period need to be presented in addition to the documents enumerated above. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the BSP, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during a foreign exchange crisis, when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board undertakes the overall management and supervision of the Company by setting its goals, strategies and policies, and regularly monitoring their effectiveness and implementation. The Company's executive officers and management team support the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition, and results of operations for its review.

THE BOARD AND SENIOR MANAGEMENT

The Board consists of eight members, four of whom are independent Directors. The Directors shall serve for one year from date of election until their successors are elected and qualified. The following table sets out certain information regarding the members of the Board and the Company's executive management. All members of the Board and executive officers listed below are citizens of the Philippines. No member of the Board or any member of senior management has any financial interest in the Properties of the Company.

Name	Age	Nationality	Position	Date of Election as Director / Appointment as Officer
Edgar B. Saavedra	46	Philippines	Chairman	May 25, 2021
Oliver Y. Tan	43	Philippines	Director, President and CEO	May 25, 2021
Jez G. Dela Cruz	36	Philippines	Director and Treasurer	May 25, 2021
Manuel Louie B. Ferrer	46	Philippines	Director	May 25, 2021
Leonilo G. Coronel	75	Philippines	Independent Director	May 25, 2021
Jose M. Layug Jr.	50	Philippines	Independent Director	May 25, 2021
Pacita U. Juan	66	Philippines	Independent Director	May 25, 2021
Elizabeth Anne C. Uychaco	65	Philippines	Independent Director	May 25, 2021
Mia Grace Paula S. Cortez	38	Philippines	Chief Financial Officer	August 4, 2021
Raymund Jay S. Gomez	50	Philippines	Compliance Officer	July 26, 2021
Michelle A. Magdato	32	Philippines	Investor Relations Officer	August 4, 2021
Jaime P. Del Rosario	35	Philippines	Corporate Secretary	July 26, 2021
James A. Jumalon	35	Philippines	Assistant Corporate Secretary	July 26, 2021

The Company's senior management team is comprised of experienced and committed professional with an average of over 10 years of accumulated experience in the Philippine real estate and renewable energy industries. The business experience of each of the Company's Directors and executive officers is set out below:

Edgar B. Saavedra is the Chairman of Citicore Energy REIT Corp. He was re-elected as Chairman of the Board on May 26, 2021 and has served as such since December 2018. He is also the Chairman of CPI and CREC. Mr. Saavedra is the founder of Megawide Construction Corporation ("**Megawide**") where holds the positions of Director, Chairman of the Board, Chairman of the Executive Committee; and Member of the Board Risk Oversight Committee.

He is also the Chairman of the Board of MWM Terminals, Inc. ("**MWMTI**"), Megawide Terminals, Inc. ("**MTI**"), Altria East Land Inc. ("**Altria**"), PH1 World Developers, Inc. ("**PH1**"), Cebu2World Development, Inc. ("**Cebu2World**"), Citicore Infrastructure Holdings, Inc. ("**CIHI**"), Citicore-Megawide Consortium, Inc. ("**CMCI**"), Megawide Land, Inc. ("**MLI**"), and Wide-Horizons Inc. ("**Wide-Horizons**"). Moreover, he is a Director and President of Citicore Holdings Investment Inc. ("**CHII**"), a Trustee and Vice President of Megawide

Corporate Foundation, Inc. ("**MCFI**"), and a Director of GMR Megawide Cebu Airport Corporation ("**GMCAC**"), and GlobeMerchants, Inc. ("**GMI**").

Mr. Saavedra's engineering experience spans over 20 years. He received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

Oliver Y. Tan is a Director, and the President and CEO, of the Company and CREC. He was re-elected as President and CEO of the Company on May 26, 2021 and has served as such since December 2018. Mr. Tan also serves as Director, Vice Chairman of the Finance Committee, and Member of the Executive Committee and Audit and Compliance Committee of Megawide. Mr. Tan also serves as a Director and President of CIHI and CMCI. He is also a Director, Vice President, and Treasurer of CHII, a Director and Treasurer of MTI and MLI, and a Director of Megawide World Citi Consortium, Inc.

Mr. Tan holds a degree in Business Administration from the Philippine School of Business Administration.

Manuel Louie B. Ferrer is a Director of the Company. He was re-elected as Director of the Company on May 26, 2021 and has served as such since December 2018. He is also the Treasurer of CPI. Mr. Ferrer was first elected also holds the positions of Director, Executive Director, Infrastructure Development, Vice Chairman of the Executive Committee, and Member of the Governance, Nominations, and Compensation Committee of Megawide. Mr. Ferrer has acted as Megawide's Chief Corporate Affairs and Branding Officer since 2011. He is the Chairman of the Board of Trustees and President of MCFI and the Vice Chairman of the Board of PH1. He is also a Director and President of GMCAC, MWMTI, MTI, Altria, Cebu2World, and Wide-Horizons. He is a Director of Citicore, MLI, and GMI. He previously served as a Managing Director at MagicWorx Licensing Inc.

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996.

Jez G. Dela Cruz is a Director and Treasurer of the Company. He was re-elected as Treasurer of the Company on May 25, 2021. He is also currently a director of CREC. Mr. Dela Cruz is the current AVP for Corporate Finance and Planning of Megawide, and a Director of GMCAC and GMI. Mr. Dela Cruz was also with BPI Capital Corporation as Associate/Senior Manager from 2016 to 2018. He holds a Master's in Business Administration from Asian Institute of Management and obtained his Bachelor of Science in Business Administration degree from St. Francis College in 2008.

Leonilo G. Coronel is an independent Director of the Company and is also an independent director of the Fund Manager. He was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Coronel is currently the Vice Chairman and has been a director of the Philippine National Bank since 2013. He has held directorship positions in various financial institutions such as DBP Daiwa Securities, RBB Microfinance Foundations, and other companies such as Software Ventures International Corporation, Philippine Business for Social Progress, and Bankers Association of the Philippines. He was previously one of the independent directors of Megawide from 2011 to 2020. Mr. Coronel holds a Bachelor of Arts, Major in Economics from the Ateneo de Manila University.

Jose M. Layug Jr. is the Chairman and an independent director of the Property Manager and is also an independent Director of the Company. He was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Layug has been a Senior Partner at Puno and Puno Law Offices since 2013. He has also been the Dean at the University of Makati School of Law since 2018. Atty. Layug has been the President of the Developers of Renewable Energy for Advancement, Inc. from 2019 to present. He was the Chairman of the Department of Energy's National Renewable Energy Board from 2016 to 2018. He also served as the Undersecretary for the Department of Energy from 2010 to 2012. Atty. Layug has a Masters of Law from the Cornell University, a Bachelor of Laws and a Bachelor of Science in Business Economics, both from the University of the Philippines.

Pacita U. Juan is an independent Director of the Company. She was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Ms. Juan has been the President of M. D Juan Enterprises Inc. since 1978 and has also held the position of Vice President for Finance and Treasurer of Centro

Mfg. Corporation since 1997. She also served as Treasurer of Peace and Equity Holdings Inc. from 2016 to 2019. Ms. Juan obtained her degree in Bachelor of Science in Hotel and Restaurant Administration from UP Diliman.

Elizabeth Anne C. Uychaco is an independent director of the Fund Manager, and is also an independent director of the Property Manager and an independent Director of the Company. She was elected as Independent Director of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Ms. Uychaco has held the position of Senior Vice President of SM Investment Corporation since 2009. She has also held the position of Director and Vice Chairperson of Belle Corporation, since 2009. She has been the Chairman of the NEO Group, since 2020 and holds other directorship positions in Republic Glass Corporation, Goldilocks and PULS. Ms. Uychaco holds a DBA, with 18 units in Corporate Finance from Walden University, and Masters in Business Administration from the Ateneo Graduate School of Business and Masters in Business Economics from the University of Asia and the Pacific.

Mia Grace Paula S. Cortez is the Chief Financial Officer of the Company. She was re-elected as CFO of the Company on May 25, 2021 and has served as such since August 4, 2021. She is also currently the Chief Financial Officer of CPI, and has been the Group Controller for Megawide since 2015. She was previously the Controller for AG&P from 2013 to 2014 and a Senior Manager for Punongbayan & Araullo from 2010 to 2013. Ms. Cortez holds a Bachelor of Science in Accountancy from St. Scholastica's College, and is a Certified Management Accountant from The Institute of Certified Management Accountant in Australia. She is a Certified Public Accountant, as certified by the Philippine Professional Regulatory Commission in 2003.

Raymund Jay S. Gomez is the Compliance Officer of the Company. He was elected as Compliance Officer of the Company on May 25, 2021, which became effective on the date of approval by the SEC of the amendment of the Articles of Incorporation and the By-laws of the Company. Mr. Gomez is also concurrently the Chief Legal Counsel, Compliance Officer, and Data Protection Officer of Megawide. He is also a Director of Altria, CIHI, CMCI, MLI, MTI, and MWMTI. Before joining Megawide, he was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. Mr. Gomez also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., as Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., as Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and as an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda University.

Michelle A. Magdato is the Investor Relations Officer of the Company. She was first elected as Investor Relations Officer of the Company on August 8, 2021. She has also been the Investor Relations Manager of Megawide since 2019. Ms. Magdato served as Financial Reporting Manager of Megawide from 2016 to 2018 and handled various positions including Accounting Supervisor and Financial Analyst since she joined Megawide in 2012. Before joining Megawide, Ms. Magdato was in public practice for audit and accounting in Balicas, Lamboso and Co., CPAs for two years. She is a Certified Public Accountant and passed her CPA Licensure Examination in 2010. She also obtained her Bachelor of Science in Accountancy from University of Negros Occidental-Recoletos.

Jaime P. Del Rosario is a director and treasurer of the Property Manager and is also the Corporate Secretary of the Company. He was first elected as Corporate Secretary of the Company on July 26, 2021. Atty. Del Rosario is currently the AVP for Legal and Compliance for CPI. He was previously with the Alsons Power Group as Legal Counsel and a Senior Associate with the San Diego Ycasiano Macias Estorco Cataneda Sanchez Law Offices. He holds a Juris Doctor from San Beda University and a Bachelor of Science Legal Management degree also from San Beda University.

James A. Jumalon is the Assistant Corporate Secretary of the Company and also the Corporate Secretary of the Fund Manager and Property Manager. He was first elected as Assistance Corporate Secretary of the Company on July 26, 2021. Atty. Jumalon joined the Citicore Group as Manager for Legal & Regulatory in January 2021 and was previously with the Meneses Gonzales and Gupit Law Offices as Senior Associate from 2018 to 2019. Prior to that, he was the Corporate Secretary for Parola Maritime Corporation from 2016 to 2018. Atty. Jumalon holds a Bachelor of Arts in Management Economics from the Ateneo de Manila University and a Bachelor of Laws from the San Beda University, College of Law.

CORPORATE GOVERNANCE

The Company has a Manual for Corporate Governance (the "**Manual**") to ensure its compliance with the leading practices on good corporate governance and related Philippine SEC rules and regulations. The Manual includes provisions on the protection of shareholders' rights, duties, functions and responsibilities of the directors and executive officers, key governance policies, the appointment of a compliance officer, and the creation of certain committees of the Board. The Manual was approved and adopted by the Board on July 26, 2021.

To ensure compliance by the Company, its Directors and officers, the Compliance Officer is tasked to monitor, review, and evaluate the same. The Compliance Officer shall report violations to the Board and shall recommend the imposition of appropriate disciplinary action and adoption of measures to prevent a repetition of the violation.

The Manual shall be subject to an annual review by the Board unless the Board determines that it shall be reviewed more frequently.

Independent Directors

The Manual requires the Company to have at least two independent directors on its Board, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. The Company's Board is composed of eight members, four of whom are regular Directors and four of whom are independent Directors. The Company's current independent Directors are Leonilo G. Coronel, Jose M. Layug, Jr., Pacita U. Juan and Elizabeth Anne C. Uychaco.

Independent Directors must hold no interest or relationship with the Company that may hinder their independence from the Company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Board may, to promote transparency, require the presence of at least one independent Director at all of its meetings.

Compliance Officer

The Compliance Officer shall not be a member of the Board and shall annually attend a training on corporate governance. The Compliance Officer shall report directly to the Board and shall have the following duties and responsibilities:

- Ensure proper on boarding of new Directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
- Monitor, review, evaluate and ensure the compliance by the Company, its officers and Directors with the relevant laws, rules and regulations, this Manual, and all governance issuances of regulatory agencies;
- Report violations discovered to the Board and recommend the imposition of appropriate disciplinary actions;
- Ensure the integrity and accuracy of all documentary submissions to regulators;
- Appear before the SEC when summoned in relation to compliance with this Manual;
- Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- Identify possible areas of compliance issues and work towards the resolution of the same;
- Ensure the attendance of Directors and key officers to relevant trainings; and
- Perform such other duties and responsibilities as may be provided by the SEC.

Atty. Raymund Jay S. Gomez will serve as the Company's Chief Compliance Officer to ensure that the Company complies with the above-listed duties and responsibilities.

The Company welcomes proposals, especially from institutions and entities such as the Philippine SEC, PSE and the Institute of Corporate Directors, to improve its corporate governance.

The Company believes there has been, and currently is, no material deviation from its Manual.

COMMITTEES OF THE BOARD

Pursuant to the Company's Manual, the Board shall create each of the following committees. Each member of the respective committees named below will immediately assume office upon approval by the Philippine SEC of the Company's application to register the Offer Shares and will serve until a successor shall have been elected and appointed.

Executive Committee

The Company's Executive Committee (the "**ExCom**") shall exercise all the fiduciary powers of the Board to be able to act upon any matter which cannot be postponed until the next regularly scheduled Board meeting, as well as oversee the management of the Company's business and other affairs, particularly during the periods when the Board has no scheduled meetings, or is unavailable or unable to meet. The ExCom's key roles and responsibilities are:

- ensure that the interests of the Company's stakeholders, such as its shareholders, business partners, employees, clients, regulators, and the public at large, are protected and balanced;

- determine the overall operating strategies and direction of the Company, which includes the approval of the annual operating plan and the business goals of the Company;

- review and approve budget reallocation, major capital expenditures, disposals and write-offs, and applications for credit facilities from banks and other financial institutions;

- review and approve major projects, proposals, and other transactions within the Board's authorized limits of thresholds;

- monitor the operational, business, commercial, financial, and organizational performance of the Company, to make certain that the short, medium, and long-term strategic plans, targeted results, and key performance indicators are met; and

- guide the Company in its day-to-day business activities by providing strategic support, and recommend the issuance of resolutions by the Board, whenever required. This includes delegating its authority, or creating subordinate and/or ad hoc committees, for the supervision and management of the usual and ordinary business affairs of the departments and/or business units within the Company.

The Executive Committee shall have four members, composed of the Chairman of the Board and the other Executive Directors appointed by the Board on an annual basis. The Chairman of the Board shall be the Chairman of the ExCom while the Vice-Chairman of the ExCom shall be appointed by the Board. Furthermore, the Corporate Secretary of the Company or his/her designated assistant/s shall act as the Secretary of the ExCom's meetings. The members of the Executive Committee are Edgar B. Saavedra, who also serves as its Chairman, Oliver Y. Tan, Manuel Louie B. Ferrer and Jez G. Dela Cruz.

Environmental, Social, and Governance Committee

The Environmental, Social, and Governance Committee ("**ESGC**") shall be composed of three members, all of whom shall be appointed by the Board on an annual basis. The Board shall designate the Chairman, Vice-Chairman, and member of the Committee.

The ESGC shall be responsible for (i) the development and implementation of corporate governance principles and policies; and (ii) the adoption and implementation of approaches in addressing the Company's Environmental, Social, and Governance ("**ESG**") commitments. The key roles and responsibilities of the committee are as follows:

- Ensure that the Company adheres to good corporate governance principles and practices, as required by the Philippine SEC and other relevant regulatory agencies;

- Oversee the periodic performance evaluation of the Board and its committees and ensure that concrete plans are developed to address identified areas for improvement;

- Conduct a periodic review of the Board's committee structure, including evaluation of board size, composition of activities, practices, committees and committee membership;

- Recommend the continuing education or training programs for Directors, assignment of tasks, or projects to Board committees, and adoption of succession plan for the members of the Board;

- Oversee the Company's general strategy with respect to material, current, and emerging ESG matters material to the Company's businesses, operations, performance, or public image;

- Consider and recommend guidelines, policies, practices, and disclosures that conform with the Company's ESG general strategy and assist the Board in implementing the same;

- Review and monitor the development and implementation of targets, standards, or methodologies that the Company may establish to assess and track its ESG performance including the conduct of environmental, social, community, and stakeholder's programs and projects;

- Oversee the Company's reporting and disclosures on ESG-related matters in accordance with laws, rules, and regulations; and

- Perform such other functions as may be delegated or authorized by the Board.

The members of the Environmental, Social, and Governance Committee are Oliver Y. Tan, Manuel Louie B. Ferrer, with Pacita U. Juan serving as Chairman.

Nomination, Compensation, and Personnel Committee

The Company's Nomination, Compensation, and Personnel Committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully. More specifically, the Nomination, Compensation, and Personnel Committee's powers and functions are as follows:

- the nomination and election process of Directors, where the NCPC shall be tasked to implement guidelines and standards for its members that will facilitate the selection of potential nominees for Board seats, and to serve as a benchmark for the evaluation of the said nominee's qualifications. The process shall be transparent and include a procedure for accepting nominations from minority shareholders and vetting nominated candidates;

- the selection and supervision of executive officers and senior managers, which allows the NCPC to identify, recommend, recruit, vet, and interview qualified and competent individual, who fit the requirements of the Company;

- determining the appropriate compensation of Directors, executive officers, and senior managers, where the NCPC is tasked to oversee the establishment and administration of the Company's compensation program, and align the remuneration of its Directors, executive officers, and senior managers with its long-term interests. The NCPC shall also formulate and adopt a policy which takes into account the relationship between remuneration and performance; and

- providing the overall strategic direction and guidance on the human resources management of the Company, by monitoring and supervising the human resources department of the Company.

The Nomination, Compensation, and Personnel Committee members are Pacita Juan, Leonilo G. Coronel, with Jez G. Dela Cruz serving as Chairman.

Audit and Risk Oversight Committee

The Company's Audit and Risk Oversight Committee is composed of three non-executive Directors, the majority of whom, including the Chairman, should be independent directors. The members shall preferably have accounting and finance backgrounds. The Chairman of the Audit and Risk Oversight Committee shall not be the Chairman of the Board or of any other committees.

The Audit and Risk Oversight Committee is responsible for overseeing the Company's (i) financial reporting, internal control system, internal and external audit processes; and (ii) Enterprise Risk Management ("**ERM**") system. In relation to its audit function, the AROC shall, among others, monitor and evaluate the adequacy and effectiveness of the Company's financial reporting procedure, system of internal control, and audit process. It shall also perform oversight activities over the Company's internal and external auditors, and ensure that they act independently from each other.

The Audit and Risk Oversight Committee shall also assist the Board in its fiduciary responsibilities by providing guidance to the CEO of the Company, or in his absence, the CFO, and ensure that an effective and sustainable ERM Framework has been established. It shall evaluate the risk appetite and risk tolerance levels of the Company and its operating units, to ensure that these levels are commensurate to a well-founded risk-reward strategy. It shall oversee the effectiveness and sustainability of the Company's ERM Framework as a whole, taking into consideration the critical, imminent, and emerging risks in the Company's internal and external operating environments.

The Audit and Risk Oversight Committee shall also be responsible in developing the Company's overall short-term, mid-term, and long-term strategic financial plans for Board consideration, and providing strategic oversight monitoring and guidance over their implementation. It may be given further oversight responsibilities by the Board relating to financial matters.

The members of the Audit and Risk Oversight Committee are Atty. Jose M. Layug, Jr., Elizabeth Anne C. Uychaco, with Leonilo G. Coronel serving as Chairman.

Pursuant to the annual performance evaluation under the Charter of the Audit and Risk Oversight Committee, the performance of the Company's Audit Risk Oversight Committee shall be conducted within one (1) year from the Listing Date hereof.

Related Party Transaction Review and Compliance Committee

The Related Party Transaction Review and Compliance Committee shall consist of three Directors, entirely non-executive, majority all of whom shall be independent Directors, including the Chairman. The Related Party Transaction Review and Compliance Committee shall evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions monitored, and that subsequent changes in relationships with counterparties (from non-related to related, and vice-versa) are captured. The Related Party Transaction Review and Compliance Committee ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's related party transaction exposures, and policies on conflicts of interest or potential conflicts of interest. It shall formulate and implement procedures that would guarantee the integrity and transparency of related-party transactions. It shall ensure that all such transactions, including write-off of exposures are subject to a periodic independent review of audit process. The Related Party Transaction Review and Compliance Committee shall report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.

The members of the Related Party Transaction Review and Compliance Committee are Leonilo G. Coronel, Elizabeth Anne C. Uychaco, with Atty. Jose M. Layug, Jr. serving as Chairman.

Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Manual, each committee is required to report regularly to the Board of Directors. The Compliance Officer is responsible for determining and measuring compliance, as well as recommending the imposition of appropriate disciplinary action in case of violations.

Compliance with Rules on Corporate Governance

The Company is in the process of implementing its Manual. It will monitor compliance and will remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value for its stockholders.

EXECUTIVE COMPENSATION

Except for a per diem of ₱50,000 and ₱25,000 being paid to each of the independent Directors for every board meeting and committee meeting attended, respectively, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such.

The Company's executive officers have been, and will continue to be, compensated by the Sponsors and the Citicore Group. The table below sets forth the compensation of the President and CEO and top three highest compensated officers of the Company for the years indicated:

Name and Principal Position	Period	Salary (₱ million)	Bonus (₱ million)	Other Annual Compensation and Benefits (₱ million)	Total (₱ million)
CEO and top three highest compensated officers*					
Oliver Tan, President and CEO Jez Dela Cruz, Treasurer Raymund Jay Gomez, Compliance Officer Mia Grace Paula Cortez, CFO	2021- (estimated)	28.60	2.86	5.15	36.62
Oliver Tan, President and CEO Jez Dela Cruz, Treasurer Raymund Jay Gomez, Compliance Officer Mia Grace Paula Cortez, CFO	2020	25.11	2.36	3.91	31.38
All officers and directors as a group unnamed	2021 Estimated	30.37	3.00	5.25	38.63
	2020	26.09	2.44	3.99	35.53

WARRANTS AND OPTIONS OUTSTANDING

As of the date of this REIT Plan, there are no outstanding warrants or options in connection with the Company Shares held by any of the Company's Directors or executive officers.

SIGNIFICANT EMPLOYEES

While the Company values the contribution of its employees and executive officers, the Company believes that there is no senior employee as of the date of this REIT Plan, the resignation or loss of whom, would have a material adverse impact on the Company's business. Other than standard employment contracts, there are no special arrangements with non-senior management employees.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

To the best of the Company's knowledge and belief and after due inquiry, none of the Directors, or executive officers of the Company have, in the five-year period prior to the date of this REIT Plan, been convicted judicially or administratively of an offense or judicially declared insolvent, spendthrift, or incapacitate to contract. However, there is a pending case filed against some of the directors which is discussed below:

NBI Anti-Fraud Division and Atty. Larry T. Iguidez vs. Atty. Steven Y. Dicdican, Et Al. NPS Docket No. XVI-Inv-20k00362.

This case stemmed from a complaint dated September 3, 2020 filed against several respondents including, Oliver Y. Tan, Edgar B. Saavedra, Jez G. Dela Cruz, and Manuel Louie B. Ferrer (collectively, "**Respondents**"), for violations of (i) Section 3(j) of Republic Act ("RA") No. 3019, (ii) Section 2-A of the Anti-Dummy Law, and (iii) Section 4(g) of RA No. 6713. Complainant alleged that the Respondents handed the operation, administration, and management of the Mactan Cebu International Airport ("**MCIA**"), which is vested in GMR Megawide Cebu Airport Corporation ("**GMCAC**"), a consortium led by Megawide Construction Corporation ("**Megawide**") and the GMR Infrastructure Limited, to foreign nationals in violation of the Constitutional prohibition on having foreign nationals as executive and managing officers of a public utility.

Acting on the complaint, the National Bureau of Investigation ("**NBI**") recommended to the Department of Justice ("**DOJ**") the prosecution of Respondents being members of the Board of Directors of GMCAC for allegedly violating the Anti-Dummy Law. In their Joint Counter-Affidavit dated February 1, 2021, Respondents denied the allegations and explained that 1) the acts cited in the complaint do not constitute managerial or executive functions but are in the nature of public relations which the Respondents, as the members of the board of directors, cannot be expected to personally handle, 2) the engagement of foreign nationals is limited to advisory and/or consultation purposes only, 3) it is the Board of Directors that exercises the corporate powers, conducts the business, and controls all properties of GMCAC and 4) none of the indicators of "dummy status" are present. On July 14, 2021, the Respondents, through counsel, received an Order from the DOJ requiring the parties to submit their respective memoranda within 30 days from receipt of the Order. On August 13, 2021, the Respondents submitted their Memorandum. On October 15, 2021, newspaper articles reported that the DOJ has indicted the GMCAC executives, including the Respondents, for the alleged violation of the Anti-Dummy Law. In a disclosure submitted by Megawide to the PSE on the same date, Megawide clarified that despite reports, it has not received any official documents pertaining the filing of criminal charges against the directors and officers of GMCAC and assured the public that it will respond to this case in the proper forum and expects to do so successfully. On November 26, 2021, Megawide, via the PSE, disclosed that it received information that warrants of arrest against the Respondents have been issued by the Regional Trial Court ("**RTC**") of Lapu-Lapu City and that it is a procedural step to acquire jurisdiction over the Respondents. The warrants were issued for Criminal Case No. R-LLP-21-01781-CR by Branch 68 of the RTC in Lapu-Lapu City. This has been addressed by the Respondents with the posting of bail and the warrants were lifted and set aside on November 26, 2021. The arraignment was initially scheduled on December 7, 2021 but was deferred to February 9, 2022 in view of the previous filing of a Petition for Review on October 29, 2021 before the Department of Justice.

Based on the same set of facts and circumstances, NBI, unbeknownst to the Respondents at the time, also filed a complaint with the Office of the Ombudsman (OMB-C-C-20-0156 and OMB-C-A-20-0176) against several individuals, including the Respondents for violations of Section 3(e) and (j) of RA No. 3019 and Section 4(g) of RA 6713. A Joint Resolution was issued on July 20, 2021 by the Office of the Ombudsman finding probable cause to indict the Respondents, acting in conspiracy with the other respondents, for violation of Section 3(e) of RA 3019. All the other charges against the Respondents were dismissed. On November 8, 2021, Megawide, via the PSE, disclosed that it received a copy of the Joint Resolution on November 5, 2021. Prior to receiving such joint resolution on November 5, 2021, none of the Respondents obtained or received any notice, subpoena or order from the Office of the Ombudsman directing the submission of their respective counter-affidavits. As a result, they were not given the opportunity to present their defenses and participate in the preliminary investigation. On November 10, 2021, the Respondents filed their Motion for Partial Reconsideration and/or Reinvestigation praying for the dismissal of the complaint for lack of probable cause or, in the alternative, to conduct a reinvestigation to afford the Respondents their right to due process. As of the date of this REIT Plan, Respondents have not received any update, order or resolution from the Office of the Ombudsman. The Company firmly believes that the Respondents are fully compliant with all applicable laws, rules and regulations and did not commit any of the alleged violations of the Anti-Dummy law, RA No. 3019 or RA No. 6713. The Company further understands that the Respondents will diligently respond to all allegations in the proper fora and abide by the judicial process and they are confident that the cases will eventually be dismissed, and the Company believes that the Respondents will prevail over what they believe is an attempt to bring down Megawide's reputation and credibility.

The Company believes that the pending proceedings disclosed above do not affect the ability or integrity of the directors or executive officers involved.

Apart from the pending proceeding disclosed above, to the best of either the Company's or the Fund Manager's knowledge and belief and after due inquiry, the Company has no knowledge of any of the following events that occurred during the past five (5) years up the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as director, executive officer, underwriter or control person of the Company:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

FAMILY RELATIONSHIPS

There are no other family relationships by either consanguinity or affinity among the Company's executives and directors other than the foregoing.

PRINCIPAL AND SELLING SHAREHOLDER

Shareholders

Company's Issued Capital

The Company has an authorized capital stock of ₱539,999,998.50 divided into 2,159,999,994 Shares with a par value of ₱0.25 per share, of which 2,159,999,994 Shares are issued and outstanding. On May 25, 2021, the Company's shareholders, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Enfinity Philippines Renewable Resources Inc." to "Citicore Energy REIT Corp.", and (ii) increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the increase in authorized capital stock, CREC will subscribe to 2,400,000,000 Shares as consideration for the assignment by CREC of its advances to the Company amounting to ₱602,465,065.63. In addition, CREC and Citicore Tarlac 1 will subscribe to a total of 938,182,006 Shares as consideration for the assignment of 11 parcels of land, with aggregate area of 138,164 sq.m., located in Armenia, Tarlac, Tarlac. The change in name of the Company and the increase in capital stock were approved by the Philippine SEC on October 12, 2021. In addition, on October 12, 2021, four Shares were issued to the four independent Directors of the Company. As a result of the foregoing transactions, 5,498,182,004 Shares are issued and outstanding as of the date of this REIT Plan.

As of the date of this REIT Plan, the Sponsors own 100.0% of the Company.

Shareholders as of the date of this REIT Plan

The following table sets out the Company's shareholders as of the date of this REIT Plan.

	Position / Relationship to the Company	% of total outstanding Shares
		(%)
Citicore Renewable Energy Corporation	Parent/ Sponsor	83.3%
Citicore Solar Tarlac 1, Inc.	Sponsor	16.7%
Edgar S. Saavedra	Chairman	nil
Oliver Y. Tan	CEO and President	nil
Manuel Louie B. Ferrer	Non-executive Director	nil
Jez G. Dela Cruz	Treasurer	nil
Leonilo G. Coronel	Independent Director	nil
Jose M. Layug, Jr.	Independent Director	nil
Pacita U. Juan	Independent Director	nil
Elizabeth Anne C. Uychaco	Independent Director	nil
Total	04	100.0

Note:

(1) Includes Shares held by nominees.

Selling Shareholder

Upon completion of the Offer, the shareholders of the Company and their direct shareholdings are expected to be as set out below:

	Shares owned before the Offer[1]		Shares owned after the Offer (assuming full exercise of the Over-allotment Option)		Shares owned after the Offer (assuming the Over-allotment Option is not exercised)	
		(%)		(%)		(%)
Citicore Renewable Energy Corporation[3]	4,579,461,136	83.3	3,117,641,136	47.6	3,444,914,136	52.6
Citicore Solar Tarlac 1, Inc.	918,720,864	16.7	918,720,864	14.0	918,720,864	14.0
Others[4]	4	0.0	4	0.0	4	0.0
Public[2]	—	—	2,509,092,000	38.3	2,181,819,000	33.3

	Shares owned before the Offer[1]		Shares owned after the Offer (assuming full exercise of the Over-allotment Option)		Shares owned after the Offer (assuming the Over-allotment Option is not exercised)	
		(%)		(%)		(%)
Total	5,498,182,004	100.0	6,545,454,004	100.0	6,545,454,004	100.0

Notes:

(1) As at the date of this REIT Plan.

(2) Comprises both institutional and retail investors.

(3) Includes Shares held by nominees.

(4) Qualifying shares held by Edgar S. Saavedra, Oliver Y. Tan, Manuel Louie B. Ferrer and Jez G. Dela Cruz.

Security Ownership of Certain Record and Beneficial Owners

As of the date of this REIT Plan, the following table sets out beneficial owners of the common shares of the Company held by the Sponsors, Citicore Renewable Energy Corporation and Citicore Solar Tarlac 1:

TITLE OF CLASS	NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER AND RELATIONSHIPWITH RECORD OWNER	CITIZENSHIP	NO. OF SHARES HELD	%
Common	Citicore Renewable Energy Corporation, 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila	Citicore Power Inc. 9F, 45 San Miguel Bldg., San Miguel Ave., Ortigas Center, Pasig City Citicore Power owns 100% of CREC	Filipino	4,579,461,136	83.3%
Common	Citicore Solar Tarlac 1, Inc. Sitio Sampaloc, Brgy. Armenia, Tarlac City, Philippines	Sikat Solar Holdco, Inc. Unit 1101, The Trade and Financial Tower, 7th Ave., cor. 32nd St., BGC, Taguig City Sikat Solar Holdco, Inc, owns 100% of Citicore Solar Tarlac 1, Inc.	Filipino	918,720,864	16.7%

Citicore Renewable Energy Corporation, which holds 83.3% of the total outstanding capital stock in the Company, is also a principal shareholder of the Fund Manager and the Property Manager as discussed elsewhere in this REIT Plan.

As of the date of this REIT Plan, none of the Company's shares are held by foreigners.

Security Ownership of Management and Related Parties as of the Date of this REIT Plan

Each of the Sponsors holds more than 5% of the Company's shares as of the date of this REIT Plan.

Except for the independent directors, none of the Company's Directors or executive officers own Shares, other than qualifying shares, directly in the Company. In addition, neither the Fund Manager nor the Property Manager own shares directly in the Company.

As of the date of this REIT Plan, the following table sets out the shares of the Company that are held by the Company's senior management:

Title of Class	Name	Position	Citizenship	Amount and Nature of Beneficial Ownership (Indicate record ("R") and/or beneficial ("B"))	%
Common	Edgar B. Saavedra	Director and Chairman	Filipino	1 – "R" 0 – "B"	nil

Title of Class	Name	Position	Citizenship	Amount and Nature of Beneficial Ownership (Indicate record (“R”) and/or beneficial (“B”)	%
Common	Oliver Y. Tan	Director and President	Filipino	1 – “R” 0 – “B”	nil
Common	Jez G. Dela Cruz	Director and Treasurer	Filipino	1 – “R” 0 – “B”	nil
Common	Manuel Louie B. Ferrer	Director	Filipino	1 – “R” 0 – “B”	nil
Common	Leonilo G. Coronel	Independent Director	Filipino	1 – “R” and “B”	nil
Common	Jose M. Layug Jr.	Independent Director	Filipino	1 – “R” and “B”	nil
Common	Pacita U. Juan	Independent Director	Filipino	1 – “R” and “B”	nil
Common	Elizabeth Anne C. Uychaco	Independent Director	Filipino	1 – “R” and “B”	nil
Common	Mia Grace Paula S. Cortez	Chief Financial Officer	Filipino	0	nil
Common	Raymund Jay S. Gomez	Compliance Officer	Filipino	0	nil
Common	Michelle A. Magdato	Investor Relations Officer	Filipino	0	nil
Common	Jaime P. Del Rosario	Corporate Secretary	Filipino	0	nil
Common	James A. Jumalon	Assistant Corporate Secretary	Filipino	0	nil

Leonilo G. Coronel, Jose M. Layug, Jr. and Elizabeth Anne C. Uychaco, independent directors of the Company, are also independent directors of the Fund Manager and the Property Manager

Voting Trust Holders of 5% or more

The Company is not aware of any person holding more than 5% of shares under a voting trust or similar agreement.

Recent Issuances of Securities Constituting Exempt Transactions by the Company

On May 25, 2021, the Company’s shareholders also approved an amendment of the Articles of Incorporation to increase the Company’s authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share. The reclassification of the Company’s shares and the Stock Split were approved by the Philippine SEC on May 31, 2021, and the increase in the Company’s authorized capital stock was approved by the Philippine SEC on October 12, 2021.

Of the total increase in capital stock, the Selling Shareholder subscribed to 2,400,000,000 Shares as consideration for the assignment by the Selling Shareholder of its advances to the Company amounting to ₱602,465,065.63, at a subscription price of ₱0.25103 per share for a total subscription price of ₱602,465,065.63 (the “Conversion of Advances”). The payment for the subscription was recorded as deposit for future subscription as of May 26, 2021. In addition, the Selling Shareholder and Citicore Tarlac 1 will subscribe to 19,461,142 Shares and 918,720,864 Shares, respectively, or a total of 938,182,006 Shares, as consideration for the assignment of 11 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (the “Property-for-Share-Swap”).

The Philippine SEC approved the application for the increase in authorized capital stock on October 12, 2021 after which the said deposit for future subscription was converted into capital stock thereby increasing CREC’s shareholdings in the Company from 2,159,999,994 common shares with a par value of ₱0.25 per common share to 4,579,461,136 common shares and Citicore Tarlac 1’s shareholdings to 918,720,864 common shares for a total of 5,498,182,000 common shares with a par value of ₱0.25 per common share.

The foregoing private placements by way of subscription to the increase in the authorized capital stock is a transaction that is exempt from registration requirement pursuant to Section 10.1(k) of the SRC. No underwriter was engaged for the said increase in the Company's authorized capital stock.

RELATED PARTY TRANSACTIONS

Related Party Transactions and the REIT Law

Under the provisions of the REIT Law, a related party is defined to include:

- a director; the chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment, officer and their equivalent positions, including consultants with similar rank or position (the "**Principal Officer**"); or a stockholder who is, directly or indirectly, the beneficial owner of more than ten percent of any class of the REIT's shares (a "**Principal Stockholder**"); or an associate of such persons;

- the sponsor or promoter of the REIT, meaning any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the REIT;

- the fund manager of the REIT, meaning any person who manages the functions of the REIT;

- any adviser of the REIT, meaning a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the REIT;

- the property manager of the REIT, meaning a professional administrator of real properties who is engaged by the REIT to provide the property management services;

- a director, Principal Stockholder or Principal Officer of the sponsor/promoter of the REIT, fund manager, property manager, or associate of the any such persons;

- parent, subsidiary or affiliate to the REIT, the fund manager or the property manager; and

- any person who holds legal title to the shares of the REIT for the benefit of another for the purpose of circumventing the provisions of the REIT Law.

  (collectively, "**Related Parties**")

Any contract or amendment thereto, between the REIT and any related party, as described above, including contracts for services, shall comply with the following minimum requirements:

- the REIT must fully, fairly, timely, and accurately disclose the identity of the Related Party or Parties, their relationship with the REIT, and other important terms and conditions of the transaction to the PSE and the Philippine SEC;

- the contract must be on fair and reasonable terms, including the contract price;

- the contract must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT;

- the contract must be approved by the related party transactions committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transaction;

- the REIT must comply with Philippine SEC Memorandum Circular No. 10 series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the Philippine SEC;

- the contract must be accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the Philippine SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and

- the REIT must also disclose any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

Related Party Transactions and Philippine SEC Regulation

The Philippine SEC likewise issued Memorandum Circular No. 10, Series of 2019, which took effect on April 27, 2019 (the "**Circular**"). Under this Circular, related party transactions, either individually or in aggregate over a twelve-month period, amounting to at least 10% of a company's total assets shall be considered as a material related party transaction ("**Material RPT**"). The Philippine SEC likewise included in the relevant definition of "related parties" directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control or significant influence over the reporting publicly-listed company.

Some of the new and pertinent rules provided in the Circular are as follows:

- newly listed companies shall submit their Material RPT policy within six months from their listing date, which policy must be consistent with the Circular. The Material RPT Policy shall be signed by the company's chairman and compliance officer;

- the board of directors shall adopt a group-wide Material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile, and complexity of operations;

- the Material RPT policy shall include, at a minimum: identification of related parties, coverage of Material RPT, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the Material RPT, guidelines in ensuring arm's length terms, approval of Material RPT, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive Material RPT;

- the approval of Material RPT shall be by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the Material RPT. If the majority vote of independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the company. The same board approval shall be secured for aggregate related party transactions within a twelve-month period that breaches the 10% materiality threshold covering the same related party;

- an Advisement Report on Material RPT shall be submitted to the Philippine SEC within three calendar days after the execution date of the transaction; and

- a summary of Material RPT for the reporting year shall be disclosed in the Integrated Annual Corporate Governance Report annually every May 30.

The Company's Existing Related Party Transactions

In the ordinary course of the Company's business, it engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsors, the Fund Manager, the Property Manager, the Company's associates, members of the Citicore Group, related parties under common ownership and management, and key management personnel.

The Company's related party transaction policy is to ensure that these transactions are entered into on terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board, to ensure that the Company's resources are not misappropriated or misapplied.

The Company has a Related Party Transaction Review and Compliance Committee which evaluates the Company's ongoing relationships with related parties. Please see the section entitled "*Board of Directors and Senior Management – Committees of the Board*" in this REIT Plan for more information. If an actual or potential conflict of interest should arise on the part of a Director, the relevant Director is required to make a full disclosure of that actual or potential conflict of interest and must abstain from participating in the deliberation and voting on the approval of the proposed transaction and any action to be taken to address the conflict. A Director who has a continuing conflict of interest of a material nature must either resign, or if the Board deems appropriate, be removed from the Board.

In addition, the Company's Fund Manager has established procedures for assessing related party transactions. the Company's Fund Manager's approach with respect to related party transactions is discussed in the section entitled "*The Fund Manager and the Property Manager – Related Party Transactions*" in this REIT Plan.

The table below sets out the principal ongoing transactions with the Company's related parties as of September 30, 2021, based on the Pro Forma Financial Statements of the Company:

Related Party	Relationship	Nature of Transaction	Transaction Value (₱)	Outstanding Balance as of September 30, 2021
Lease Income				
Citicore Tarlac 1	under common control[(a)]	Contract of Lease dated July 26, 2021 for Armenia property (138,164 sqm)	40,426,457	4,097,517
Citicore Tarlac 2	under common control[(a)]	Sub Lease Agreement dated July 26, 2021 for Dalayap property (10.533731 hectares)	31,093,771	3,560,930
Citicore Negros Occidental	under common control[(a)]	Sub Lease Agreement dated August 6, 2021 for Negros Occidental property (431,408 sqm)	170,922,712	17,257,047
Citicore Cebu	under common control[(a)]	Sub Lease Agreement dated July 30, 2021 for Toledo property (730,000 sqm)	240,700,382	26,074,408
CREC	Parent company[(b)]	Contract of Lease dated October 13, 2021 for Clark Solar Power Plant (23MW)	187,294,006	21,480,152
Total			**670,437,329**	**72,470,054**
Other				
CREC	Parent company[(b)]	Advances granted, non-interest bearing, on demand	227,942,488	—
Citicore Power	Ultimate parent	Advances granted, non-interest bearing, on demand	87,021,747	—
CREC	Parent company[(c)]	Assignment of loans payable	(1,011,570,248)	(162,575,136)
CREC	Parent Company[(d)]	Assumed interest payable	(13,024,012)	—
CREC	Parent company[(e)]	Deposit for Future Stock Subscription	607,330,352	607,330,352
Citicore Tarlac 1	under common control[(e)]	Deposit for Future Stock Subscription	229,680,216	229,680,216
Citicore Fund Managers, Inc.	under common control	Fund management agreement dated July 26, 2021 between the Company and Citicore Fund Managers, Inc. for the fund management services of the Company.	The Fund manager will receive a management fee equivalent to 0.5% of the Company's Guaranteed Base Lease, plus 0.5% of the acquisition price for every acquisition made by it on behalf of the Company, plus 0.5% of the sales price for every property divested by	—

Related Party	Relationship	Nature of Transaction	Transaction Value (₱)	Outstanding Balance as of September 30, 2021
			it on behalf of the Company.	
Citicore Property Managers, Inc.	under common control	Property management agreement dated August 9, 2021 between the Company and Citicore Property Managers, Inc. for property management services of the Company.	The Property Manager will receive a management fee comprising 1.5% of the Company's Guaranteed Base Lease.	—

Notes:

(a) *This refers to the Company's lease of the Leased Properties to the Lessees, which are entities under common control with the Company. The rights of Citicore Negros Occidental as a lessee of the Silay Property is subject of an unregistered mortgage in favor of the Landbank of the Philippines, which debt is intended to be prepaid prior to the Listing Date. In the event of default by Citicore Negros Occidental, the Landbank of the Philippines will be able to exercise step-in-rights in place of the lessee.*

(b) *This refers to the Company's non-interest bearing advances from CREC from a portion of the bank loan assigned by the Company to CREC which was not converted into equity. ₱94.1 million is expected to be settled within one year while ₱68.5 million is expected to be demanded and settled by the Company after September 30, 2022.*

(c) *This refers to the Company's bank loan that was assigned to the CREC in relation to the Company's REIT Formation Transactions.*

(d) *This refers to a portion of interest in 2020 of the bank loan transferred from the Company to CREC, the payment of which was deferred until 2022 under the Bayanihan Act. Payment is expected to be made by CREC in 2022 and will be subsequently be reimbursed by the Company.*

(e) *This refers to the subscription of Shares in exchange for assets received by the Company in 2021 and the conversion of debt to equity which are recognized as deposit for future stock subscription in the Company's balance sheet, pending approval of the Philippine SEC of the increase in authorized capital stock of the Company.*

For more information on the Company's related party transactions, see Note 5 to the Company's Pro Forma Financial Statements attached to this REIT Plan.

The Company has also entered into a Property Management Agreement and a Fund Management Agreement with the Property Manager and the Fund Manager, respectively. The Company will pay the Property Manager and the Fund Manager certain fees under the terms of such agreements. See "*The Fund Manager and the Property Manager*".

See also "*Certain Agreements Relating to the Company and the Properties*" for arrangements between the Company and its Lessees.

The Company believes that the above-discussed transactions were made on an arm's length basis at prevailing market rates, on normal commercial terms, and in accordance with the Company's and the Fund Manager's policies toward related party transactions. There are no ongoing contractual or other commitments as a result of the above arrangements. No other arrangements or transactions exists that fall outside the definition of related parties under PAS 24 nor from any of a director, principal shareholder or principal officer of the sponsor/ promoter of the REIT, Fund Manager, Property Manager or associate of any such persons.

Future Related Party Transactions

As a REIT listed on the PSE, the Company will be regulated by the rules and regulations of the Philippine SEC as well as the Listing Rules and other regulations of the PSE. These rules and regulations, along with the REIT Law, regulate transactions entered into by the Company with related parties with respect to the Company's acquisition of assets from or sale of assets to a related party, the Company's investment in securities of or issued by a related party, and the engagement of a related party as a property management agent or marketing agent for the Company's properties. Depending on the materiality of transactions entered into by the Company for the acquisition of assets from the sale of assets to or the investment in securities of or issued by, a related party, the rules described above may require the Company to announce such a transaction to the Philippine SEC and the PSE and may also require the approval of the Shareholders to be obtained.

Subject to compliance with the applicable requirements, the Company will not be prohibited by the rules of the Philippine SEC, the PSE, or the REIT Law from contracting or entering into any financial, banking, or any other type of transaction with a related party or from being interested in any such contract or transaction, provided that any such transaction shall be on normal, arm's length commercial terms and is not prejudicial to the interests of the Company and the Shareholders. Please see the section entitled "*The Fund Manager and the Property Manager – Related Party Transactions*" in this REIT Plan.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Sponsors, or the Local Underwriters and the International Bookrunners or any off the parties or advisors in connection with the offer and sale of the Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

In June 1998, the Philippine SEC granted Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120,000,000.00. As of June 30, 2020, the PSE has 85,164,091 issued and outstanding shares, of which 3,513,954 are treasury shares, resulting in 81,650,137 total shares outstanding. Each of the then 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging ("**SME**") Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company's articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the PSEi (previously "**PHISIX**"), which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched a new trading system, PSE Trade.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE Electronic Disclosure Generation Technology ("**EDGE**"). The PSE EDGE, a new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors, with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors' disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilizes NASDAQ's X- stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE also launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City, which currently houses the unified trading floors in Makati City and Pasig City.

The PSE issued Memorandum LA No. 2011-0032 dated September 1, 2011, regarding the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy ("RE") Companies (PRE Rules). In addition to the general listing requirements, Petroleum and RE Companies are required to submit the documentary requirements set forth in the Checklist of Documentary Requirements for Petroleum and RE Companies in case of an IPO or Listing by way of Introduction. Moreover, existing listed companies and Petroleum and RE Companies that will apply for initial listing with the PSE shall comply with the supplemental disclosure requires specified in the Supplemental Disclosure Guidelines and Requirements for Petroleum and Renewable Energy Companies.

The PSE Rules provide that an applicant Petroleum or RE company must, at a minimum, demonstrate to the PSE that it is an operator or a co-venturer of a valid and subsisting Service/Operating Contract duly approved and awarded by the DOE. Moreover, an applicant Petroleum or RE company should prove that it has the right to participate actively in the exploration for and/or extraction of natural resources through adequate control over the assets, or through adequate rights which give it sufficient influence in decisions over the exploration for and/or extraction of natural resources.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1996 to 2020 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	**Composite Index at Closing**	**Number of Listed Companies**	**Aggregate Market Capitalization**	**Combined Value of Turnover**
			(in ₱ billions)	**(in ₱ billions)**
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization	Combined Value of Turnover
			(in ₱ billions)	(in ₱ billions)
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.1	2,172.5
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	268	16,705.3	1,770.0
2020	7,139.7	274	15,888.9	1,770.9

Source: Philippine Stock Exchange, Inc. and PSE Annual Reports

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Generally, equities trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one-and-a-half-hour lunch break. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., with a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed and such other days as may be declared by the Philippine SEC or the PSE, to be a non-trading day.

Beginning on March 15, 2020, the PSE, in the observance of the government's implementation of the community quarantine in parts of the country including Metro Manila due to the COVID-19 pandemic, has implemented shortened trading hours starting at 9:30 and ending at 1:00 pm. The shortened trading hours are still being implemented as of the date of this REIT Plan.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the corporation or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the subject corporation fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the subject corporation is disseminated, subject again to the trading ban.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

(i) In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60.0% static threshold will be rejected by the PSE.

(ii) In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities; 15% for security cluster B; and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase or sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned Subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions of clearing members, who are also PSE trading participants;
- guaranteeing the settlement of trades in the event of a PSE trading participant's default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund; and
- performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place 3 trading days after transaction date ("**T+3**"). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE trading participant maintains a cash settlement account with one of the ten existing settlement banks of SCCP, which are Citibank, N.A. Philippines ("**Citi Philippines**"), Banco de Oro Unibank, Inc. ("**BDO**"), Rizal Commercial Banking Corporation ("**RCBC**"), Metropolitan Bank and Trust Company ("**Metrobank**"), Deutsche Bank ("**DB**"), The Hong Kong Shanghai Banking Corporation Limited ("**HSBC**"), Unionbank of the Philippines ("**Unionbank**"), Maybank Philippines Inc. ("**Maybank Philippines**"), Asia United Bank Corporation ("**AUB**"), and China Banking Corporation ("**Chinabank**"). Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Citi Philippines, BDO, RCBC, Metrobank, DB, HSBC, Unionbank, AUB, Maybank Philippines and Chinabank.

In order to benefit from the book-entry system, securities must be immobilized in the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades, and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry is in the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities are directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the PSE in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

"For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date."

"On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Company's registry as a confirmation date."

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under the PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

On December 1, 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%.

If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the Philippine SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the Philippine SEC a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from, within ten days from knowledge that its MPO has become deficient. Listed companies are also required to submit to the Philippine SEC a public ownership report and progress report on any such submitted business plan within 15 days after end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 4, 2020, the PSE issued Memorandum Circular 2020-0076 that provided the Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock post-IPO depending on its market capitalization, as follows:

Market Capitalization	**Minimum Public Offer**
Not exceeding ₱500M	33% or ₱50M, whichever is higher
Over ₱500M to ₱1B	25% or ₱100M, whichever is higher
Over ₱1B	20% or ₱250M, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing (including listing by way of introduction), the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

Under Section 8.1 of the REIT Law and Section 5.1(a) of the Revised REIT IRR, a REIT must be a public company. It is required to maintain its status as a listed company and upon and after listing, have at least 1,000 Public Shareholders each owning at least 50 shares of any class of shares, and who, in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT. Failure to maintain the public ownership requirement will result to the imposition of a trading suspension for a period not more than six months. If the REIT still fails to comply with the public ownership requirement within the six-month period, it will be automatically delisted.

Scripless Shares

The Revised REIT IRR provides that all the shares of a REIT shall be in uncertificated form. The REIT is required to engage a duly licensed transfer agent to monitor subsequent transfer of the shares. The transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors for their own benefit and not for the benefit of any non-Public Shareholders. The REIT shall make the necessary arrangement with a central securities depository on the recording of its shareholders under a Name-On Central Depository arrangement.

TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. The following discussion is based upon laws, regulations, rulings, income tax treaties, administrative practices and judicial decisions in effect at the date of this REIT Plan and is subject to any changes occurring after such date. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. This discussion does not provide information regarding the tax aspects of acquiring, owning, holding or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequences in light of particular situations of acquiring, owning, holding and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL TAX LAWS.

As used in this section, the term "*resident alien*" *refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A* "*non-resident alien*" *is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a* "*non-resident alien engaged in trade or business in the Philippines;*" *otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a* "*non-resident alien not engaged in trade or business in the Philippines.*" *A* "*domestic corporation*" *is created or organized under the laws of the Philippines; a* "*resident foreign corporation*" *is a non-Philippine corporation engaged in trade or business in the Philippines; and a* "*non-resident foreign corporation*" *is a non-Philippine corporation not engaged in trade or business in the Philippines. The term* "*non-resident holder*" *means a holder of the Shares:*

- *who is an individual and is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

PHILIPPINE TAXATION

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Law**") took effect. The TRAIN Law amended various provisions of the Philippine Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax. On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (the "**CREATE Law**") was signed into law. The CREATE Law amended various provisions of the Philippine Tax Code covering corporate income tax and took effect on April 11, 2021.

IPO TAX

Republic Act No. 11494, otherwise known as the Bayanihan to Recover As One Act, took effect on September 15, 2020. Section 6 of this law repealed Section 127(B) of the Philippine Tax Code on the IPO Tax. As such, the Offer is not subject to the IPO Tax.

Under Revenue Regulations No. 23-2020 issued by the BIR, tax on shares of stocks sold, bartered, exchanged or other disposition through IPO provided under Section 127(B) of the Philippine Tax Code is repealed. Every sale, barter, exchange or other disposition through IPO of shares of stock in closely held corporations shall no longer be subject to IPO Tax.

Corporate Income Tax

A domestic corporation is subject to a tax of 25% of its taxable income from all sources within and outside the Philippines. Taxable net income refers to items of income specified under Section 32(A) of the Philippine Tax Code, less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction ("**OSD**") equivalent to an amount not exceeding 40% of the corporation's gross income.

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 03-2020 and by the CREATE Law, a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the Tax Code, on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, as amended, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, taxable net income means the pertinent items of gross income specified in Section 32 of the Tax Code less (a) all allowable deductions enumerated in Section 34 of the Tax Code (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the Shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

Passive income of a domestic corporations are taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income.

Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax. After June 30, 2023, the rate of minimum corporate income tax shall be 2% of the gross income as of the end of the taxable year.

Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

SALE, EXCHANGE OR DISPOSITION OF SHARES AFTER THE IPO

Taxes on Transfer of Shares Listed and Traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. A value-added tax ("**VAT**") of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE, and is generally passed on to the client, the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public of the listed companies issued and outstanding shares at all times.

Under the REIT Law, a REIT must be a public company and to be considered as such, a REIT, must: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT or subject to 33.33% MPO.

The sale of such listed company's shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (i.e., capital gains tax, documentary stamp tax, and possibly donor's tax if the fair market value of the shares of stock sold is greater than the consideration or the selling price, as the amount exceeding the selling price shall be deemed a gift subject to donor's tax under Section 100 of the Tax Code). Companies which do not comply with the MPO after the lapse of the trading suspension shall be automatically delisted.

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("**R.R. 16-12**") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Capital Gains Tax, if the Sale Was Made Outside the PSE

Pursuant to the TRAIN Law and CREATE Law, the net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, a domestic corporation (other than a dealer in securities), a resident foreign corporation, or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15% of the net capital gains realized during the taxable year.

Furthermore, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange is greater than the consideration received by the seller or the selling price, the amount by which the fair market value of the shares exceeds the selling price shall be deemed a gift that is subject to donor's tax under Section 100 of the Tax Code; provided, however, that a sale, exchange or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (a transaction which is bona fide, at arm's length and free from donative intent) will be considered as made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief or confirmation has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.)

The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**"), certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or other conditions have been met.

Tax on Dividends

In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. A non-resident alien individual or a non-resident foreign corporation may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty in force between the Philippines and the country of domicile of the non-resident holder.

Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

The BIR has issued Revenue Memorandum Order No. 14-2021 (“**RMO No. 14-2021**”) to streamline the procedures and documents for the availment of treaty benefits covering all items of income, including dividends, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty. Under this regulation, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division (“**ITAD**”) of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a tax treaty relief application (“**TTRA**”) with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company's shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident's entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD.

Transfer taxes (e.g., VAT on deemed sale, DST, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to all the shareholders of the corporation are generally not subject to Philippine income tax. However, the subsequent sale, exchange, or disposition of shares in a domestic corporation received as stock dividends by the shareholder is subject to either: (a) stock transaction tax, if the transfer is through a local stock exchange, or (b) capital gains tax and DST, if otherwise.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	**Stock transaction tax on sale or disposition effected through the PSE (%)(9)**	**Capital gains tax due on disposition of shares outside the PSE (%)**
Canada	25(1)	0.6	May be exempt(13)
China	15(2)	Exempt(10)	May be exempt(13)
France	15(3)	Exempt(11)	May be exempt(13)
Germany	15(4)	Exempt(12)	May be exempt(13)
Japan	15(5)	0.6	May be exempt(13)
Singapore	25(6)	0.6	May be exempt(13)
United Kingdom	25(7)	0.6	Exempt(14)
United States	25(8)	0.6	May be exempt(13)

Notes:

(1) *15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

(2) *10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.*

(3) *10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.*

(4) *5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases.*

(5) *10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.*

(6) *15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.*

(7) *15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

(8) *20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.*

(9) *If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by the Section 39 of the TRAIN Law.*

(10) *Article 2(1)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.*

(11) *Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.*

(12) *Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.*

(13) *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*

(14) *Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

To avail of the capital gains tax exemption on the sale of shares of stock under an income tax treaty, the seller shall provide the Application Form for Treaty Purposes (BIR Form No. 0901-C) and Tax Residency Certificate ("**TRC**") to the duly issued by the foreign tax authority to the buyer prior to the payment of the income for the first time. Subsequently, the buyer shall file a request for confirmation with the BIR, together with the other documentary requirements, at any time after the payment but in no case later than the fourth month following the close of each taxable year. Alternatively, the seller may file a Tax Treaty Relief Application ("**TTRA**"), together with the other documentary requirements, at any time after receipt of the income.

The documentary requirements for the request for confirmation or TTRA as set out in Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits) dated March 31, 2021 include the BIR Form No. 0901-C; TRC; bank documents/certificate evidencing payment/remittance of income; supporting contract; stock certificates; the General Information Sheet; secretary's certificate on the seller's shareholdings; audited financial statements ("**AFS**") for the taxable year immediately preceding the year of transfer; interim AFS as of the date of transfer; BIR Form No. 0605; and BIR Form No. 2000-OT. The TRC is a consularized or an apostilled certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated or an apostilled certified true copy of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR.

For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the company's stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the certificate confirming entitlement to treaty benefits should be submitted to the BIR office processing the CAR.

Documentary Stamp Tax

The original issue of shares is subject to a documentary stamp tax ("**DST**") of ₱2.00 for each ₱200.00, or a fractional part thereof, of the par value of the shares issued. The transfer of shares outside the PSE is subject to DST at the rate of ₱1.50 on each ₱200.00, or a fractional part thereof, of the par value of the shares.

The DST is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable by either or both the vendor or the vendee of the shares.

However, the sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from documentary stamp tax.

Estate and Donor's Taxes

Shares issued by a domestic corporation are deemed to have a Philippine situs and their transfer by way of a succession or donation, even if made by a non-resident or donor outside the Philippines, is subject to Philippine estate tax or donor's tax.

The transfer of shares of stock upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at the rate of 6%. An Investor shall be subject to donor's tax at the rate of 6% based on the total net gifts (such as shares of stock) in excess of ₱250,000.00 made during a calendar year, regardless of the relationship (by blood or by affinity) between the donor and the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock:

(1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or

(2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Shares exceeded the value of the consideration may be deemed a gift, and a donor's tax may be imposed on the transferor of the Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donor's tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation.

This REIT Plan does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

PLAN OF DISTRIBUTION

1,527,273,000 Offer Shares (the "**Institutional Offer Shares**"), or 70% of the Firm Shares, are (subject to re-allocation as described below) being offered for sale (i) outside the United States by the International Bookrunners in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) to Domestic Investors in the Philippines by the Local Underwriters (the "**Institutional Offer**"). 654,546,000 Offer Shares (the "**Trading Participants and Retail Offer Shares**"), or 30% of the Firm Shares, are (subject to re-allocation as described below) being offered by the Local Underwriters at the Offer Price to all of the Eligible PSE Trading Participants and local small investors ("**LSIs**") in the Philippines (the "**Trading Participants and Retail Offer**"). Notwithstanding the International Bookrunners being named in this REIT Plan, offers or sales by the International Bookrunners of Offer Shares outside the Philippines are not governed by Philippine laws. The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to adjustment as agreed between the Company, the Selling Shareholder, the Joint Global Coordinators and the International Bookrunners. The Local Underwriters and the International Bookrunners will underwrite, on a firm commitment basis, the Firm Shares. There is no arrangement for any of the International Bookrunners to return any of the Offer Shares relating to the Trading Participants and Retail Offer or the Institutional Offer to the Company or the Selling Shareholder.

THE LOCAL UNDERWRITERS AND INTERNATIONAL BOOKRUNNERS

Roles and Responsibilities

The Joint Global Coordinators are responsible for the coordination of the various execution workstreams relating to the Offer.

The Local Underwriters and the International Bookrunners are assisting the Company and the Selling Shareholder in the book-building process, which includes marketing and allocation of the Offer to potential investors as described in this Plan of Distribution.

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Local Underwriters to all of the Eligible PSE Trading Participants and LSIs in the Philippines.

The Local Underwriters and their respective affiliates have engaged in transactions with, and have performed various investment banking, commercial banking and other services for the Company's Affiliates and the Selling Shareholder in the past, and may do so for the Company, the Selling Shareholder and their respective subsidiaries and affiliates from time to time in the future. However, all services provided by the Local Underwriters including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholder. The Local Underwriters do not have any right to designate or nominate a member of the Board. The Local Underwriters have no direct relationship with the Company in terms of share ownership and, other than as Local Underwriters for the Offer, do not have any material relationship with the Company or the Selling Shareholder.

The International Bookrunners and their respective affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with the Company, the Selling Shareholder or their respective affiliates. The International Bookrunners have received and expect to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, the International Bookrunners and their respective affiliates may trade the Company's securities or the securities of the Company's affiliates or derivatives relating to the foregoing securities for its or its affiliates' own account or for the accounts of customers, and may at any time hold a long or short position in such securities.

The Local Underwriters and the International Bookrunners will receive underwriting and selling fees from the Company and the Selling Shareholder of up to 2.0% of the gross proceeds from the sale of the Offer Shares. The estimated underwriting, selling and Trading Participant ("**TP**") fees amount to approximately ₱128.0 million, assuming that the Over-allotment Option is fully exercised. The estimated underwriting, selling and TP fees amount to approximately ₱111.3 million, assuming that the Over-allotment Option is not exercised.

Joint Global Coordinator, Joint Bookrunner and Lead Underwriter

Unicapital, Inc. was incorporated in the Philippines on June 29,1994. It was duly licensed by the Philippine SEC to operate as an investment house and, as such, to engage in underwriting or distribution of securities to the public in 1994. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally. Unicapital, Inc.'s board of directors is chaired by Mr. Avelino J. Cruz, Jr.

Joint Global Coordinator, Joint Bookrunner and Lead Local Underwriter

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of December 31, 2020, it had ₱4.40 billion and ₱4.10 billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

International Bookrunners

CIMB Investment Bank Bhd ("**CIMB**") is part of the CIMB Group. CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance. The CIMB Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of March 2021, had around 34,000 staff and over 16 million customers. CIMB's investment banking franchise operates in 15 countries across Asia Pacific. CGS-CIMB Securities, a joint-venture with China Galaxy International, is the stockbroking arm for the CIMB Group providing institutional and retail equity broking services and equities research.

CLSA Limited ("**CLSA**"), CITIC Securities' international platform, provides global investors and corporates with insights, liquidity and capital to drive their growth strategies. Award-winning research, an extensive Asia footprint, direct links to China and highly experienced finance professionals differentiate its innovative products and services in asset management, corporate finance, equity and debt capital markets, securities and wealth management.

Joint Bookrunner and Lead Local Underwriter

PNB Capital, a wholly owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers & acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house in 1997 and is licensed to engage in underwriting and distribution of securities to the public.

Participating Underwriter

Investment & Capital Corporation of the Philippines ("**ICCP**") is an independent Investment House that provides a complete line and scope of investment banking services focused on debt capital market (DCM), and equity capital market (ECM), financial advisory, mergers & acquisitions, and project development. DBS owns a 20% stake in ICCP. ICCP obtained its license to operate as an Investment House from the Philippine SEC in 1988, and is licensed to engage in underwriting and distribution of securities to the public.

THE TRADING PARTICIPANTS AND RETAIL OFFER

The Trading Participants and Retail Offer Shares shall (subject to re-allocation as described below) initially be offered by the Local Underwriters, to all of the Eligible PSE Trading Participants and LSIs in the Philippines. 436,364,000 Trading Participants and Retail Offer Shares, or 20% of the Firm Shares, shall be allocated among the Eligible PSE Trading Participants. Each Eligible PSE Trading Participant shall initially be allocated 3,547,000 Firm Shares (computed by dividing the Trading Participants and Retail Offer Shares allocated to the Eligible PSE Trading Participants among the 123 Eligible PSE Trading Participants) and subject to reallocation as may be determined by the Joint Global Coordinators. The balance of 83,000 Firm Shares shall be allocated by the Joint Global Coordinators to the Eligible PSE Trading Participants. A total of 218,182,000 Trading Participants and Retail Offer Shares, or 10% of the Firm Shares, shall be made available nationwide to LSIs through the PSE Electronic Allocation System or "PSE EASy." An LSI is defined as a subscriber to the Offer who is willing to subscribe to a minimum board lot or whose subscription does not exceed ₱1,000,000.00. In the case of this Offer, the minimum subscription of LSIs shall be 1,000 Shares or ₱2,550.00, and thereafter in multiples of 1,000 Shares, while the maximum subscription shall be 392,000 Shares or ₱999,600.00. There will be no discount on the Offer Price. The procedure in subscribing to Offer Shares via PSE EASy is indicated in the Company's Implementing Guidelines for Local Small Investors to be announced through the PSE EDGE website. Should the total demand for the Offer Shares in the LSI program exceed the maximum allocation, the Joint Global Coordinators shall prioritize subscriptions of small investors with amounts lower than the maximum subscription.

Upon closing of the Trading Participants and Retail Offer, any allocation of Trading Participants and Retail Offer Shares not taken up by the Eligible PSE Trading Participants and the LSIs shall be distributed by the Local Underwriters to their clients or the general public in the Philippines or as otherwise agreed with the International Bookrunners. The Local Underwriters shall purchase the Trading Participants and Retail Offer Shares not reallocated to the Institutional Offer, or otherwise not taken up by the Eligible PSE Trading Participants, clients of the Local Underwriters or the general public in the Philippines, pursuant to the terms and conditions of the Domestic Underwriting Agreement (as defined below). Nothing herein or in the Domestic Underwriting Agreement shall limit the rights of either the Local Underwriters from purchasing the Offer Shares for its own account.

To facilitate the Trading Participants and Retail Offer, the Company and the Selling Shareholder have appointed Unicapital, Inc. to act as Joint Global Coordinator, Joint Bookrunner and Lead Underwriter, BDO Capital & Investment Corporation to act as Joint Global Coordinator, Joint Bookrunner and Lead Local Underwriter, PNB Capital and Investment Corporation to act as the Joint Bookrunner and Lead Local Underwriter, and Investment & Capital Corporation of the Philippines as Participating Underwriter.

On or before 11:00 a.m. on February 4, 2022, the Eligible PSE Trading Participants shall submit to the Receiving and Paying Agent their firm orders and commitments to purchase from the Trading Participants and Retail Offer Shares.

With respect to the LSIs, all applications to purchase or subscribe for the Trading Participants and Retail Offer Shares must be done online through the PSE EASy. The system will generate a reference number and payment instruction. An application to purchase the Trading Participants and Retail Offer Shares shall not be deemed as a duly accomplished and completed application unless submitted with all required relevant information and applicable supporting documents to the Joint Global Coordinators or such other financial institutions that may be invited to manage the LSI program. Payment for the Trading Participants and Retail Offer Shares may be made in cash or by check following the payment instructions generated through PSE EASy. LSI applicants may check the status of their subscription applications through their PSE EASy investor accounts.

Eligible PSE Trading Participants who take up Trading Participants and Retail Offer Shares shall be entitled to a selling fee of 1.00%, inclusive of VAT, of the Trading Participants and Retail Offer Shares taken up and purchased by the relevant Eligible PSE Trading Participant; any such fees shall be allocated to the Local Underwriters pro rata to their underwriting commitments which will be remitted via the Receiving and Paying Agent through a letter of instruction from the Company. The selling fee, less the applicable withholding tax, will be paid by the Receiving and Paying Agent to the Eligible PSE Trading Participants starting on the 10th banking day from the Listing Date.

All of the Trading Participants and Retail Offer Shares are or shall be lodged with the PDTC and shall be issued to the Eligible PSE Trading Participants and LSIs in scripless form. Investors may maintain the Trading Participants and Retail Offer Shares in scripless form or opt to have the stock certificates issued to them by requesting an upliftment of the relevant Trading Participants and Retail Offer Shares from the PDTC's electronic system after the Listing Date. Costs or fees relating to such upliftment shall be for the account of the investor.

THE INSTITUTIONAL OFFER

The Institutional Offer Shares will be offered for sale (i) outside the United States by the International Bookrunners in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) to Domestic Investors by the Local Underwriters.

Investors in the Institutional Offer will be required to pay, in addition to the Offer Price, a brokerage fee of up to 1.00% of the Offer Price.

REALLOCATION

The allocation of the Offer Shares between the Trading Participants and Retail Offer and the Institutional Offer is subject to further adjustment as may be determined by the Joint Global Coordinators and the International Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants and Retail Offer, Offer Shares in the Institutional Offer may be reallocated to the Trading Participants and Retail Offer. If there is an under-application in the Trading Participants and Retail Offer and if there is a corresponding over-application in the Institutional Offer, Offer Shares in the Trading Participants and Retail Offer may be reallocated to the Institutional Offer. Unless otherwise agreed by the Joint Global Coordinators and the International Bookrunners the reallocation shall not apply in the event of over-application or under-application in both the Trading Participants and Retail Offer and the Institutional Offer.

UNDERWRITING COMMITMENTS

The Company, the Selling Shareholder, and the Local Underwriters have entered into a Domestic Underwriting Agreement to be dated on or about January 27, 2022 (the "**Domestic Underwriting Agreement**"), whereby the Local Underwriters agree to underwrite on a firm commitment basis the number of Offer Shares opposite its name indicated in the following table, subject to agreement among the Joint Global Coordinators and the International Bookrunners on any clawback, clawforward or other such mechanism relating to the reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer.

	Number of Firm Shares	% of Firm Shares	Estimated Fees(1) (in ₱)
Unicapital, Inc.	654,545,000	30.0	36,163,616
BDO Capital & Investment Corporation	545,455,000	25.0	27,818,205
PNB Capital and Investment Corporation	436,364,000	20.0	20,029,108
Investment & Capital Corporation of the Philippines	109,091,000	5.0	5,007,277
Total	**1,745,455,000**	**80.0**	**89,018,205**

Note:

(1) The estimated fees of the Local Underwriters are based on the Offer Price of the Offer Shares and are subject to agreement among the Joint Global Coordinators and the International Bookrunners on any clawback, clawforward or other such mechanism.

Under the terms and conditions of the international underwriting agreement to be dated on or about January 27, 2022 (the "**International Underwriting Agreement**"), entered into among the Company, the Selling Shareholder and the International Bookrunners, the International Bookrunners have agreed to procure purchasers for or failing which to purchase the portion of Institutional Offer Shares opposite its name indicated in the following table, subject to agreement among the Joint Global Coordinators and the International Bookrunners on any clawback, clawforward or other such mechanism relating to reallocation of the Offer Shares between the Institutional Offer and the Trading Participants and Retail Offer. The International Underwriting Agreement is subject to certain conditions and may be subject to termination by the International Bookrunners if certain circumstances, including force majeure, occur on or before the Listing Date.

	Number of Institutional Offer Shares(1)	% of Firm Shares
CIMB Investment Bank Bhd	218,182,000	10.0
CLSA Limited	218,182,000	10.0
Total	**436,364,000**	**20.0**

Note:

(1) The estimated underwriting commitments of the International Bookrunners are based on the Offer Price of the Offer Shares and are subject to agreement among the Joint Global Coordinators and the International Bookrunners on any clawback, clawforward or other such mechanism.

The foregoing tables do not reflect the exercise of the Over-allotment Option that may or may not be exercised by BDO Capital, as Stabilizing Agent, to purchase up to 327,273,000 Option Shares from the Selling Shareholder.

THE OVER-ALLOTMENT OPTION

In connection with the Offer, subject to the approval of the Philippine SEC, the Selling Shareholder has granted the Stabilizing Agent an Over-allotment Option, exercisable in whole or in part to purchase up to 327,273,000 Option Shares at the Offer Price and on the same terms and conditions as the Firm Shares, as set forth herein, from time to time for a period which shall not exceed 30 calendar days from and including the Listing Date. In connection therewith, the Selling Shareholder has entered into a stabilization agreement with the Stabilizing Agent to, among other things, utilize up to 327,273,000 Option Shares to cover over-allocations under the Institutional Offer. The Option Shares may be over-allotted and the Stabilizing Agent may affect price stabilization transactions for a period beginning on or after the Listing Date, but extending no later than 30 days from and including the Listing Date. Thus, the grant to the Stabilizing Agent of the Over-allotment Option may be exercised over any, some or for all of the Option Shares.

Any Shares that may be delivered to the Stabilizing Agent under the Stabilization Agreement will be re-delivered to the Selling Shareholder either through the purchase of Shares in the open market by the Stabilizing Agent in the conduct of stabilization activities or through the exercise of the Over-allotment Option by the Stabilizing Agent. The Stabilizing Agent may purchase Shares in the open market only if the market price of the Shares falls below the Offer Price. The initial stabilization action shall be at a price below the Offer Price. After the initial stabilization action, (i) if there has not been an independent trade (i.e., a trade made by a person other than the Stabilizing Agent for itself or on behalf of its clients) in the market at a higher price than the initial stabilization trade, the subsequent trade shall be below the initial stabilization price, or (ii) if there has been an independent trade in the market at a higher price than the initial stabilization trade, the subsequent trade shall be at the lower of the stabilizing action price or the independent trade price. Such activities may stabilize, maintain or otherwise affect the market price of the Shares, which may have the effect of preventing a decline in the market price of the Shares and may also cause the price of the Shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If the Stabilizing Agent commences any of these transactions (which would include thereafter disposing of or selling the Shares purchased), it may discontinue them at any time. However, the Stabilizing Agent or any person acting on behalf of the Stabilizing Agent has the sole discretion whether to undertake stabilization activities, and there is no assurance that the same will be undertaken. Consequently, the Stabilizing Agent may conduct stabilization activities by repurchasing Common Shares from the market at up to the number of Option Shares sold under the Over-allotment Option; hence, stabilization activities and the funds available therefor will necessarily be limited by the number of Option Shares actually sold or purchased There is also no assurance that the price of the Shares will not decline significantly after any such stabilizing activities end.

Once the Over-allotment Option has been fully exercised by the Stabilizing Agent, it will no longer be allowed to purchase Shares in the open market for the conduct of stabilization activities. As discussed under the section "*Dilution*", if the Over-allotment Option is fully exercised, the number of shares held by new investors will be 2,509,092,000 Common Shares and the public float will increase to 38.3%. The partial or full exercise of the Over-allotment Option will not trigger the issuance of any new Shares to the Selling Shareholder to offset the Shares sold under the Over-allotment Option. To the extent the Over-allotment Option is not fully exercised by the Stabilizing Agent, the same shall be deemed cancelled and the relevant Option Shares shall be re-delivered to the Selling Shareholder, and the corresponding filing fee for the Over-allotment Option shall be forfeited. The Option Shares are not fully underwritten unlike the Firm Shares and consequently, the Option Shares may not be fully sold and taken up.

LOCK-UP

The PSE Consolidated Listing and Disclosure Rules (the "**PSE Listing Rules**") require an applicant company for the Main Board to cause its existing shareholders owning at least 10% of the outstanding shares of the company not to sell, assign, or in any manner dispose of their shares for a period of 180 calendar days after the listing of the shares if the applicant company meets the track record requirements or 365 calendar days after listing date of the shares for companies which are exempt from the track record and operating history requirements of the PSE. In addition, under the PSE Listing Rules, if there is any issuance or transfer of shares (i.e., private placements, asset for shares swaps, or similar transactions) or instruments which lead to issuance of shares (i.e., convertible bonds, warrants, or similar instruments) done and fully paid for within 180 calendar days prior to the start of the offering period, and the transaction price is lower than that of the listing price, all shares availed of shall be subject to a lock-up period of at least 365 calendar days from full payment of the aforesaid shares. The Amended Articles of Incorporation of the Company provides that the Company shall comply with the lock-up requirement of the PSE Listing Rules, subject to any waiver or exemption that may be granted by the PSE.

The following shall be subject to the 365-day lock-up period:

Assuming the Over-allotment Option is fully exercised:

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Listing Date
Citicore Renewable Energy Corporation	3,117,641,132
Citicore Solar Tarlac 1, Inc.	918,720,864
Edgar B. Saavedra	1
Oliver Y. Tan	1
Manuel Louie B. Ferrer	1
Jez G. Dela Cruz	1

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Full Payment
Leonilo G. Coronel	1
Jose M. Layug, Jr.	1
Pacita U. Juan	1
Elizabeth Anne C. Uychaco	1

Assuming the Over-allotment Option is not exercised:

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Listing Date
Citicore Renewable Energy Corporation	3,444,914,132
Citicore Solar Tarlac 1, Inc.	918,720,864
Edgar B. Saavedra	1
Oliver Y. Tan	1
Manuel Louie B. Ferrer	1
Jez G. Dela Cruz	1

Shareholder	No. of Shares Subject to 365-day Lock-up Period from Full Payment
Leonilo G. Coronel	1
Jose M. Layug, Jr.	1
Pacita U. Juan	1
Elizabeth Anne C. Uychaco	1

To implement this lock-up requirement, the PSE requires the applicant company to lodge the shares with the PDTC through a Philippine Central Depository ("**PCD**") participant for the electronic lock-up of the shares or to enter into an escrow agreement with the trust department or custodian unit of an independent and reputable financial institution.

CREC's total shareholding after the Offer will be 47.6%, assuming full exercise of the Over-allotment Option, and 52.6% assuming no exercise of the Over-allotment Option. Citicore Tarlac 1's total shareholding after the Offer will be 14.0%, assuming full exercise of the Over-allotment Option, and 14.0%, assuming no exercise of the Over-allotment Option.

The Company and the Selling Shareholder have agreed with the International Bookrunners that neither the Company nor the Selling Shareholder will, except for the sale of the Offer Shares, issue, offer, sell, contract to sell, pledge, or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of) any common shares or securities convertible or exchangeable into or exercisable for any common shares or warrants or other rights to purchase common shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options for a period of 180 calendar days after the listing of the Shares.

INDEMNITY

The International Underwriting Agreement provides that the Company and the Selling Shareholder will indemnify the International Bookrunners against certain liabilities, including under the U.S. Securities Act.

REGISTRATION OF FOREIGN INVESTMENTS

The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the Philippine banking system. Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. The registration with the BSP of all foreign investments in the Offer Shares shall be the responsibility of the foreign investor. See "*Regulatory and Environmental Matters – Registration of Foreign Investments and Exchange Controls*".

SELLING RESTRICTIONS

Philippines

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the Philippine SEC on Form 12-1 and the registration statement has been declared effective by the Philippine SEC.

NAME-ON CENTRAL DEPOSITORY ARRANGEMENT

The REIT Law provides that all the shares of a REIT shall be in uncertificated form. Further, the REIT shall engage the services of a duly licensed transfer agent to monitor subsequent transfers of the shares. Such transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The PSE Amended REIT Listing Rules require that a REIT shall establish sufficient control and procedures that shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders.

The Company has engaged the services of Professional Stock Transfer, Inc., a duly licensed transfer agent, to monitor subsequent transfers of the shares. The said transfer agent shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any non-public shareholders. The Company is making the necessary arrangements with the PDTC as central securities depository on the recording of the Company's shareholders under a Name-On Central Depository arrangement.

LEGAL MATTERS

Certain legal matters as to Philippine law in connection with the Offer will be passed upon by Picazo Buyco Tan Fider & Santos, legal counsel to the Local Underwriters and the International Bookrunners, and Martinez Vergara Gonzalez & Serrano, legal counsel to the Company and the Selling Shareholder.

Certain legal matters as to United States federal law and New York State law will be passed upon by Milbank LLP, United States legal counsel to the Local Underwriters and the International Bookrunners. In rendering their opinions, Milbank LLP may rely upon the opinions of Picazo Buyco Tan Fider & Santos and Martinez Vergara Gonzalez & Serrano, respectively, as to all matters of Philippine law.

None of the above-mentioned advisers have any direct or indirect interest in the Company arising from the Offer.

INDEPENDENT AUDITORS AND OTHER EXPERTS

Independent Auditors

Isla Lipana & Co. ("**PwC Philippines**"), the Philippine member firm of the PwC Network, independent auditors, (i) audited the Company's financial statements as of and for the year ended December 31, 2020 and as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 included in this REIT Plan in accordance with Philippine Standards on Auditing, (ii) performed an assurance engagement to report on the compilation of the Company's pro forma financial information as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 included in this REIT Plan in accordance with Philippine Standard on Assurance Engagements ("**PSAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, and (iii) performed an assurance engagement on the compilation of the profit forecast and profit projection of the Company in accordance with PSAE 3400, *The Examination of Prospective Financial Information*. The financial information for such periods is extracted from the financial statements included in this REIT Plan, which have been prepared in accordance with PFRS. PwC Philippines has agreed to the inclusion of its reports in this REIT Plan.

PwC Philippines has acted as the Company's independent auditor since 2020. Pocholo Domondon is the Company's current audit partner and has served as such since 2020. The Company has not had any material disagreements on accounting and financial disclosures with PwC Philippines. PwC Philippines has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. PwC Philippines will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission of the Philippines.

The following table sets out the aggregate fees billed for professional services rendered by PwC Philippines to the Company for the year ended December 31, 2020, excluding fees related to the Offer. The fees of PwC Philippines related to the Offer amount to ₱2.67 million.

	2020	2019	2018
	(₱ in millions)	(₱ in millions)	(₱ in millions)
Audit and audit-related fees			
Audit services	0.10	0.16	0.15
All other fees*	0.01	0.01	0.01
Total	0.11	0.17	0.16

* *These refer to reimbursable expenses.*

Maceda Valencia & Co. ("**MVC**"), a member firm of Nexia International Network, audited the Company's financial statements as of and for the years ended December 31, 2018 and 2019 included in this REIT Plan, and SyCip Gores Velayo & Co. ("**SGV**"), a member firm of Ernst & Young Global Limited, audited the Company's financial statements as of and for the year ended December 31, 2017, in each case, in accordance with Philippine Standards on Auditing. SGV was succeeded by MVC in 2018 due to the preference of CREC's previous management to consolidate audit work to MVC. After CREC acquired the Company, the current management of CREC continued with MVC as auditor post-acquisition and decided to engage PwC in 2020 to support the Company's listing. The Company has not had any material disagreements on accounting and financial disclosures with MVC or SGV. Neither MVC nor SGV has any shareholdings in the Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. Neither MVC nor SGV will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission of the Philippines.

In relation to the audit of the Company's financial statements, the Company's Manual provides that the Audit and Risk Oversight Committee shall perform oversight functions over the Company's external auditors, and ensure that such auditors remain independent and are given unrestricted access to all records, properties, and personnel to enable them to perform their audit functions adequately. In addition, prior to the commencement of the audit, the Audit and Risk Oversight Committee shall discuss with the external auditor the nature, scope and expenses of the audit. The committee shall likewise establish standards for the selection, and to assess the integrity and the independence, of the external auditor. The committee shall also review and monitor the external auditor's suitability and effectiveness on an annual basis. The committee shall recommend to the Board the appointment or re-appointment, removal and fees of the external auditor, which recommendation shall be approved by the Board and the stockholders. Furthermore, the committee shall evaluate and determine the non-audit work, if any of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid.

Property Valuer

Functions and Duties

Cuervo Appraisers, Inc. ("**Cuervo Appraisers**"), the independent property valuer, was responsible for preparing the independent property valuation summary report dated August 3, 2021, which is attached to this REIT Plan as Annex 2. The professional fees billed by Cuervo Appraisers for such work amounted to ₱790,000 (inclusive of VAT) in relation to this Offer.

Background

Cuervo Appraisers was registered with the Philippine SEC on July 11, 1980, and has been duly accredited by the Philippine SEC on January 5, 2021, which accreditation is valid until January 4, 2026. Cuervo Appraisers has likewise been duly accredited by the PSE on January 5, 2021, which accreditation is valid until January 4, 2026. The certifying officer of Cuervo Appraisers for the property valuation summary report attached to this REIT Plan is Liberty S. Año, who is a professional appraiser duly licensed by the Professional Regulatory Board of Real Estate Service pursuant to Republic Act No. 9646. Cuervo Appraisers has been in the appraisal industry for the past 41 years. It renders professional service to Security Bank Corporation, Malayan Insurance Co., Inc. Manila Water Company, Inc., Keppel Philippines Marine, Inc., Anchor Properties Corporation, San Miguel Foods, Inc., Ayala Land, Inc., Philippine Veterans Bank, Petron Corporation, Sycip Gorres Velayo & Co., and the National Grid Corporation of the Philippines, among others.

Below are the directors and executive officers of Cuervo Appraisers:

Name	Position
Bernardo M. Villegas	Chairman
Javier Jose Calero	Vice-Chairman
Jose Maria Fernandez – Cuervo	Director & President
Liberty S. Año	Director, Vice President & General Manager
Federico Jose C. Cuervo	Director
Maria Teresa C. Cuervo	Director & Treasurer
Montserrat Calero Fernandez-Cuervo	Director
Melchor Patricio C. Guerero	Director
Javier Cuervo	Director

To the best of the Company's knowledge, none of Cuervo Appraisers or any of its directors or officers have been the subject of any adverse judgment relating to any administrative, civil, or criminal case involving Cuervo Appraisers' appraisal business. To the best of the Company's knowledge, Cuervo Appraisers ensures that its opinion and valuation is independent of and unaffected by its business or commercial relationship with other persons. To the best of the Company's knowledge, the directors and principal officers of Cuervo Appraisers comply with the Fit and Proper Rule of the Philippine SEC for a REIT.

Independent Market Research Consultant

Frost & Sullivan ("**Frost & Sullivan**"), an independent market research consultant, was responsible for preparing the industry report entitled "Power Generation Industry in the Philippines with focus on Solar Power Generation" and dated October 20, 2021, portions of which have been presented in this REIT Plan and the full version of which is attached to this REIT Plan as Annex 3. Frost & Sullivan is one of the leading research and analytics companies, that provides intelligence across a myriad of sectors, including power generation and energy storage. It provides services to both local and multinational corporations across all sectors worldwide. The professional fees billed by Frost & Sullivan for such work amounted to U.S.$60,000.00.

Independent Climate Risk Consultant

CICERO Shades of Green Ltd. ("**CICERO Green**"), an independent climate risk consultant, was responsible for preparing the climate risk assessment report entitled "Citicore Energy REIT Corp.—Shades of Green Assessment" and dated November 22, 2021, portions of which have been presented in this REIT Plan and the full version of which is attached to this REIT Plan as Annex 5. CICERO Green is a subsidiary of the climate research institute CICERO. It provides services to both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). The professional fees billed by CICERO Green for such work amounted to 220,000 Norwegian Kroner (net of VAT), or approximately ₱1.3 million.[4]

Conflict of Interest Statement

None of the abovementioned advisers have any direct or indirect interest in CREIT, the Property Manager or the Fund Manager. Moreover, none of the above mentioned advisers are affiliates, directors or senior executives of CREIT, the Property Manager or the Fund Manager.

[4] *The amount in Norwegian Kroner was converted to Pesos using the exchange rate between the Peso and the Norwegian Krone quoted on the BSP's Reference Exchange Rate Bulletin on September 30, 2021 of ₱5.8148 = NOK1.00.*

INDEX TO THE COMPANY'S FINANCIAL STATEMENTS

Citicore Energy REIT Corp.

(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Financial Information
As at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017

CITICORE
ENERGY REIT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Citicore Energy REIT Corp.** (formerly, Enfinity Philippines Renewable Resources Inc.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the periods ended September 30, 2021 and 2020 and December 31, 2020, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders or members.

PwC, Isla Lipana & Co., the independent auditor, appointed by the shareholders, has performed assurance engagement to report on the compilation of the pro-forma financial statements of the Company, complied by the management, in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", and in its report to the stockholders or members, has expressed its opinion on the compilation based on the set criteria upon completion of such assurance engagement.

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President

JEZ G. DELA CRUZ
Treasurer

Signed this 17th day of November, 2021

11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila
+63 8255 4600 | investorrelations@creit.com.ph | www.creit.com.ph

REPUBLIC OF THE PHILIPPINES }
CITY OF SAN JUAN }S.S.

SUBSCRIBED AND SWORN to before me this NOV 1 7 2021 at San Juan City, Metro Manila, affiants exhibited to me their respective competent evidence of identity as follows:

NAME	ID PRESENTED	DATE OF ISSUANCE / VALDITY
EDGAR B. SAAVEDRA	Philippine Passport No. P6875140B	27 May 2021, DFA Manila, valid until 26 May 2031
OLIVER Y. TAN	Philippine Passport No. P4489306B	22 January 2020, DFA NCR East, 21 January 2030
JEZ G. DELA CRUZ	Non-Professional Driver's License No. N26-02-002233	Valid until 2022/01/19

NOTARY PUBLIC

Doc. No. 428 ;
Page No. 88 ;
Book No. II ;
Series of 2021.

ATTY. RODOLFO T. LOPEZ
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0532268 - 01/05/2021 Q.C.
IBP LIFETIME NO. 15928
MCLE COMPLIANCE NO. VI-0020679
TIN NO. 117-118.419

Independent Auditor's Report on the Compilation of
Pro Forma Condensed Financial Information Included in a Prospectus

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have completed our assurance engagement to report on the compilation of pro forma condensed financial information of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") prepared by the Company's management. The pro forma condensed financial information consists of the pro forma condensed statements of financial position as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017, the pro forma condensed statements of total comprehensive income, pro forma condensed statements of changes in equity, and pro forma condensed statements of cash flows for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 and the related notes. The applicable criteria on the basis of which the management has compiled the pro forma condensed financial information are described in Note 2 to the pro forma condensed financial information.

The pro forma condensed financial information has been compiled by the Company's management to illustrate the impact of the transactions set out in Note 2 on the Company's financial position as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 as if the transactions had taken place on January 1, 2016 or at a later date whichever is applicable, and the Company's financial performance and cash flows for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 as if the transactions had taken place at January 1, 2016 or at a later date whichever is applicable. As part of this process, information about the Company's financial position, financial performance and cash flows have been extracted from the Company's balances as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 on which an audit report has been published.

The Company's Responsibility for the Pro Forma Condensed Financial Information

The Company's management is responsible for compiling the pro forma condensed financial information on the basis of the applicable criteria as set out in Note 2 to the pro forma condensed financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants in the Philippines promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Independent Auditor's Report on the Compilation of
Pro Forma Condensed Financial Information Included in a Prospectus

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
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Auditor's Responsibilities

Our responsibility is to express an opinion as required by Section 9, Part II of Rule 68 of the Revised Securities Regulation Code about whether the pro forma condensed financial information has been compiled, in all material respects, by the Company's management on the basis of the applicable criteria set out in Note 2 to the pro forma condensed financial information.

We conducted our engagement in accordance with Philippine Standard on Assurance Engagements (PSAE) 3420, *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the Philippine Auditing and Assurance Standards Council. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma condensed financial information on the basis set out in Note 2 to the pro forma condensed financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma condensed financial information.

The purpose of pro forma condensed financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 or for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma condensed financial information have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro forma condensed financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma condensed financial information reflects the proper application of those adjustments to the unadjusted financial information.

Independent Auditor's Report on the Compilation of
Pro Forma Condensed Financial Information Included in a Prospectus

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Page 3

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro forma condensed financial information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma condensed financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 to the pro forma condensed financial information.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
November 17, 2021

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Financial Position
As at September 30, 2021, December 31, 2020, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	September 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS					
Current assets					
Cash and cash equivalents	1,548,450,344	1,228,248,138	1,021,281,303	654,603,490	665,462,029
Trade and other receivables, net	1,567,936,051	1,533,011,450	1,324,242,832	1,243,315,310	890,692,906
Prepayments and other current assets	16,903,958	481,558	-	-	119,680,493
Total current assets	3,133,290,353	2,761,741,146	2,345,524,135	1,897,918,800	1,675,835,428
Non-current assets					
Property, plant and equipment, net	1,345,970,176	1,390,337,430	1,449,496,776	1,508,465,997	1,732,250,279
Investment properties, net	234,545,502	234,545,502	234,545,502	234,545,502	234,545,502
Right-of-use assets, net	178,540,042	185,697,927	195,241,771	204,785,615	214,329,459
Other non-current assets	1,779,310	1,779,310	1,779,310	1,779,310	614,250
Total non-current assets	1,760,835,030	1,812,360,169	1,881,063,359	1,949,576,424	2,181,739,490
Total assets	4,894,125,383	4,574,101,315	4,226,587,494	3,847,495,224	3,857,574,918
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables and other liabilities	1,154,212	33,970,165	4,661,925	5,940,077	87,598,403
Due to a related party	94,053,389	-	-	-	-
Loans payable	-	56,297,154	115,297,213	120,749,301	120,191,845
Loans payable to a shareholder	-	-	-	-	278,620,827
Lease liabilities	8,503,846	824,350	6,750,015	269,403	5,985,440
Income tax payable	148,268,667	159,294,691	229,593,209	133,738,640	112,296,250
Total current liabilities	251,980,114	250,386,360	356,302,362	260,697,421	604,692,765
Non-current liabilities					
Loans payable, net of current portion	-	-	-	115,306,474	236,906,432
Lease liabilities, net of current portion	219,821,223	224,713,594	226,401,490	226,934,488	227,550,931
Due to a related party, net of current portion	68,521,747	160,584,651	287,131,742	388,368,538	517,138,376
Deferred income tax liabilities, net	376,640,176	401,538,123	369,904,863	356,789,874	252,780,448
Other non-current liabilities	-	-	1,056,902	10,505,540	8,630,113
Total non-current liabilities	664,983,146	786,836,368	884,494,997	1,097,904,914	1,243,006,300
Total liabilities	916,963,260	1,037,222,728	1,240,797,359	1,358,602,335	1,847,699,065
Equity					
Share capital	1,374,545,501	1,374,545,501	1,374,545,501	1,374,545,501	1,374,545,501
Additional paid-in capital	2,465,066	2,465,066	2,465,066	2,465,066	2,465,066
Retained earnings	2,600,151,556	2,159,868,020	1,608,779,568	1,111,882,322	632,865,286
Total equity	3,977,162,123	3,536,878,587	2,985,790,135	2,488,892,889	2,009,875,853
Total liabilities and equity	4,894,125,383	4,574,101,315	4,226,587,494	3,847,495,224	3,857,574,918

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Total Comprehensive Income
For the nine months ended September 30, 2021 and 2020 and
For the years ended December 31, 2020, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Nine months ended September 30		Years ended December 31			
	2021	**2020**	**2020**	**2019**	**2018**	**2017**
Rental income	670,437,329	670,437,329	893,916,438	893,916,438	893,916,438	893,916,438
Cost of services	(51,494,813)	(51,497,097)	(68,662,758)	(68,662,757)	(87,164,387)	(84,569,183)
Gross profit	618,942,516	618,940,232	825,253,680	825,253,681	806,752,051	809,347,255
Operating expenses	(17,302,302)	(7,159,433)	(7,898,626)	(5,117,407)	(4,176,540)	(2,423,701)
Income from operations	601,640,214	611,780,799	817,355,054	820,136,274	802,575,511	806,923,554
Finance costs	(38,086,973)	(47,670,642)	(77,111,672)	(82,683,870)	(104,811,710)	(124,333,909)
Other income, net	101,015	1,666,441	1,773,020	2,153,040	19,001,300	1,790,777
Income before income tax	563,654,256	565,776,598	742,016,402	739,605,444	716,765,101	684,380,422
Income tax expense	(123,370,720)	(174,044,788)	(190,927,950)	(242,708,198)	(237,748,065)	(239,004,371)
Net income for the period/year	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period/year	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
Earnings per share						
Basic and diluted	0.08	0.07	0.10	0.09	0.09	0.08

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020 and
For the years ended December 31, 2020, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Retained earnings (Deficit)	Total
Balances at January 1, 2017, as audited	539,999,999	-	(168,932,444)	371,067,555
Pro forma adjustments (Note 3.3)	834,545,502	2,465,066	356,421,679	1,193,432,247
Pro forma balances at January 1, 2017	1,374,545,501	2,465,066	187,489,235	1,564,499,802
Comprehensive income				
Net income for the year	-	-	445,376,051	445,376,051
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	445,376,051	445,376,051
Pro forma balances at December 31, 2017	1,374,545,501	2,465,066	632,865,286	2,009,875,853
Comprehensive income				
Net income for the year	-	-	479,017,036	479,017,036
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	479,017,036	479,017,036
Pro forma balances at December 31, 2018	1,374,545,501	2,465,066	1,111,882,322	2,488,892,889
Comprehensive income				
Net income for the year	-	-	496,897,246	496,897,246
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	496,897,246	496,897,246
Pro forma balances at December 31, 2019	1,374,545,501	2,465,066	1,608,779,568	2,985,790,135
Comprehensive income				
Net income for the year	-	-	551,088,452	551,088,452
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	551,088,452	551,088,452
Pro forma balances at December 31, 2020	1,374,545,501	2,465,066	2,159,868,020	3,536,878,587

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro Forma Condensed Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020 and
For the years ended December 31, 2020, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Share capital	Additional paid-in capital	Retained earnings	Total
Pro forma balances at January 1, 2020	1,374,545,501	2,465,066	1,608,779,568	2,985,790,135
Comprehensive income				
Net income for the period	-	-	391,731,810	391,731,810
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	391,731,810	391,731,810
Pro forma balances at September 30, 2020	1,374,545,501	2,465,066	2,000,511,378	3,377,521,945
Pro forma balances at January 1, 2021	1,374,545,501	2,465,066	2,159,868,020	3,536,878,587
Comprehensive income				
Net income for the period	-	-	440,283,536	440,283,536
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	440,283,536	440,283,536
Pro forma balances at September 30, 2021	1,374,545,501	2,465,066	2,600,151,556	3,977,162,123

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Pro forma Condensed Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020 and
For the years ended December 31, 2020, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Nine months ended September 30		Years ended December 31			
	2021	2020	2020	2019	2018	2017
Cash flows from operating activities						
Income before income tax	563,654,256	565,776,598	742,016,402	739,605,444	716,765,101	684,380,422
Adjustments for:						
Depreciation and amortization	51,525,138	51,527,422	68,703,190	68,688,565	81,423,909	83,188,478
Finance costs	38,086,974	47,670,642	77,111,672	82,683,870	104,811,710	124,333,909
Unrealized foreign exchange losses (gains), net	61,982	(48,742)	(58,083)	(42,581)	(3,847,993)	4,193,852
Reversal of provision for asset retirement obligation	-	(1,056,902)	(1,056,902)	-	-	(244,651)
Provision for doubtful account of other receivable	-	1,944,096	1,944,096	-	-	-
Loss on direct write-off of trade receivables	-	-	-	-	4,247,719	-
Reversal of assets written-off	-	-	-	-	(3,500,000)	-
Interest income	(163,171)	(560,797)	(662,181)	(2,110,459)	(11,653,307)	(6,579,882)
Operating income before working capital changes	653,165,179	665,252,317	887,998,194	888,824,839	888,247,139	889,272,128
Changes in working capital:						
Trade and other receivables	(77,569,698)	(192,734,295)	(337,259,806)	(171,289,392)	(352,519,903)	(446,834,080)
Prepayments and other current assets	(16,422,400)	(481,558)	(481,558)	(29,310)	117,386,053	3,560
Other non-current assets	-	-	-	(1,750,000)	5,415,481	27,000
Trade payables and other liabilities	(899,035)	1,525,031	1,082,128	(19,538,211)	(46,223,434)	(125,811,864)
Due to a related party	-	-	-	-	(227,040,419)	(26,009,869)
Other non-current liabilities	-	-	-	-	1,053,001	3,694,768
Net cash generated from operations	558,274,046	473,561,495	551,338,958	696,217,926	386,317,918	294,341,643
Interest received	163,171	560,797	662,181	2,110,459	8,615,864	1,463,031
Income taxes paid	(159,294,691)	(229,593,209)	(229,593,209)	(133,738,640)	(113,082,350)	(55,913,181)
Net cash provided by operating activities	399,142,526	244,529,083	322,407,930	564,589,745	281,851,432	239,891,493
Cash flows from an investing activity						
Additions to property, plant and equipment	-	-	-	(175,500)	(37,799)	(206,297)
Cash flows from financing activities						
Collection of subscription receivable	-	-	-	-	-	40,288,905
Interest payment on loan from a shareholder	-	-	-	-	(18,994,811)	(18,073,829)
Principal payment of loan from a shareholder	-	-	-	-	(58,863,289)	(256,220,803)
Principal payment of lease liabilities	(1,928,789)	(5,944,751)	(7,555,477)	(389,852)	(6,498,002)	(195,260)
Interest payment on lease liabilities	(8,459,131)	(16,520,614)	(17,083,494)	(11,263,607)	(17,082,926)	(11,077,138)
Interest payment on loans from a bank	(36,940,830)	(29,250,761)	(29,438,488)	(63,355,700)	(69,338,454)	(73,269,188)
Principal payment of loans from a bank	(31,611,570)	(61,363,636)	(61,363,636)	(122,727,273)	(122,727,273)	-
Net cash used in financing activities	(78,940,320)	(113,079,762)	(115,441,095)	(197,736,432)	(293,504,755)	(318,547,313)
Net increase (decrease) in cash and cash equivalents	320,202,206	131,449,321	206,966,835	366,677,813	(11,691,122)	(78,862,117)
Effects of exchange rate changes in cash and cash equivalents	-	-	-	-	832,583	616,845
Cash and cash equivalents, beginning	1,228,248,138	1,021,281,303	1,021,281,303	654,603,490	665,462,029	743,707,301
Cash and cash equivalents, ending	1,548,450,344	1,152,730,624	1,228,248,138	1,021,281,303	654,603,490	665,462,029

The notes on pages 1 to 37 are integral part of these pro forma condensed financial information.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Notes to the Pro Forma Condensed Financial Information
As at September 30, 2021, December 31, 2020, 2019, 2018, 2017 and
For the nine months ended September 30, 2021 and 2020 and years ended
December 31, 2020, 2019, 2018 and 2017
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

(a) Corporate information

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the *"Renewable Energy Act of 2008"*, Republic Act (RA) No. 9513.

The Company's 22.33 megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years.

Prior to May 17, 2018, the Company is 66.25% owned by Mabalacat Solar Philippines, Inc., a company incorporated in the Philippines and 37.75% owned by Lumos Investment Pte. Limited (Lumos), a company incorporated in Singapore.

On May 17, 2018, the Company's shareholders entered into a Sale and Purchase Agreement with Citicore Renewable Energy Corporation (the "Parent Company"), a company incorporated in the Philippines and is engaged in power generation under the Renewable Energy Law, with the latter acquiring 100% of the Company's share capital making the Company a wholly owned subsidiary. The Certificate Authorizing Registration (CAR) for the transfer of shares of previous shareholders to the Parent Company was issued by the Bureau of Internal Revenue (BIR) on March 18, 2019 and June 2, 2020.

The Company's ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (AOI):

- Change of corporate name to Citicore Energy REIT Corp.;
- Amendment of the primary purpose to that of a real estate investment trust. The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of RA No. 9856, otherwise known as the *"Real Estate Investment Trust Act of 2009"* and its implementing rules and regulations;
- Provision of additional corporate powers in relation to the amended primary purpose;
- Change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila;
- Change of term of existence to have perpetual existence;
- Increase in the number of directors to eight (8);
- Increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share;
- Inclusion of express waiver of pre-emptive right to subscribe from the Company's unissued shares, increase in its authorized share capital or its treasury shares;
- Compliance with the lock-up requirements under the Listing Rules of the Philippine Stock Exchange, Inc. (PSE);
- Removal of the contractual restrictions on the disposition of the shares; and
- Inclusion of additional restriction on transfer of shares provided under RA No. 9856 and its implementing rules and regulations.

The Company's submission to the SEC for the foregoing amendments has been approved on October 12, 2021.

On November 4, 2021, the Company's BOD and shareholder approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". As at November 17, 2021, the Company's submission to the SEC for the foregoing amendment is pending approval.

As at November 17, 2021, the Company is in the process of completing and finalizing all statutory requirements in connection with the planned listing and offering of its shares to the public with the PSE.

(b) Approval and authorization for issuance of the pro forma condensed financial information

The pro forma condensed financial information has been approved and authorized for issuance on November 17, 2021 by Mr. Oliver Tan, President and Chief Executive Officer, as authorized by the Company's BOD.

Note 2 - Basis of preparing pro forma condensed financial information

The pro forma condensed financial information has been prepared in accordance with Section 9, Part II of the Rule 68 of the Revised Securities Regulation Code (Revised SRC Rule 68).

The pro forma condensed financial information has been prepared solely for the inclusion in the Real Estate Investment Trust (REIT) Plan prepared by the Company in connection with its planned capital-raising activity. The pro forma condensed financial information should be read in conjunction with the audited financial statements as at September 30, 2021 and December 31, 2020, 2019, 2018, and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017.

The objective of the pro forma condensed financial information is to show the effects of certain transactions on the historical financial information of the Company had these occurred at an earlier date. However, the pro forma condensed financial information is not necessarily indicative of the results of operations or related effects on the financial statements that would have been attained, had certain transactions actually occurred at an earlier date. In addition, the pro forma condensed financial information is not intended to be considered in isolation from, or as a substitute for, the financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS). These certain transactions are discussed in the succeeding section.

Significant transactions

Details of the significant transactions that occurred and are expected to occur subsequent to December 31, 2020 and September 30, 2021, respectively, are as follows:

(a) Bank loan assignment

On May 4, 2021, the Parent Company assumed the Company's outstanding loan from Development Bank of the Philippines (DBP) with principal balance amounting to P1.01 billion. The loan and the corresponding interest payable of P13.02 million were recognized under due to a related party account. These were subsequently derecognized. In addition, the Company and the Parent Company agreed that all related party receivables and payables will be offset and will be assumed by the Parent Company. Subsequently, the Parent Company used a portion of the amount reclassified as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital.

The transaction was reflected in the condensed pro forma financial information as if the assignment was consummated as at January 1, 2016.

(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties

On March 12, 2021, the Company's BOD and shareholder approved the conversion of all its previously issued and outstanding shares to one class common share and reduction of the par value of all previously issued shares to P0.25 per share. As a result, the Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). Out of the subsequent increase in share capital, 2,400,000,000 shares amounting to P600,000,000 were subscribed by the Parent Company through conversion of advances amounting to P602,465,066 recognizing the excess of P2,465,066 as additional paid-in capital.

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the approved increase in authorized share capital for a total consideration of P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price. On the same date, Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.), an entity under common control, entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the approved increase in authorized share capital for a total consideration of P229,680,216. CST1 assigned several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price. These parcels of land were recognized as investment properties based on the Company's future plans and intentions.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016 to show:

- the impact on the Company's earnings per share of the subsequent increase of the issued and outstanding shares for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017;
- the derecognition of advances from Parent Company as at January 1, 2016; and
- the recognition of investment properties for the assets acquired from the subscription of shares as at January 1, 2016.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment is still subject to the approval of Department of Energy as of report date. The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the leasehold property, the Company and Parent Company can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impacts of the transactions are as follows:

- derecognition of revenues and expenses including assets and liabilities related to the sale of electricity being the previous solar plant operator; and
- recognition of rental income from solar power plants on a straight-line basis over the lease term of the lease agreement between the Company and its Parent Company, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

In accordance with the Company's accounting policies, the lease of the Clark Solar Plant did not result in any adjustment or reclassification from its current presentation as property, plant and equipment.

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

The Company entered into various agreements to acquire leasehold land assets located in Cebu, Tarlac, and Negros Occidental; and a freehold land asset located in Tarlac. The leasehold land assets and freehold land asset are currently being leased by various lessees, which are all related parties to operate solar power plants. Leasehold rights were subsequently acquired by the Company through deed of assignment and through execution of new lease and sublease contracts. The Company will sublease the leasehold land assets back to the related parties and lease the freehold land to a related party.

(i) Land property in Brgy. Talavera, Toledo City, Cebu

On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016.

On the same day, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSCI can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on June 1, 2016, considering the reckoning date of the lease contract of CSCI, which in no case shall be later than May 31, 2016 and the commissioning of the solar power plant on June 30, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the assignment of the lease contract to the Company; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSCI, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(ii) Land properties in Brgy. Dalayap, Tarlac City, Tarlac

On July 26, 2021, the Company entered into a contract of sublease with the owners of a parcel of land with a total aggregate area of approximately 4.8 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company will sublease the land back to CST2. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

On July 26, 2021, the Company entered into a contract of lease with owners of a parcel of land with a total aggregate area of approximately 5.6 hectares located in Brgy. Dalayap, Tarlac City, Tarlac. This land property is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with CST2. The Company will sublease the land back to CST2. The agreement is effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

CST2 operates a 7.55 MW installed capacity solar power plant in the leased area that was successfully commissioned on February 27, 2016.

On July 26, 2021, the Company entered into sublease agreement with CST2 (sublessee) related to the identified leased area. The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CST2 can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities from the contract of sublease and the contract of lease with third parties; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CST2, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(iii) Land property in Brgy. Rizal, Silay City, Negros Occidental

On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental. This land property is covered by an existing lease contract that commenced on June 1, 2016 as result of an assignment from previous lessee but with prior sublease agreement which commenced on November 1, 2015 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company will sublease the land back to CSNO. The new lease agreement shall commence on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016.

On the same day, the Company entered into sublease agreement with CSNO (sublessee) to sublease the identified leased area. The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the land or leasehold property, the Company and CSNO can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These transactions were reflected in the pro forma condensed financial information as if the transactions occurred on January 1, 2016. The impact of the transactions are as follows:

- the recognition of right-of-use asset and lease liabilities for the lease agreement; and
- the recognition of rental income on a straight-line basis over the lease term of the sublease agreement between the Company and CSNO, which is classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(iv) Land property in Brgy. Armenia, Tarlac City, Tarlac

As a result of the asset for share exchange with CST1, the Company was able to acquire several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac. CST1 operates an 8.8 MW installed capacity solar power plant located in the said property that was successfully commissioned on February 29, 2016.

On July 26, 2021, the Company, as a lessor, entered into a lease agreement with CST1 (lessee) for the latter's lease of said property with a total aggregate area of 138,164 sqm. The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

The transaction was reflected in the pro forma condensed financial information as if the transaction occurred on January 1, 2016 in conjunction with the asset for share exchange discussed in (b) above. The impact of the transaction is the recognition of rental income on a straight-line basis. The lease contract was classified as an operating lease. Rental income is assumed to be collected based on the terms of the lease agreement.

(e) PFRS 16, "Leases" retrospective adoption

To enhance comparability of the pro forma adjustments related to leases, the management assumed that the Company adopted PFRS 16 as at January 1, 2016. Historical financial information was adjusted to show the impact of the adoption of PFRS 16 related to the land lease agreement where the Clark Solar Power Project was constructed on January 1, 2016 rather than on the mandatory effective date at January 1, 2019. The impact of the adoption at January 1, 2016 are as follows:

- the recognition of right-of-use asset and lease liabilities including amortization expense, interest expense and foreign exchange gains or losses starting January 1, 2016;
- derecognition of rental expenses under cost of services, prepaid rent and accrued rent as at and for the years ended December 31, 2018 and 2017; and
- the recognition of additional right-of-use asset, lease liabilities, amortization expense, interest expense and foreign exchange gains or losses starting January 1, 2019.

Note 3 - Pro forma adjustments and balances

The pro forma condensed financial information is based on the historical financial information of the Company as shown in the audited financial statements as at September 30, 2021, December 31, 2020, 2019, 2018 and 2017 and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017 after certain assumptions and pro forma adjustments described in the succeeding sections were adjusted. The pro forma adjustments are based on available information and certain assumptions that the Company believes are reasonable under the circumstances.

The pro forma condensed financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding sections occurred earlier than the actual date of the transactions, nor does it purport to project the results of operations of the Company for any future period or date, since closing and completion of the significant transactions are still subject to the satisfaction of certain conditions precedent. This has been prepared for illustration purposes only and on the assumption that all relevant conditions precedent have been satisfied.

3.1 Pro forma condensed statements of financial position

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of financial position are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	76,764,373	1,471,685,971	1,548,450,344
Trade and other receivables, net	40,861,686	1,527,074,365	1,567,936,051
Prepayments and other current assets	27,907,178	(11,003,220)	16,903,958
Non-current assets			
Right-of-use assets, net	38,090,624	140,449,418	178,540,042
Other non-current assets	9,112,625	(7,333,315)	1,779,310
Current liabilities			
Trade payables and other liabilities	38,849,039	(37,694,827)	1,154,212
Lease liabilities	317,261	8,186,585	8,503,846
Income tax payable	-	148,268,667	148,268,667
Non-current liabilities			
Lease liabilities, net of current portion	50,521,743	169,299,480	219,821,223
Deferred income tax liabilities, net	-	376,640,176	376,640,176
Retirement benefit obligation	236,004	(236,004)	-
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Deposits for future shares subscription	837,010,568	(837,010,568)	-
Remeasurement on retirement benefits	50,894	(50,894)	-
Retained earnings	143,691,520	2,456,460,036	2,600,151,556

The following pro forma adjustments were:

(a) Bank loan assignment

No pro forma adjustments were made as at September 30, 2021 since the transaction occurred on May 4, 2021. This transaction has been already reflected in the historical financial statements.

(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties

Pro forma adjustment was made for the deposits for future shares subscription related to the subscription of 2,400,000,000 shares with P0.25 par value amounting to P600,000,000 through conversion of advances from Parent Company amounting to P602,465,066 as share capital and the excess of the subscription price against the par value of shares amounting to P2,465,066 as additional paid-in capital.

A pro forma adjustment was also made to reflect the reclassification of the deposits for future shares subscription to share capital upon completion of the assignment of land properties. The transaction amounted to P234,545,502 consisting of 938,182,006 shares with par value of P0.25, of which 19,461,142 shares and 918,720,864 shares were subscribed by the Parent Company and CST1, respectively.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at September 30, 2021 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	40,861,686
Prepayments and other current assets	
Input value-added tax (VAT)	9,772,305
Advances to employees	324,412
Prepaid taxes	856,900
Others	49,603
	11,003,220
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	752,774
	7,333,315
Trade payables and other liabilities	
Trade payables	3,901,513
Due to government agencies	33,718,453
Accrued expenses	1,229,073
	38,849,039
Retirement benefit obligation	236,004

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at September 30, 2021 for the lease accounted as operating lease amounting to P367,812,776. Details are as follows:

	Note	Amount
Beginning		370,387,045
Rental income	3.2	187,294,006
Collections		(189,868,275)
Ending		367,812,776

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at September 30, 2021. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(18,995,218)	63,592,689
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(6,669,486)	22,134,961
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(5,597,604)	18,577,557
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(11,255,625)	35,724,373
		182,547,513	(42,517,933)	140,029,580

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	7,234,756	73,122,432	80,357,188
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	377,840	27,631,511	28,009,351
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	317,115	23,190,733	23,507,848
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	267,688	44,850,663	45,118,351
		8,197,399	168,795,339	176,992,738

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at September 30, 2021 amounting P1,200,123,275. Details are as follows:

	Note	Amount
Beginning		1,162,624,405
Rental income	3.2	483,143,323
Collections		(445,644,453)
Ending		1,200,123,275

(e) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P419,838 and P493,327, respectively.

(f) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections net of payments from January 1, 2016 to September 30, 2021 amounting to P1,471,685,971 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P1,154,212 for the assumed unpaid lease payment for the month of September 2021;
- Income tax payable amounting to P148,268,667 related to the tax impact of the pro forma adjustments to current taxable income for the nine months ended September 30, 2021 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P376,640,176 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities; and
- Derecognition of remeasurement on retirement benefits.

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	71,737,473	1,156,510,665	1,228,248,138
Trade and other receivables, net			
Trade and other receivables	41,996,272	1,491,015,178	1,533,011,450
Due from related parties	216,908,961	(216,908,961)	-
Prepayments and other current assets	11,601,430	(11,119,872)	481,558
Non-current assets			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	39,685,116	146,012,811	185,697,927
Other non-current assets	8,975,048	(7,195,738)	1,779,310
Current liabilities			
Trade payables and other liabilities	125,610,375	(91,640,210)	33,970,165
Loans payable	126,446,281	(70,149,127)	56,297,154
Lease liabilities	294,139	530,211	824,350
Income tax payable	-	159,294,691	159,294,691
Non-current liabilities			
Loans payable, net of current portion	909,809,551	(909,809,551)	-
Lease liabilities, net of current portion	51,060,996	173,652,598	224,713,594
Due to a related party	-	160,584,651	160,584,651
Deferred income tax liabilities, net	-	401,538,123	401,538,123
Retirement benefit obligation	2,915,664	(2,915,664)	-
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings	25,104,725	2,134,763,295	2,159,868,020

The following pro forma adjustments were made:

(a) Bank loan assignment

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in current loans payable amounting to P56,297,154. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables amounting to P216,908,961 were treated as if the receivables were assumed by the Parent Company.

(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties

See September 30, 2021 - (b). The same adjustments were made as at December 31, 2020 related to the subscription of shares through conversion of advances from Parent Company.

A pro forma adjustment was also made to the investment properties and share capital amounting to P234,545,502 acquired through assignment of land properties for share subscription of the Parent Company and CST1.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2020 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	41,996,272
Prepayments and other current assets	
Input VAT	9,435,619
Advances to employees	217,509
Prepaid taxes	1,430,404
Others	36,340
	11,119,872
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	615,197
	7,195,738
Trade payables and other liabilities	
Trade payables	6,794,533
Due to government agencies	85,508,641
Accrued expenses	1,390,283
	93,693,457
Retirement benefit obligation	2,915,664

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2020 for the lease accounted as operating lease amounting to P370,387,045. Details are as follows:

	Note	Amount
Beginning		335,385,830
Rental income	3.2	249,725,341
Collections		(214,724,126)
Ending		370,387,045

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2020. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(16,517,581)	66,070,326
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(5,799,553)	23,004,894
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(4,867,482)	19,307,679
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(9,787,500)	37,192,498
		182,547,513	(36,972,116)	145,575,397

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	-	75,703,254	75,703,254
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	151,124	28,123,649	28,274,773
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	126,836	23,603,777	23,730,613
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	262,419	46,084,612	46,347,031
		540,379	173,515,292	174,055,671

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2020 amounting P1,162,624,405. Details are as follows:

	Note	Amount
Beginning		986,912,906
Rental income	3.2	644,191,097
Collections		(468,479,598)
Ending		1,162,624,405

(e) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P437,414 and P127,138, respectively.

(f) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2020 amounting to P1,156,510,665 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P2,053,247 for the assumed unpaid lease payment for the month of December 2020; and
- Income tax payable amounting to P159,294,691 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2020 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P401,538,123 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	47,064,583	974,216,720	1,021,281,303
Trade and other receivables, net			
Trade and other receivables	38,268,236	1,285,974,596	1,324,242,832
Due from related parties	90,361,870	(90,361,870)	-
Prepayments and other current assets	11,443,248	(11,443,248)	-
Non-current assets			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	41,811,104	153,430,667	195,241,771
Other non-current assets	8,668,208	(6,888,898)	1,779,310
Current liabilities			
Trade payables and other liabilities	78,379,762	(73,717,837)	4,661,925
Loans payable	120,913,719	(5,616,506)	115,297,213
Lease liabilities	21,201	6,728,814	6,750,015
Income tax payable	-	229,593,209	229,593,209
Non-current liabilities			
Loans payable, net of current portion	974,342,172	(974,342,172)	-
Lease liabilities, net of current portion	51,410,357	174,991,133	226,401,490
Due to a related party	-	287,131,742	287,131,742
Deferred income tax liabilities, net	-	369,904,863	369,904,863
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(79,010,087)	1,687,789,655	1,608,779,568

The following pro forma adjustments were made:

(a) Bank loan assignment

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in current loans payable amounting to P115,297,213. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables amounting to P90,361,870 were treated as if the receivables were assumed by the Parent Company.

(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2019.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2019 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	36,324,140
Prepayments and other current assets	
Input VAT	9,403,280
Advances to employees	134,976
Prepaid taxes	1,854,350
Others	50,642
	11,443,248
Other non-current assets	
Electric utility deposits	6,580,541
Restricted cash	308,357
	6,888,898
Trade payables and other liabilities	
Trade payables	6,647,557
Due to government agencies	66,787,314
Accrued expenses	1,254,086
	74,688,957

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2019 for the lease accounted as operating lease amounting to P335,385,830. Details are as follows:

	Note	Amount
Beginning		278,649,340
Rental income	3.2	249,725,341
Collections		(192,988,851)
Ending		335,385,830

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2019. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(13,214,065)	69,373,842
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(4,639,642)	24,164,805
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(3,893,986)	20,281,175
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(7,830,000)	39,149,998
		182,547,513	(29,577,693)	152,969,820

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,455,694	76,232,415	82,688,109
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	105,491	28,320,405	28,425,896
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	88,537	23,768,911	23,857,448
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	88,537	46,541,703	46,630,240
		6,738,259	174,863,434	181,601,693

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2019 amounting P986,912,906. Details are as follows:

	Note	Amount
Beginning		964,665,970
Rental income	3.2	644,191,097
Collections		(621,944,161)
Ending		986,912,906

(e) PFRS 16, “Leases” retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P460,847 and P118,254, respectively.

(f) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2019 amounting to P974,216,720 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P971,120 for the assumed unpaid lease payment for the month of December 2019; and
- Income tax payable amounting to P229,593,209 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2019 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P369,904,863 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	86,794,440	567,809,050	654,603,490
Trade and other receivables, net	63,454,407	1,179,860,903	1,243,315,310
Prepayments and other current assets	12,598,606	(12,598,606)	-
Non-current assets			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	-	204,785,615	204,785,615
Other non-current assets	10,109,851	(8,330,541)	1,779,310
Current liabilities			
Trade payables and other liabilities	62,609,413	(56,669,336)	5,940,077
Loans payable	120,749,301	-	120,749,301
Lease liabilities	-	269,403	269,403
Income tax payable	-	133,738,640	133,738,640
Non-current liabilities			
Loans payable, net of current portion	1,095,265,152	(979,958,678)	115,306,474
Lease liabilities, net of current portion	-	226,934,488	226,934,488
Due to a related party	10,874,926	377,493,612	388,368,538
Deferred income tax liabilities, net	-	356,789,874	356,789,874
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(158,581,030)	1,270,463,352	1,111,882,322

The following pro forma adjustments were made:

(a) Bank loan assignment

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in loans payable amounting to P236,055,775, of which P120,749,301 is presented as current. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party payables amounting to P10,874,926 were treated as if the payables were assumed by the Parent Company.

(b) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent and assignment of land properties

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2018.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2018 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	63,454,407
Prepayments and other current assets	
Input VAT	9,337,242
Prepaid expenses	1,983,906
Prepaid taxes	786,101
Others	491,357
	12,598,606
Other non-current assets	
Electric utility deposits	8,330,541
Trade payables and other liabilities	
Trade payables	3,877,615
Due to government agencies	48,067,310
Accrued expenses	6,689,488
	58,634,413

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2018 for the lease accounted as operating lease amounting to P278,649,340. Details are as follows:

	Note	Amount
Beginning		178,499,636
Rental income	3.2	249,725,341
Collections		(149,575,637)
Ending		278,649,340

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2018. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(9,910,549)	72,677,358
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(3,479,732)	25,324,715
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(2,920,489)	21,254,672
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(5,872,500)	41,107,498
		182,547,513	(22,183,270)	160,364,243

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	-	76,423,802	76,423,802
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	97,898	28,433,490	28,531,388
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	82,164	23,863,822	23,945,986
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	82,164	46,738,231	46,820,395
		262,226	175,459,345	175,721,571

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2018 amounting P964,665,970. Details are as follows:

	Note	Amount
Beginning		712,193,270
Rental income	3.2	644,191,097
Collections		(391,718,397)
Ending		964,665,970

(e) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P44,421,373 and P51,482,320, respectively.

(f) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2018 amounting to P567,809,050 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P1,965,077 for the assumed unpaid lease payment for the month of December 2018; and
- Income tax payable amounting to P133,738,640 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2018 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P356,789,874 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Current assets			
Cash and cash equivalents	185,648,375	479,813,654	665,462,029
Trade and other receivables, net			
Trade and other receivables	239,802,061	650,890,845	890,692,906
Due from related parties	1,312,776	(1,312,776)	-
Prepayments and other current assets	136,690,110	(17,009,617)	119,680,493
Non-current assets			
Investment properties, net	-	234,545,502	234,545,502
Right-of-use assets, net	-	214,329,459	214,329,459
Current liabilities			
Trade payables and other liabilities	162,977,685	(75,379,282)	87,598,403
Loans payable	120,191,845	-	120,191,845
Lease liabilities	-	5,985,440	5,985,440
Income tax payable	72,250	112,224,000	112,296,250
Non-current liabilities			
Loans payable, net of current portion	1,216,865,110	(979,958,678)	236,906,432
Lease liabilities, net of current portion	-	227,550,931	227,550,931
Due to a related party	140,957,540	376,180,836	517,138,376
Deferred income tax liabilities, net	-	252,780,448	252,780,448
Equity			
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(171,997,518)	804,862,804	632,865,286

The following pro forma adjustments were made:

(a) Bank loan assignment

Pro forma adjustment amounting to P979,958,678 has been made to loans payable related to the assignment of loan from DBP to the Parent Company resulting in non-current loans payable amounting to P236,906,432. The resulting payable to the Parent Company was subsequently converted to equity as disclosed in (b) below. In addition, all the related party receivables and payables amounting to P1,312,776 and P140,957,540, respectively, were offset and treated as if the receivables and payables were assumed by the Parent Company.

(b) Conversion of shares, increase in authorized share capital and shares subscription through advances from Parent Company to share conversion and assignment of land properties

See December 31, 2020 - (b). The same adjustments were made as at December 31, 2017.

(c) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The following pro forma adjustments were made:

- Derecognition of the following assets and liabilities as at December 31, 2017 related to the operations of the Clark Solar Plant:

	Amount
Trade and other receivables	
Trade receivables	239,802,061
Prepayments and other current assets	
Input VAT	8,444,494
Prepaid expenses	1,709,852
Refundable deposits	6,609,851
Others	245,420
	17,009,617
Trade payables and other liabilities	
Trade payables	15,258,774
Due to government agencies	31,016,360
Accrued expenses	29,918,754
	76,193,888

- The corresponding net balance of the derecognition of the assets and liabilities related to the solar plant operations was considered as cash transaction, hence, adjusted to cash and cash equivalents; and
- Recognition of lease receivables under trade and other receivables as at December 31, 2017 for the lease accounted as operating lease amounting to P178,499,636. Details are as follows:

	Note	Amount
Beginning		96,310,028
Rental income	3.2	249,725,341
Collections		(167,535,733)
Ending		178,499,636

(d) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of right-of-use assets and lease liabilities as at December 31, 2017. Details of right-of-use assets recognized are as follows:

Land property	Notes	Cost	Accumulated amortization	Net book value
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	82,587,907	(6,607,033)	75,980,874
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	28,804,447	(2,319,821)	26,484,626
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	24,175,161	(1,946,993)	22,228,168
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	46,979,998	(3,915,000)	43,064,998
		182,547,513	(14,788,847)	167,758,666

Details of lease liabilities recognized are as follows:

Land property	Notes	Current	Non-current	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	5,739,788	76,894,281	82,634,069
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	90,850	28,538,435	28,629,285
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	76,250	23,951,900	24,028,150
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iv)	76,250	46,849,496	46,925,746
		5,983,138	176,234,112	182,217,250

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of lease receivables under trade and other receivables, net as at December 31, 2017 amounting P712,193,270. Details are as follows:

	Note	Amount
Beginning		332,822,275
Rental income	3.2	644,191,097
Collections		(264,820,102)
Ending		712,193,270

(e) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional right-of-use asset and lease liabilities amounting to P46,570,794 and P51,319,121, respectively, and derecognition of accrued rent amounting to P124,760.

(f) Other pro forma adjustments

Other pro forma adjustments include:

- Accumulated assumed cash collections and payments from January 1, 2016 to December 31, 2017 amounting to P479,813,654 related in the pro forma adjustments made (Note 3.4);
- Additional trade payables amounting to P939,366 for the assumed unpaid lease payment for the month of December 2017; and
- Income tax payable amounting to P112,224,000 related to the tax impact of the pro forma adjustments to current taxable income for the year ended December 31, 2017 which is assumed to be unpaid and deferred income tax liabilities, net amounting to P252,780,448 arising from the impact of the straight-line recognition of rental income and the recognition of right-of-use assets, net and lease liabilities.

3.2 Pro forma condensed statements of total comprehensive income

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of total comprehensive income are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	190,675,205	(190,675,205)	-
Rental income	-	670,437,329	670,437,329
Cost of services	(51,764,414)	269,601	(51,494,813)
Operating expenses	(17,699,784)	397,482	(17,302,302)
Finance costs	(27,984,031)	(10,102,942)	(38,086,973)
Other income, net	25,359,819	(25,258,804)	101,015
Income tax expense	-	(123,370,720)	(123,370,720)

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the nine months ended September 30, 2021 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	190,675,205
Cost of services	5,832,993
Operating expenses	6,546,945
Other income, net	25,200,913

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2021 amounting to P187,294,006.

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the nine months ended September 30, 2021 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	2,477,637	4,653,933
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	869,933	1,582,579
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	730,122	1,328,236
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,468,125	2,530,460
		5,545,817	10,095,208

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2021 as follows:

Land property	Notes	Amount
Leasehold land assets		
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	240,700,383
Brgy. Dalayap, Tarlac City, Tarlac	2(d)(ii)	31,093,771
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	170,922,712
		442,716,866
Freehold land asset		
Brgy. Armenia, Tarlac City, Tarlac	2(d)(iv)	40,426,457
		483,143,323

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P17,575, P7,734 and P57,891, respectively.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P6,149,463 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P123,370,720 related to the pro forma adjustments based on the prevailing tax rate.

September 30, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	207,640,751	(207,640,751)	-
Rental income	-	670,437,329	670,437,329
Cost of services	(74,325,430)	22,828,333	(51,497,097)
Operating expenses	(6,923,039)	(236,394)	(7,159,433)
Finance costs	(37,875,977)	(9,794,665)	(47,670,642)
Other income, net	1,596,906	69,535	1,666,441
Income tax expense	-	(174,044,788)	(174,044,788)

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the nine months ended September 30, 2020 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	207,640,751
Cost of services	28,391,725
Operating expenses	6,923,039

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2020. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the nine months ended September 30, 2020 and 2021. Refer to the details of adjustments made for the nine months ended September 30, 2021 (a).

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the nine months ended September 30, 2020 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	2,477,637	4,301,359
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	869,933	1,595,546
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	730,122	1,339,119
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,468,125	2,551,667
		5,545,817	9,787,691

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the nine months ended September 30, 2020. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the nine months ended September 30, 2020 and 2021. Refer to the details of adjustments made for the nine months ended September 30, 2021 (b).

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P17,575, P6,974 and P69,535, respectively.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P7,159,433 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P174,044,788 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	269,076,808	(269,076,808)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(94,623,573)	25,960,815	(68,662,758)
Operating expenses	(7,987,959)	89,333	(7,898,626)
Finance costs	(64,054,226)	(13,057,446)	(77,111,672)
Other income, net	1,703,762	69,258	1,773,020
Income tax expense	-	(190,927,950)	(190,927,950)

The following pro forma adjustments have made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2020 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	269,076,808
Cost of services	33,378,672
Operating expenses	7,987,959

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2020 amounting to P249,725,341.

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2020 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	5,735,146
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,126,210
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,784,497
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,501	3,402,224
		7,394,424	13,048,077

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2020 as follows:

Land property	Notes	Rental income
Leasehold land assets		
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	320,933,843
Brgy. Dalayap, Tarlac City, Tarlac	2(d)(ii)	41,458,362
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	227,896,949
		590,289,154
Freehold land asset		
Brgy. Armenia, Tarlac City, Tarlac	2(d)(iv)	53,901,943
		644,191,097

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P23,433, P9,369 and P69,258, respectively.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P7,898,626 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P190,927,950 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	248,010,727	(248,010,727)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(98,375,976)	29,713,219	(68,662,757)
Operating expenses	(3,386,831)	(1,730,576)	(5,117,407)
Finance costs	(68,727,061)	(13,956,809)	(82,683,870)
Other income, net	2,050,084	102,956	2,153,040
Income tax expense	-	(242,708,198)	(242,708,198)

The following pro forma adjustments were made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the years ended December 31, 2019 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	248,010,727
Cost of services	37,131,075
Operating expenses	3,386,831

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2019. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2019 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2019 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	6,264,306
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,134,509
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,791,463
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,423,012
		7,394,423	13,613,290

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2019. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2019 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges gains amounting to P23,433, P343,519 and P102,956, respectively.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P5,117,407 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P242,708,198 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	260,381,466	(260,381,466)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(139,352,363)	52,187,976	(87,164,387)
Operating expenses	(47,121,074)	42,944,534	(4,176,540)
Finance costs	(87,621,767)	(17,189,943)	(104,811,710)
Other income, net	27,130,226	(8,128,926)	19,001,300
Income tax expense	-	(237,748,065)	(237,748,065)

The following pro forma adjustments have made:

(a) *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company*

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2018 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	260,381,466
Cost of services	57,927,526
Operating expenses	47,121,074
Other income, net	8,070,421

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2018. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2018 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

(b) *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties*

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2018 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	5,789,733
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,142,102
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,797,836
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,436,971
		7,394,423	13,166,642

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2018. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2018 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P2,149,421, P4,023,301 and P58,505, respectively, and derecognition of rental expense under cost of services amounting to P3,804,294.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P4,176,540 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P237,748,065 related to the pro forma adjustments based on the prevailing tax rate.

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Revenues			
Sale of electricity	270,771,513	(270,771,513)	-
Rental income	-	893,916,438	893,916,438
Cost of services	(116,230,851)	31,661,668	(84,569,183)
Operating expenses	(52,655,343)	50,231,642	(2,423,701)
Finance costs	(106,670,547)	(17,663,362)	(124,333,909)
Other income, net	1,792,437	(1,660)	1,790,777
Income tax expense	(72,283)	(238,932,088)	(239,004,371)

The following pro forma adjustments have made:

(a) Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

The assignment of SESC by the Company to its Parent Company resulted in the derecognition of the following revenue and expenses for the year ended December 31, 2017 related to the sale of electricity as a solar plant operator:

	Amount
Revenues	
Sale of electricity	270,771,513
Cost of services	37,401,218
Operating expenses	52,655,343

The subsequent lease agreement of the solar plant by the Company to its Parent Company that was accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2017. Since the straight-line recognition was applied for the rental income, the same adjustment was made to the statements of total comprehensive income for the years ended December 31, 2017 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (a).

(b) Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties

Assignment of lease contract, lease and sublease agreements between the Company and certain third parties resulted in the recognition of amortization expense under cost of services and finance costs for the year ended December 31, 2017 as follows:

Land property	Notes	Amortization	Finance costs
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	3,303,516	6,260,212
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	1,159,911	2,149,149
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	973,496	1,803,750
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,957,500	3,444,705
		7,394,423	13,657,816

Subsequent lease and sublease agreements to related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2017. Since the straight-line recognition was applied for the rental income, the same adjustments were made to the statements of total comprehensive income for the years ended December 31, 2017 and 2020. Refer to the details of adjustments made for the year ended December 31, 2020 (b).

(c) PFRS 16, "Leases" retrospective adoption

The retrospective application of PFRS 16 resulted in the recognition of additional amortization expense, interest expense and foreign exchanges losses amounting to P2,149,421, P4,005,546 and P1,660, respectively, and derecognition of rental expense under cost of services amounting to P3,804,294.

(d) Other pro forma adjustments

Other pro forma adjustments include:

- Recognition of assumed local business taxes amounting to P2,423,701 as part of operating expenses based on the results of operations; and
- Recognition of income tax expense amounting to P238,932,088 related to the pro forma adjustments based on the prevailing tax rate.

3.3 Pro forma condensed statements of changes in equity

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of changes in equity are as follows:

January 1, 2017

The impact of the pro forma adjustments in equity as at January 1, 2017 follows:

	Audited balances	Pro forma adjustments	Pro forma balances
Share capital	539,999,999	834,545,502	1,374,545,501
Additional paid-in capital	-	2,465,066	2,465,066
Retained earnings (Deficit)	(168,932,444)	356,421,679	187,489,235

(a) Conversion of shares, increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties

Pro forma adjustment was made to share capital for the subscription of 2,400,000,000 shares with P0.25 par value amounting to P600,000,000 through conversion of advances from Parent Company amounting to P602,465,066 to share capital and the excess of the subscription against the par value of shares amounting to P2,465,066 as additional paid-in capital.

A pro forma adjustment was also made to share capital amounting to P234,545,502 for the subscription of 938,182,006 shares with par value of P0.25 through assignment of land properties, of which 19,461,142 shares and 918,720,864 shares were subscribed by the Parent Company and CST1, respectively.

This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

(b) Other pro forma adjustment

The Company was assumed to earn additional net income amounting to P356,421,679 from the pro forma adjustments as described in Note 2 during 2016.

September 30, 2021 and 2020 and December 31, 2020, 2019, 2018 and 2017

Beginning January 1, 2017, all the pro forma adjustments were assumed to have flowed through from the pro forma total comprehensive income for the years ended December 31, 2017, 2018, 2019 and 2020 and for the nine months ended September 30, 2020 and 2021 to the pro forma condensed statements of changes in equity and pro forma condensed statements of total comprehensive income.

3.4 Pro forma condensed statements of cash flows

The impact of the significant transactions described in Note 2 in the pro forma condensed statements of cash flows are as follows:

September 30, 2021

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	77,109,643	322,032,883	399,142,526
Cash flows used in financing activities	(72,082,743)	(6,857,577)	(78,940,320)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine months ended September 30, 2021:

- Additional income before income tax, amortization expense, finance costs, and unrealized foreign exchange loss amounting to P445,067,461, P5,563,392, P10,102,943 and P57,891, respectively, and derecognition of retirement benefit income and gain on compromise settlement of due to government agencies amounting to P2,628,766 and P25,200,913, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and prepayments and other current assets amounting to P36,059,187 and P116,652, respectively, and increase related to other non-current assets and trade payables and other liabilities amounting to P137,577 and P28,744,470, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P159,294,691 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2020 which was assumed to be paid in 2021.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the nine months ended September 30, 2021:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	265,421	1,582,579	1,848,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	222,764	1,328,236	1,551,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	1,228,680	2,530,460	3,759,140
		1,716,865	5,441,275	7,158,140

- Decrease in principal payments of lease liabilities amounting to P308,298 and increase in interest payments on lease liabilities amounting to P7,735 arising from adjustments described in Note 2 (e).

<u>September 30, 2020</u>

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	148,032,212	96,496,871	244,529,083
Cash flows used in financing activities	(93,652,611)	(19,427,151)	(113,079,762)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the nine months ended September 30, 2020:

- Additional income before income tax, amortization expense and finance costs amounting to P475,663,387, P5,563,392 and P9,794,665, respectively, decrease in unrealized foreign exchange loss amounting to P69,535 and derecognition of retirement benefit expense amounting to P3,038,128 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P146,453,051 and P16,534,558, respectively, and increase in prepayments and other current assets and non-current assets amounting to P933,293 and P230,615, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P229,593,209 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2019 which was assumed to be paid in 2020.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the nine months ended September 30, 2020:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	5,941,004	6,778,996	12,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	-	1,680,000	1,680,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	-	1,410,000	1,410,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	-	3,685,431	3,685,431
		5,941,004	13,554,427	19,495,431

- Decrease in principal and interest payments on lease liabilities amounting to P14,380 and P53,900, respectively, arising from adjustments described in Note 2 (e).

December 31, 2020

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	119,588,660	202,819,270	322,407,930
Cash flows used in financing activities	(94,915,770)	(20,525,325)	(115,441,095)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2020:

- Additional income before income tax, amortization expense and finance costs amounting to P637,901,590, P7,417,856 and P13,057,446, respectively, decrease in unrealized foreign exchange loss amounting to P69,258 and derecognition of retirement benefit expense amounting to P2,915,664 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables, prepayments and other current assets and trade payables and other liabilities amounting to P205,040,583, P323,376 and P17,922,372, respectively, and increase related to other non-current assets amounting to P306,840 arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P229,593,209 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2019 which was assumed to be paid in 2020.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2020:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,984,854	5,735,146	12,720,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	151,123	2,126,210	2,277,333
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	126,836	1,784,497	1,911,333
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	283,208	3,402,224	3,685,432
		7,546,021	13,048,077	20,594,098

- Decrease in principal payments of lease liabilities amounting to P78,142 and increase in interest payments on lease liabilities amounting to P9,369 arising from adjustments described in Note 2 (e).

December 31, 2019

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	150,450,697	414,139,048	564,589,745
Cash flows used in financing activities	(190,005,054)	(7,731,378)	(197,736,432)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2019:

- Additional income before income tax, amortization expense, finance costs and unrealized foreign exchange gain amounting to P660,034,501, P7,417,856, P13,956,809 and P102,956, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables, prepayments and other current assets, trade payables and other liabilities and other non-current assets amounting to P106,113,692, P1,155,358, P24,717,829 and P1,441,643, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P133,738,640 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2018 which was assumed to be paid in 2019.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2019:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	105,491	2,134,509	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	88,537	1,791,463	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	190,156	3,423,012	3,613,168
		384,184	7,348,984	7,733,168

- Decrease in principal payments of lease liabilities amounting to P229,568 and increase in interest payments on lease liabilities amounting to P227,778 arising from adjustments described in Note 2 (e).

December 31, 2018

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by operating activities	170,275,108	111,576,324	281,851,432
Cash flows used in financing activities	(269,923,827)	(23,580,928)	(293,504,755)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2018:

- Additional income before income tax, amortization expense and finance costs and unrealized foreign exchange loss amounting to P703,348,613, P9,543,844 and P17,189,943 and P58,505, respectively, and derecognition of gain on compromise settlement of due to government agencies amounting to P8,070,421 arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and prepayments and other current assets amounting to P528,970,058 and P4,411,011, respectively, and increase related to trade payables and other liabilities and other non-current assets amounting to P10,639,525 and P8,330,541, respectively, arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P112,223,999 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2017 which was assumed to be paid in 2018.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2018:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Talavera, Toledo City, Cebu	2(d)(i)	6,210,267	5,789,733	12,000,000
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	97,898	2,142,102	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	82,164	1,797,836	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	105,350	3,436,971	3,542,321
		6,495,679	13,166,642	19,662,321

- Increase in principal and interest payments of lease liabilities amounting to P2,323 and P3,916,284, respectively, arising from adjustments described in Note 2 (e).

December 31, 2017

	Audited balances	Pro forma adjustments	Pro forma balances
Cash flows provided by (used in) operating activities	(51,479,446)	291,370,939	239,891,493
Cash flows used in financing activities	(307,274,915)	(11,272,398)	(318,547,313)

(a) Cash flows from operating activities

The following adjustments were made related to cash flows from operating activities section of the statement of cash flows for the year ended December 31, 2017:

- Additional income before income tax, amortization expense and finance costs and unrealized foreign exchange loss amounting to P687,373,213, P9,543,844, P17,663,362 and P1,660, respectively, arising from the pro forma adjustments described in Note 3.2;
- Decrease in changes in working capital related to trade and other receivables and trade payables and other liabilities amounting to P340,988,309 and P26,738,005, respectively, and increase related to prepayments and other current assets amounting to P427,949 arising from the pro forma adjustments described in Note 3.1; and
- Income taxes paid amounting to P55,912,775 related to current income tax expense effect of the pro forma adjustments for the year ended December 31, 2016 which was assumed to be paid in 2017.

(b) Cash flows from financing activities

The following adjustments were made related to cash flows from financing activities section of the statement of cash flows for the year ended December 31, 2017:

- Increase in principal and interest payments of lease liabilities resulting from the adjustments described in Note 2 (d):

Land property	Notes	Principal	Interest	Total
Brgy. Dalayap, Tarlac City, Tarlac - Land A	2(d)(ii)	90,851	2,149,149	2,240,000
Brgy. Dalayap, Tarlac City, Tarlac - Land B	2(d)(ii)	76,250	1,803,750	1,880,000
Brgy. Rizal, Silay City, Negros Occidental	2(d)(iii)	28,159	3,444,705	3,472,864
		195,260	7,397,604	7,592,864

- Increase in interest payments on lease liabilities amounting to P3,679,534 arising from adjustments described in Note 2 (e).

Cash at the beginning of each of the period and years presented was adjusted to reflect the effects of the pro forma adjustments described above.

Note 4 - Earnings per share (EPS) computation

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common shares or instruments that may entitle the holder to common shares were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as the basic EPS.

For the purpose of the pro forma basic/diluted EPS computation for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, the weighted average number of issued and outstanding common shares consider the impact of conversion of shares and share subscription described in Note 2 (b). This is on the assumption that the Company had already obtained approval from the SEC on its application for the increase in authorized share capital as at January 1, 2016.

Pro forma weighted average number of common shares is determined as follows:

	Note	Number of shares
Weighted average number of common shares, as audited		2,159,999,994
Pro forma adjustment related to share subscription	2	3,338,182,006
		5,498,182,000

There are no dilutive financial instruments for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019, 2018 and 2017, hence, diluted EPS is the same as the basic EPS.

The pro forma basic and diluted EPS are as follows:

	Nine months ended September 30		Years ended December 31			
	2021	2020	2020	2019	2018	2017
Pro forma net income	440,283,536	391,731,810	551,088,452	496,897,246	479,017,036	445,376,051
Pro forma weighted average number of common shares	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000	5,498,182,000
	0.08	0.07	0.10	0.09	0.09	0.08

Note 5 - Related party transactions

The significant transactions described in Note 2 are mostly with related parties. Additional disclosures due to the impact of the pro forma adjustments in the related party transactions and balances disclosures are as follows:

	Transactions						Outstanding receivable (payable) balances					
	Nine months ended September 30		Years ended December 31				September 30,	December 31				
Related parties	2021	2020	2020	2019	2018	2017	2021	2020	2019	2018	2017	Notes
Parent Company												
Advances from	-	247,584,650	160,584,651	287,131,742	377,493,612	376,180,836	(162,575,136)	(160,584,651)	(287,131,742)	(388,368,538)	(517,138,376)	See below and Note 3.1.
Rental income	187,294,006	187,294,006	249,725,341	249,725,341	249,725,341	249,725,341	367,812,776	370,387,045	335,385,830	278,649,340	178,499,636	See Notes 3.2 and 3.1
Entities under common control												
Rental income	483,143,323	483,143,323	644,191,097	644,191,097	644,191,097	644,191,097	1,200,123,275	1,162,624,405	986,912,906	964,665,970	712,193,270	See Notes 3.2 and 3.1.

Advances

Details of transactions arising from the pro forma adjustments are as follows:

	Notes	September 30, 2020	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Assignment of loan	2 (a), 3.1	979,958,678	979,958,678	979,958,678	979,958,678	979,958,678
Conversion to equity	2 (b)	(602,465,066)	(602,465,066)	(602,465,066)	(602,465,066)	(602,465,066)
Offsetting and assumption of related party balances by Parent Company	2 (a), 3.1	(129,908,962)	(216,908,961)	(90,361,870)	-	(1,312,776)
		247,584,650	160,584,651	287,131,742	377,493,612	376,180,836

Citicore Energy REIT Corp.

(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Financial Statements
As at September 30, 2021 and December 31, 2020, and for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures as at December 31, 2019 and for the years ended December 31, 2019 and 2018)

CITICORE
ENERGY REIT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Citicore Energy REIT Corp.** (formerly, Enfinity Philippines Renewable Resources Inc.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at September 30, 2021 and December 31, 2020 and 2019 and for the periods ended September 30, 2021 and 2020 and December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders or members.

PwC, Isla Lipana & Co. and Maceda Valencia and Co., the independent auditors appointed by the shareholders for the nine months ended September 30, 2021 and 2020 and the year ended December 31, 2020, and years ended December 31, 2019 and 2018, respectively, have audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audits.

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President

JEZ G. DELA CRUZ
Treasurer

Signed this 17th day of November, 2021

11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila
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REPUBLIC OF THE PHILIPPINES }
CITY OF SAN JUAN }S.S.

SUBSCRIBED AND SWORN to before me this DEC 17 2021 at San Juan City, Metro Manila, affiants exhibited to me their respective competent evidence of identity as follows:

NAME	ID PRESENTED	DATE OF ISSUANCE / VALDITY
EDGAR B. SAAVEDRA	Philippine Passport No. P6875140B	27 May 2021, DFA Manila, valid until 26 May 2031
OLIVER Y. TAN	Philippine Passport No. P4489306B	22 January 2020, DFA NCR East, 21 January 2030
JEZ G. DELA CRUZ	Non-Professional Driver's License No. N26-02-002233	Valid until 2022/01/19

NOTARY PUBLIC

Doc. No. 1036;
Page No. 104;
Book No. II;
Series of 2021.

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment No. 189 (2020-2021)
Notary Public for and in the Cities of Pasig and San Juan
and in the Municipality of Pateros
Commission Expires on December 31, 2021
276 Col. Bonny Serrano Ave., San Juan City
Roll of Attorneys No. 66585
MCLE Compliance No. VI-0021699
IBP No. 108011/01-07-2020/RSM
PTR No. 6496437/01-09-2020/Pasig City

Independent Auditor's Report

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

Report on the Audits of the Financial Statements

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at September 30, 2021 and December 31, 2020, and its financial performance and its cash flows for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at September 30, 2021 and December 31, 2020;
- the statements of total comprehensive income for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020;
- the statements of changes in equity for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020;
- the statements of cash flows for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Other Matter

The financial statements of the Company as at and for the years ended December 31, 2019 and 2018 were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2020 and June 28, 2019, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
November 17, 2021

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the nine months ended September 30, 2021, on which we have rendered the attached report dated November 17, 2021.

In compliance with Rule 68 of the SRC and based on the certification received from the Company's corporate secretary, the Company has only one (1) shareholder owning one hundred (100) or more shares as at September 30, 2021.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
November 17, 2021

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the nine months ended September 30, 2021, on which we have rendered the attached report dated November 17, 2021. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
November 17, 2021

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited in accordance with Philippine Standards on Auditing the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at September 30, 2021 and December 31, 2020, and for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020, and have issued our report thereon dated November 17, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at September 30, 2021 and December 31, 2020, 2019 and 2018, and for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
November 17, 2021

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(With comparative figures as at December 31, 2019)
(All amounts in Philippine Peso)

	Notes	September 30, 2021	December 31, 2020	December 31, 2019
ASSETS				
Current assets				
Cash and cash equivalents	3	76,764,373	71,737,473	47,064,583
Trade and other receivables, net	4	40,861,686	258,905,233	128,630,106
Prepayments and other current assets	5	27,907,178	11,601,430	11,443,248
Total current assets		145,533,237	342,244,136	187,137,937
Non-current assets				
Property, plant and equipment, net	6	1,345,970,176	1,390,337,430	1,449,496,776
Investment properties	8	234,545,502	-	-
Right-of-use asset, net	20	38,090,624	39,685,116	41,811,104
Other non-current assets	7	9,112,625	8,975,048	8,668,208
Total non-current assets		1,627,718,927	1,438,997,594	1,499,976,088
Total assets		1,773,252,164	1,781,241,730	1,687,114,025
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables and other liabilities	9	38,849,039	125,610,375	78,379,762
Due to a related party	11	94,053,389	-	-
Loans payable	10	-	126,446,281	120,913,719
Lease liabilities	20	317,261	294,139	21,201
Total current liabilities		133,219,689	252,350,795	199,314,682
Non-current liabilities				
Loans payable, net of current portion	10	-	909,809,551	974,342,172
Lease liabilities, net of current portion	20	50,521,743	51,060,996	51,410,357
Due to a related party, net of current portion	11	68,521,747	-	-
Retirement benefit obligation	13	236,004	2,915,664	-
Other non-current liability	12	-	-	1,056,902
Total non-current liabilities		119,279,494	963,786,211	1,026,809,431
Total liabilities		252,499,183	1,216,137,006	1,226,124,113
Equity				
Share capital	14	539,999,999	539,999,999	539,999,999
Deposits for future shares subscription	14	837,010,568	-	-
Remeasurement on retirement benefits	13	50,894	-	-
Retained earnings (Deficit)		143,691,520	25,104,725	(79,010,087)
Total equity		1,520,752,981	565,104,724	460,989,912
Total liabilities and equity		1,773,252,164	1,781,241,730	1,687,114,025

The notes on pages 1 to 47 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statements of Total Comprehensive Income
For the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures for the years ended December 31, 2019 and 2018)
(All amounts in Philippine Peso)

		Nine months ended September 30		Years ended December 31		
	Notes	**2021**	**2020**	**2020**	**2019**	**2018**
Revenues	15	190,675,205	207,640,751	269,076,808	248,010,727	260,381,466
Cost of services	16	(51,764,414)	(74,325,430)	(94,623,573)	(98,375,976)	(139,352,363)
Gross profit		138,910,791	133,315,321	174,453,235	149,634,751	121,029,103
Operating expenses	17	(17,699,784)	(6,923,039)	(7,987,959)	(3,386,831)	(47,121,074)
Income from operations		121,211,007	126,392,282	166,465,276	146,247,920	73,908,029
Finance costs	18	(27,984,031)	(37,875,977)	(64,054,226)	(68,727,061)	(87,621,767)
Other income, net	18	25,359,819	1,596,906	1,703,762	2,050,084	27,130,226
Income before income tax		118,586,795	90,113,211	104,114,812	79,570,943	13,416,488
Income tax expense	19	-	-	-	-	-
Net income for the period/year		118,586,795	90,113,211	104,114,812	79,570,943	13,416,488
Other comprehensive income						
Other comprehensive income that will not be subsequently reclassified to profit or loss						
Remeasurement gain on retirement benefits, net of tax	13	50,894	-	-	-	-
Total comprehensive income for the period/year		118,637,689	90,113,211	104,114,812	79,570,943	13,416,488
Earnings per share						
Basic and diluted	21	0.05	0.04	0.05	0.04	0.01

The notes on pages 1 to 47 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures for the years ended December 31, 2019 and 2018)
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	Total share capital (Note 14)	Deposits for future shares subscription (Note 14)	Remeasurement on retirement benefits (Note 13)	Retained earnings (Deficit)	Total
Balances at January 1, 2018	72,860,309	467,139,690	539,999,999	-	-	(171,997,518)	368,002,481
Comprehensive income							
Net income for the year	-	-	-	-	-	13,416,488	13,416,488
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	13,416,488	13,416,488
Balances at December 31, 2018	72,860,309	467,139,690	539,999,999			(158,581,030)	381,418,969
Comprehensive income							
Net income for the year	-	-	-	-	-	79,570,943	79,570,943
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	79,570,943	79,570,943
Balances at December 31, 2019	72,860,309	467,139,690	539,999,999	-	-	(79,010,087)	460,989,912
Comprehensive income							
Net income for the year	-	-	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	104,114,812	104,114,812
Balances at December 31, 2020	72,860,309	467,139,690	539,999,999	-	-	25,104,725	565,104,724

The notes on pages 1 to 47 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statements of Changes in Equity
For the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures for the years ended December 31, 2019 and 2018)
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	Total share capital (Note 14)	Deposits for future shares subscription (Note 14)	Remeasurement on retirement benefits (Note 13)	Retained earnings (Deficit)	Total
Balances at January 1, 2020	72,860,309	467,139,690	539,999,999	-	-	(79,010,087)	460,989,912
Comprehensive income							
Net income for the period	-	-	-	-	-	90,113,211	90,113,211
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	90,113,211	90,113,211
Balances at September 30, 2020	72,860,309	467,139,690	539,999,999	-	-	11,103,124	551,103,123
Balances at January 1, 2021	72,860,309	467,139,690	539,999,999	-	-	25,104,725	565,104,724
Comprehensive income							
Net income for the period	-	-	-	-	-	118,586,795	118,586,795
Other comprehensive income for the period	-	-	-	-	50,894	-	50,894
Total comprehensive income for the period	-	-	-	-	50,894	118,586,795	118,637,689
Transactions with owners							
Reclassification of preference shares to common shares	467,139,690	(467,139,690)	-	-	-	-	-
Deposits for future shares subscriptions	-	-	-	837,010,568	-	-	837,010,568
Total transactions with owners	467,139,690	(467,139,690)	-	837,010,568	-	-	837,010,568
Balances at September 30, 2021	539,999,999	-	539,999,999	837,010,568	50,894	143,691,520	1,520,752,981

The notes on pages 1 to 47 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures for the years ended December 31, 2019 and 2018)
(All amounts in Philippine Peso)

	Notes	Nine months ended September 30		Years ended December 31		
		2021	2020	2020	2019	2018
Cash flows from operating activities						
Income before income tax		118,586,795	90,113,211	104,114,812	79,570,943	13,416,488
Adjustments for:						
Depreciation and amortization	6, 20	45,961,746	45,964,030	61,285,334	61,270,709	71,880,065
Finance costs	18	27,984,031	37,875,977	64,054,226	68,727,061	87,621,767
Unrealized foreign exchange losses (gains), net	22	4,091	20,793	11,175	60,375	(3,906,498)
Reversal of provision for asset retirement obligation	12	-	(1,056,902)	(1,056,902)	-	-
Provision for doubtful account of other receivable	4	-	1,944,096	1,944,096	-	-
Loss on direct write-off of trade receivables	17	-	-	-	-	4,247,719
Reversal of assets written-off	18	-	-	-	-	(3,500,000)
Interest income	3, 4	(163,171)	(560,797)	(662,181)	(2,110,459)	(11,653,307)
Retirement benefit (income) expense	13	(2,628,766)	3,038,128	2,915,664	-	-
Gain on compromise settlement of due to government agencies	9, 18	(25,200,913)	-	-	-	(8,070,421)
Operating income before working capital changes		164,543,813	177,338,536	232,606,224	207,518,629	150,035,813
Changes in working capital:						
Trade and other receivables		(41,510,511)	(46,281,244)	(132,219,223)	(65,175,700)	176,450,155
Prepayments and other current assets		(16,305,748)	(1,414,851)	(158,182)	1,126,048	121,797,064
Other non-current assets		(137,577)	(230,615)	(306,840)	(308,357)	(2,915,060)
Trade payables and other liabilities		(29,643,505)	18,059,589	19,004,500	5,179,618	(56,862,959)
Due to a related party		-	-	-	-	(227,040,419)
Other non-current liability		-	-	-	-	1,053,001
Net cash generated from operations		76,946,472	147,471,415	118,926,479	148,340,238	162,517,595
Interest received		163,171	560,797	662,181	2,110,459	8,615,864
Income taxes paid		-	-	-	-	(858,351)
Net cash provided by operating activities		77,109,643	148,032,212	119,588,660	150,450,697	170,275,108
Cash flows from an investing activity						
Additions to property, plant and equipment	6	-	-	-	(175,500)	(37,799)
Cash flows from financing activities						
Interest payment on loan from a shareholder	10	-	-	-	-	(18,994,811)
Principal payment of loan from a shareholder	10	-	-	-	-	(58,863,289)
Principal payment of lease liabilities	20	(520,222)	(18,127)	(87,598)	(235,236)	-
Interest payment on lease liabilities	20	(3,010,121)	(3,020,087)	(4,026,048)	(3,686,845)	-
Interest payment on loans from a bank	10	(36,940,830)	(29,250,761)	(29,438,488)	(63,355,700)	(69,338,454)
Principal payment of loans from a bank	10	(31,611,570)	(61,363,636)	(61,363,636)	(122,727,273)	(122,727,273)
Net cash used in financing activities		(72,082,743)	(93,652,611)	(94,915,770)	(190,005,054)	(269,923,827)
Net increase (decrease) in cash and cash equivalents		5,026,900	54,379,601	24,672,890	(39,729,857)	(99,686,518)
Effects of exchange rate changes in cash and cash equivalents		-	-	-	-	832,583
Cash and cash equivalents, beginning		71,737,473	47,064,583	47,064,583	86,794,440	185,648,375
Cash and cash equivalents, ending	3	76,764,373	101,444,184	71,737,473	47,064,583	86,794,440

The notes on pages 1 to 47 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Notes to the Financial Statements
As at September 30, 2021 and December 31, 2020, and for the nine months ended September 30, 2021 and 2020 and for the year ended December 31, 2020
(With comparative figures and notes as at December 31, 2019 and for the years ended December 31, 2019 and 2018)
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

(a) Corporate information

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the Renewable Energy Act of 2008, Republic Act (RA) No. 9513.

The Company's 22.33 megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years.

Prior to May 17, 2018, the Company is 66.25% owned by Mabalacat Solar Philippines, Inc., a company incorporated in the Philippines and 37.75% owned by Lumos Investment Pte. Limited (Lumos), a company incorporated in Singapore.

On May 17, 2018, the Company's shareholders entered into a Sale and Purchase Agreement with Citicore Renewable Energy Corporation (the "Parent Company"), a company incorporated in the Philippines and is engaged in power generation under the Renewable Energy Law, with the latter acquiring 100% of the Company's share capital making the Company a wholly owned subsidiary. The Certificate Authorizing Registration (CAR) for the transfer of shares of previous shareholders to the Parent Company was issued by the Bureau of Internal Revenue (BIR) on March 18, 2019 and June 2, 2020.

The Company's ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (AOI):

- Change of corporate name to Citicore Energy REIT Corp.;
- Amendment of the primary purpose to that of a real estate investment trust. The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of RA No. 9856, otherwise known as the *"Real Estate Investment Trust Act of 2009"* and its implementing rules and regulations;
- Provision of additional corporate powers in relation to the amended primary purpose;
- Change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila;
- Change of term of existence to have perpetual existence;
- Increase in the number of directors to eight (8);
- Increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share;
- Inclusion of express waiver of pre-emptive right to subscribe from the Company's unissued shares, increase in its authorized share capital or its treasury shares;
- Compliance with the lock-up requirements under the Listing Rules of the Philippine Stock Exchange, Inc. (PSE);
- Removal of the contractual restrictions on the disposition of the shares; and
- Inclusion of additional restriction on transfer of shares provided under RA No. 9856 and its implementing rules and regulations.

The Company's submission to the SEC for the foregoing amendments has been approved on October 12, 2021.

On November 4, 2021, the Company's BOD and shareholder approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". As at November 17, 2021, the Company's submission to the SEC for the foregoing amendment is pending approval.

As at November 17, 2021, the Company is in the process of completing and finalizing all statutory requirements in connection with the planned listing and offering of its shares to the public with the PSE.

(b) Approval and authorization for the issuance of financial statements

These financial statements have been approved and authorized for issuance on November 17, 2021 by Mr. Oliver Tan, President and Chief Executive Officer, as authorized by the Company's BOD.

Note 2 - Segment reporting

The Company's operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

As at September 30, 2021, the Company derives revenue from sale of solar energy. This pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. Transco is the Company's sole customer for its sale of solar energy. As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business would be terminated subject to the approval of Department of Energy (DOE) (Note 25).

The Company's management assesses the performance and allocates the resources of the Company as a whole, as all of the Company's activities are considered to be primarily to the sale of solar energy as at September 30, 2021. Therefore, as at September 30, 2021 management considers there is only one operating segment under the requirements of Philippine Financial Reporting Standards (PFRS) 8, "*Operating Segments*". In this regard, no segment information is presented.

As at September 30, 2021, only the investment property amounting to P234,545,502, which consists of several parcels of land, is attributable to the operating segment asset of the leasing segment (Note 8). The rest of the assets and liabilities of the Company is attributable to the operating segment assets and liabilities of the sale of solar energy segment. As at December 31, 2020 and 2019, all the Company's assets and liabilities were attributable to the operating segment assets and liabilities of the sale of solar energy segment.

For the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018, all of the Company's revenue and expenses are attributable to the sale of solar energy segment. Leasing operations are expected to commence in November 2021 (Note 11).

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by PFRS 8.

Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of:

	September 30, 2021	December 31, 2020	December 31, 2019
Cash on hand	65,000	35,000	31,000
Cash in banks	32,202,260	12,763,953	1,321,944
Short-term placements	44,497,113	58,938,520	45,711,639
	76,764,373	71,737,473	47,064,583

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.0625% to 1.00% (2020 – 1.23% to 1.85%; 2019 – 3.70% to 4.00%).

Interest income earned from cash in banks and short-term placements are as follows:

		Nine months ended September 30		Years ended December 31		
	Note	2021	2020	2020	2019	2018
Interest income	18	163,171	560,797	662,181	2,075,226	2,142,409

Note 4 - Trade and other receivables, net

Trade and other receivables, net consist of:

	Note	September 30, 2021	December 31, 2020	December 31, 2019
Trade receivables		40,861,686	41,996,272	36,324,140
Due from related parties	11	-	216,908,961	90,361,870
		40,861,686	258,905,233	126,686,010
Other receivable		1,944,096	1,944,096	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)	-
		-	-	1,944,096
		40,861,686	258,905,233	128,630,106

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%. Details of interest income arising from late payments of TransCo are as follows:

		Nine months ended September 30		Years ended December 31		
	Note	2021	2020	2020	2019	2018
Interest income	18	-	-	-	35,233	7,078,931

During 2018, the Company recognized interest income related to discounting of receivables amounting to P2.43 million (Note 18).

Movements in the discount on receivables for the year ended December 31, 2018 are as follows:

	Note	Amount
Beginning		1,652,710
Interest income	18	(2,431,967)
Amortization	18	779,257
		-

There were no transactions that would warrant recognition of discount on receivables for the nine months ended September 30, 2021 and 2020 and years ended December 31, 2020 and 2019.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality. The provision was recognized as part of operating expenses in the statements of total comprehensive income (Note 17).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at September 30, 2021, December 31, 2020 and 2019, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature and all previous billings were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

Note 5 - Prepayments and other current assets

Prepayments and other current assets consist of:

	September 30, 2021	December 31, 2020	December 31, 2019
Deferred share issuance costs	16,422,400	-	-
Input value-added tax (VAT)	9,772,305	9,435,619	9,403,280
Prepaid taxes	856,900	1,430,404	1,854,350
Advances to suppliers	481,558	481,558	-
Advances to employees	324,412	217,509	134,976
Others	49,603	36,340	50,642
	27,907,178	11,601,430	11,443,248

Deferred share issuance costs pertain to costs incurred in relation to the issuance of shares relative to the planned listing and offering of the Company's shares to the public.

Input VAT represents VAT on purchases of goods and services which can be recovered as either tax credit against future output VAT or through refund.

Prepaid taxes include overpayment of withholding taxes and income taxes.

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Note 6 - Property, plant and equipment, net

Details and movements of property, plant and equipment, net are as follows:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
January 1, 2019	1,664,296,964	44,477,618	-	-	1,708,774,582
Additions during 2019	-	-	40,000	135,500	175,500
December 31, 2019 and 2020, and September 30, 2021	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2019	195,085,235	5,223,350	-	-	200,308,585
Depreciation	55,914,483	3,204,430	10,000	15,808	59,144,721
December 31, 2019	250,999,718	8,427,780	10,000	15,808	259,453,306
Depreciation	55,914,483	3,204,430	13,333	27,100	59,159,346
December 31, 2020	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	41,933,606	2,403,323	10,000	20,325	44,367,254
September 30, 2021	348,847,807	14,035,533	33,333	63,233	362,979,906
Net book values					
September 30, 2021	1,315,449,157	30,442,085	6,667	72,267	1,345,970,176
December 31, 2020	1,357,382,763	32,845,408	16,667	92,592	1,390,337,430
December 31, 2019	1,413,297,246	36,049,838	30,000	119,692	1,449,496,776

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP. As at September 30, 2021, the chattel mortgage was still attached on the solar plant and equipment, awaiting finalization of rescindment of the mortgage agreement with the DBP. The chattel mortgage agreement was rescinded by DBP on November 3, 2021.

Depreciation expenses are recognized as follows:

		Nine months ended September 30		Years ended December 31		
	Notes	2021	2020	2020	2019	2018
Cost of services	16	44,336,929	44,339,213	59,118,913	59,118,913	71,880,065
Operating expenses	17	30,325	30,325	40,433	25,808	-
		44,367,254	44,369,538	59,159,346	59,144,721	71,880,065

Additions for the years ended December 31, 2018 and 2019 amounted to P37,799 and P175,500, respectively, which were all paid in cash during the year of acquisition. This was reported as part of investing activity in the statements of cash flows. There were no additions for the nine months ended September 30, 2021 and 2020, and for the year ended December 31, 2020.

In 2019, management assessed, based on internal evaluations, that they will be able to utilize the solar plant and equipment for up to 30 years and substation and transmission lines for up to 15 years from the start of commercial operation which is also aligned with industry practice. As such, the BOD approved the change in estimated useful life of solar plant and equipment from 23 years to 30 years and substation and transmission lines from 23 years to 15 years.

The change in estimated useful life is considered to be a change in accounting estimate accounted for prospectively by recognizing the effect of the change in the period of change and future periods until the end of the useful life. The net effect of the change in useful life is decrease in depreciation expense annually amounting to P12.74 million starting 2019 to 2031 and P15.95 million starting 2032 to 2040 and increase amounting to P55.91 million from 2041 to 2045.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at September 30, 2021, December 31, 2020 and 2019.

Note 7 - Other non-current assets

Other non-current assets consist of:

	Note	September 30, 2021	December 31, 2020	December 31, 2019
Electric utility deposits		6,580,541	6,580,541	6,580,541
Security deposits	20	1,779,310	1,779,310	1,779,310
Restricted cash		752,774	615,197	308,357
		9,112,625	8,975,048	8,668,208

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated and all bills have been paid.

Restricted cash pertains to cash deposited in a local bank pursuant to Section 5(i) of RA No. 7638, otherwise known as, the *"Department of Energy Act of 1992"*, Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

Note 8 - Investment properties

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4,865,286 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.), an entity under common control, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229,680,216 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 14). These parcels of land are recognized in reference to its fair value.

While the beneficial ownership and physical possession of the parcels of land have been conveyed to the Company through the assignment and subscription of shares, the actual transfer and registration of the parcels of land to the Company's name are still in process and have not yet been completed as at September 30, 2021. The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

The aggregate fair value of these parcels of land as determined by an independent appraiser as at October 8, 2021 amounted to P671,580,000. Management has assessed that there are no significant changes in the fair value of the parcels of land as at September 30, 2021 from the date of appraisal. The fair value of the parcels of land was estimated by the independent appraiser using the Sales Comparison Approach which considers the sales of similar or substitute properties and related market data. This approach falls under Level 3 of the fair value hierarchy (Note 24.5). The unobservable key inputs to determine the fair value of the land are location characteristics, size and use of the land and time element.

The unobservable key inputs used to determine the fair value the parcels of land are as follows:

Unobservable inputs	Range of unobservable inputs
Location	0% to -5%
Size	5% to 15%
Use	10%
Time element	0%

The current use of the parcels of land is its highest and best use.

There was no rental income received and expenses incurred in relation to these parcels of land for the nine months ended September 30, 2021.

Note 9 - Trade payables and other liabilities

Trade payables and other liabilities consist of:

	Note	September 30, 2021	December 31, 2020	December 31, 2019
Trade payables		3,901,513	6,794,533	6,647,557
Due to government agencies		33,718,453	85,508,641	66,787,314
Accrued expenses		1,229,073	1,390,283	1,254,086
Interest payable	10	-	31,916,918	3,690,805
		38,849,039	125,610,375	78,379,762

Trade payables are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the statements of total comprehensive income (Note 18). The remaining balance of due to government agencies pertains to unpaid business taxes to a local government unit.

Accrued expenses mainly include utilities, operations and maintenance expenses, which is normally settled the following month.

Note 10 - Loans payable

Details of loans payable consist of:

Development Bank of the Philippines

	December 31, 2020	December 31, 2019
Current	126,446,281	120,913,719
Non-current	909,809,551	974,342,172
	1,036,255,832	1,095,255,891

Movements in loans payable are as follows:

	Nine months ended September 30		Years ended December 31		
	2021	2020	2020	2019	2018
Principal amount					
Beginning	1,043,181,818	1,104,545,454	1,104,545,454	1,227,272,727	1,350,000,000
Assignment of loan	(1,011,570,248)	-	-	-	-
Payments	(31,611,570)	(61,363,636)	(61,363,636)	(122,727,273)	(122,727,273)
Ending	-	1,043,181,818	1,043,181,818	1,104,545,454	1,227,272,727
Debt issuance cost					
Beginning	(6,925,986)	(9,289,563)	(9,289,563)	(11,258,274)	(12,943,045)
Amortization	6,925,986	1,122,594	2,363,577	1,968,711	1,684,771
Ending	-	(8,166,969)	(6,925,986)	(9,289,563)	(11,258,274)
	-	1,035,014,849	1,036,255,832	1,095,255,891	1,216,014,453

In 2016, the Company entered into a P1.35 billion Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Clark Solar Power Project. The entire facility was drawn on December 9, 2016.

The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement has been collected by the bank, the Company agrees, unless the bank otherwise consent in writing, that the Company will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, the Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 2:1 and the current ratio and debt service coverage ratio of not less than one (1) as defined in the Term Loan Facility Agreement. In 2019, the Company substantially complied with most of the covenants except for one (1) ratio which was covered by a bank waiver. As at December 31, 2020, the Company has complied with these covenants.

In March 2020, the Philippine government enacted the granting of a 30-day grace period for all loans with principal and/or interest falling due within the Enhanced Community Quarantine period without incurring interest on interest, penalties, fees and other charges pursuant to Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"*. The Company availed of the deferral of its principal payment and interest due to DBP which in result spreads the deferred principal and interest amount to the remaining payments to be made for the remaining term of the loan. The impact of the deferral is not material hence no gain or loss on loan modification was recognized.

On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP with principal balance amounting to P1.01 billion. Consequently, the Company derecognized the loan and the corresponding interest payable amounting P13.02 million and recognized as part of due to a related party (Note 11). No gain or loss was recognized for the loan assignment. As a result of the assignment, the Company became indebted to its Parent Company for the same amount. Subsequently, the Parent Company used a portion of the amount reclassified as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital (Note 14). These are considered as non-cash transactions.

Details of finance costs including amortization of debt issuance cost recognized in the statements of total comprehensive income are as follows:

		Nine months ended September 30		Years ended December 31		
	Note	2021	2020	2020	2019	2018
Finance costs	18	24,973,910	34,855,890	60,028,178	65,040,216	70,381,262

Movements of interest payable are as follows:

	Nine months ended September 30		Years ended December 31		
	2021	2020	2020	2019	2018
Beginning	31,916,918	3,690,805	3,690,805	3,975,000	4,616,963
Interest expense net of amortization of debt issuance cost	18,047,924	33,733,296	57,664,601	63,071,505	68,696,491
Assumed by Parent Company	(13,024,012)	-	-	-	-
Interest payments	(36,940,830)	(29,250,761)	(29,438,488)	(63,355,700)	(69,338,454)
Ending	-	8,173,340	31,916,918	3,690,805	3,975,000

<u>Lumos</u>

In December 2016, the Company entered into a loan facility agreement with Lumos amounting to US$40 million or P1.57 billion with an annual interest of 8%.

In February 2017, the loan payable to Lumos amounting to P363.48 million was applied as payment to the subscription receivable following the SEC's approval of the Company's application to increase its authorized share capital.

As part of the share Sale and Purchase Agreement between Lumos and Citicore Power, Inc., the immediate parent company of the Parent Company (Note 1), the loan and related interest payable amounting to P243.75 million and P7.32 million, respectively, were assumed by the Parent Company. The movements of loans payable to Lumos for the year ended December 31, 2018 are as follows:

	Note	Amount
Beginning		278,620827
Payments	11	(58,863,289)
Foreign exchange losses		23,991,862
Assumed by Parent Company	11	(243,749,400)
Ending		-

The assumption of loan by the Parent Company is considered as a non-cash transaction.

Total finance cost recognized for the year ended December 31, 2018 amounted to P16.00 million (Note 18). Total interest paid for the year ended December 31, 2018 amounted to P18.99 million. This was recognized as part of cash flows from financing activities in the statements of cash flows.

Note 11 - Related party transactions

In the normal course of business, the Company transacts with companies which are considered related parties under Philippine Accounting Standards (PAS) 24, *"Related Party Disclosures"*.

The transactions and outstanding balances of the Company with related parties are as follows:

	Transactions					Outstanding balances			
	Nine months ended September 30		Years ended December 31			September 30	December 31		Terms and conditions
Related parties	2021	2020	2020	2019	2018	2021	2020	2019	
Parent Company									
Advances to (from)	227,942,488	39,525,345	39,525,344	101,236,796	(251,871,465)	227,942,488	129,887,214	90,361,870	Refer to (a).
Assignment of loans payable	(1,011,570,248)	-	-	-	-	(377,493,612)	-	-	Refer to (b) and Note 10.
Assumed interest payable	(13,024,012)	-	-	-	-	(13,024,012)	-	-	See Note 10.
						(162,575,136)	129,887,214	90,361,870	
Deposits for future shares subscription	607,330,352	-	-	-	-	607,330,352	-	-	Refer to (c) and Note 10.
Former immediate parent company									
Advances to	-	-	-	-	139,799,735	-	-	-	Refer to (a).
Loan assumed by Parent Company	-	-	-	-	243,749,400	-	-	-	See Note 10.
Loan payment	-	-	-	-	58,863,289	-	-	-	See Note 10.
Interest on loans	-	-	-	-	15,998,080	-	-	-	See Note 10.
Management fees	-	-	-	-	33,943,486	-	-	-	Refer to (d).
						-	-	-	
Entities under common control									
Advances to	87,021,747	21,747	87,021,747	-	-	-	87,021,747	-	Refer to (a).
Deposits for future shares subscription	229,680,216	-	-	-	-	229,680,216	-	-	Refer to (c) and Note 10.
						229,680,216	87,021,747	-	
Former entity under common control									
Advances to	-	-	-	-	1,157,805	-	-	-	Refer to (a).

(a) Advances

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to related parties are unsecured, with no guarantee, non-interest bearing, collectible on demand and are expected to be collected in cash or offset with outstanding liability. Advances from related parties are unsecured, with no guarantee, non-interest bearing, and are expected to be settled in cash or offset with outstanding receivable. As at September 30, 2021, the Parent Company and the Company agreed to offset all related party receivables and payables resulting in a net payable to the Parent Company amounting to P162.58 million. The offset amounts as at September 30, 2021 are as follows:

	Amount
Receivables	227,942,488
Payables	(390,517,624)
	(162,575,136)

There was no offsetting as at December 31, 2020 and 2019.

Details of net payable to the Parent Company as at September 30, 2021 are as follows:

	Amount
Current	94,053,389
Non-current	68,521,747
	162,575,136

On September 30, 2021, the Company and the Parent Company agreed that portion of the net payable amounting to P94.05 million is to be settled upon demand by the Parent Company while the remaining balance of P68.52 million is to be settled after more than 12 months from September 30, 2021.

(b) Loan assignment

The loan assignment was recognized as part of due to a related party. Details and movement of due to a related party pertaining to the loan assignment for the period ended September 30, 2021 are as follows:

	Notes	Amount
Assignment of loan	10	1,011,570,248
Cash settlement	10	(31,611,570)
Subscription of shares	11 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

(c) Deposits for future shares subscription

Details of deposits for future shares subscription as at September 30, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	8, 14	602,465,066	4,865,286	607,330,352
CST1	8, 14	-	229,680,216	229,680,216
		602,465,066	234,545,502	837,010,568

(d) Management fees

Management fees pertain to services provided by former immediate parent company to the Company during 2018. There are no other management fees incurred and charged by related parties for the nine months ended September 30, 2021 and 2020, and for the years ended December 31, 2020 and 2019.

(e) Key management compensation

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the period ended September 30, 2021 amounted to P0.63 million (September 30, 2020, December 31, 2020, 2019 and 2018 - nil) (Note 17).

The Company's management functions are being handled by the Parent Company at no cost. No other short-term or long-term compensation was paid to key management personnel for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018.

(f) Lease agreements

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:

    - Land property located in Brgy. Talavera, Toledo City, Cebu with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.)

      The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

    - Land property located in Brgy. Dalayap, Tarlac City, Tarlac with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.)

      The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

    - Land property located in Brgy. Rizal, Silay City, Negros Occidental with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.)

      The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Lease contract of the land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

  The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices.

These lease agreements will result in the recognition of rental income on a straight-line basis over the lease term for the lease and sublease agreements classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the effectivity of the sublease and lease agreements.

(g) Memorandum of agreement for future sale and leaseback transaction

The Company entered into a memorandum of agreement with Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.) and Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation), entities under common control, for the future sale of land properties owned by CSSCI and CSBI to the Company and subsequent leaseback.

This will result in the recognition of investment properties in the statements of financial position for the land properties that will be acquired and recognition of rental income on a straight-line basis over the lease term for the leaseback to the related parties. These will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the consummation of the agreement.

On July 26, 2021, the BOD approved Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

Note 12 - Other non-current liability

Other non-current liability as at December 31, 2019 consists of provision for asset retirement obligation amounting to P1.06 million which pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement.

In 2020, the Company reversed the full amount of the provision as management assessed that this is no longer expected to be settled or incurred upon termination of the lease agreement.

In 2018, the Company recognized interest expense on accretion provision for asset retirement obligation amounting to P43,168 (Note 18). No related interest expense was recognized for the year ended December 31, 2019.

Note 13 - Retirement benefits

The Company provides for the estimated retirement benefits based on the requirements of RA No. 7641, otherwise known as the *"Retirement Pay Law"*. Under the Retirement Pay Law, the retirement benefit obligation is computed as one-half of monthly salary for every year of service, a fraction of six months being considered as one whole year. The term one-half of monthly salary shall mean 15 days plus the one-twelfth of the 13th month, and the cash equivalent of not more than five days service incentive leaves.

The retirement benefit obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation was sought from an independent actuary last June 30, 2021 financial reporting period.

The retirement benefit obligation recognized in the statement of financial position as at September 30, 2021 amounted to P236,004 (December 31, 2020 - P2,915,664, December 31, 2019 - nil).

The movements in present value of defined benefit obligation recognized in the statements of financial position are as follows:

	September 30, 2021	December 31, 2020
Beginning	2,915,664	-
Current service cost	125,321	2,915,664
Interest cost	3,308	-
Reversal of retirement benefit obligation	(2,757,395)	-
Remeasurement gain arising from:		
Changes in financial assumptions	(44,744)	-
Deviations of experience from assumptions	(6,150)	-
Ending	236,004	2,915,664

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by the Company to employees. This is recognized directly in profit or loss a part of retirement benefit (income) expense.

The components of retirement benefit (income) expense are as follows:

		Nine months ended September 30		Year ended
	Note	2021	2020	December 31, 2020
Current service cost		125,321	3,038,128	2,915,664
Interest cost		3,308	-	-
Reversal of retirement benefit obligation		(2,757,395)	-	-
	16	(2,628,766)	3,038,128	2,915,664

The movements in remeasurement on retirement benefits for the nine months ended September 30, 2021 are as follows:

	Amount
Beginning	-
Remeasurement	
Changes in financial assumptions	(44,744)
Experience adjustment	(6,150)
Ending	(50,894)

Remeasurements during 2020 is not material due to insignificant changes in financial and demographic assumptions and experience adjustments, hence, not recognized.

The principal assumptions used are as follows:

	September 30, 2021	December 31, 2020
Discount rate	5.34%	4.07%
Salary increase rate	5.00%	5.00%

The present value of the defined benefit obligation is measured in terms of actuarial assumptions such as discount rate, salary increases and expected retirement age. The resulting amount was discounted based on the spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds. Salary increase rate was also considered which comprise of the general inflationary increase plus a further increase for individual productivity, merit and promotion. The salary increase rate is set by reference over the period over which benefits are expected to be paid.

The Company does not expect to create a fund in the next reporting period.

The weighted average duration of the defined benefit obligation as at September 30, 2021 is 17.8 years (December 31, 2020 - 18.3 years).

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
September 30, 2021			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)
December 31, 2020			
Discount rate	+/-1.00%	(1.02 million)	0.01 million
Salary increase rate	+/-1.00%	0.69 million	(0.56 million)

Expected maturity analysis of undiscounted retirement benefits are as follows:

	September 30, 2021	December 31, 2020
One year to five years	81,802	1,590,324
More than five years to ten years	214,170	4,159,676
	295,972	5,750,000

Note 14 - Share capital; Deposits for future shares subscription

Share capital

The Company's share capital consists of:

	September 30, 2021		December 31, 2020 and 2019	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital, issued and outstanding				
Common shares - P0.25 par value	2,159,999,994	539,999,999	-	-
Common class A - P1 par value	-	-	7,291,011	7,291,011
Common class B - P13.5 par value	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value	-	-	1,153,448	420,431,796
		539,999,999		539,999,999

The holders of common class A and B shares are entitled to the same rights and privileges except for the right to dividend distribution which is in accordance with the par value ratio.

Redeemable preference shares A and B are non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends. In case of dissolution or liquidation, redeemable preference shares shall enjoy preference on the distribution of the Company's assets. Redeemable preference shares are not redeemable at the option of the holder.

Foreign nationals may own and hold common class B and redeemable preference shares B.

On March 12, 2021, the Company's BOD and shareholder approved that the redeemable preferred shares and other classes of common shares previously authorized and issued are and shall be convertible to one class common share and reduced the par value of all previously issued shares to P0.25 per share. Consequently, the Company amended its AOI to reflect the change and converted all its previously issued shares to one class common share. The Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by the SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021 (Note 1).

Deposits for future shares subscription

(a) Advances from Parent Company to share conversion subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 2,400,000,000 common shares to be taken from the increase in authorized share capital, upon approval by the SEC for a total consideration of P602,465,066. The Parent Company assigned P602,465,066 of its advances to fully pay the subscription price (Note 11). This is considered as a non-cash transaction.

(b) Land properties for share subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229,680,216. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties as at September 30, 2021 (Note 8).

As at September 30, 2021, deposits for future shares subscription amounting to P837.01 million from the subscriptions above were recognized as part of equity in the statements of financial position since the Company met all the conditions required by SEC Financial Reporting Bulletin (FRB) No. 006 for such recognition.

The application for the proposed increase has been filed with the SEC on May 25, 2021 and has been approved on October 12, 2021 (Note 1).

Note 15 - Revenues

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the ERC of the Certificate of Compliance (COC). On November 22, 2016, the ERC issued the COC to the Company. As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P40.86 million as at September 30, 2021 (December 31, 2020 – P42.00 million; December 31, 2019 – P36.32 million) (Note 4).

Note 16 - Cost of services

The components of cost of services are as follows:

		Nine months ended September 30		Years ended December 31		
	Notes	2021	2020	2020	2019	2018
Depreciation and amortization	6, 20	45,931,421	45,933,705	61,244,901	61,244,901	71,880,065
Utilities		3,071,239	3,443,009	4,933,938	5,051,365	4,916,814
Outside services		2,506,481	2,969,977	3,711,108	7,360,805	14,879,599
Insurance		1,194,190	933,805	1,657,448	2,152,889	3,755,730
Salaries and wages		723,911	1,336,085	1,843,562	1,440,549	-
Repairs and maintenance		705,756	241,934	1,023,368	3,233,916	-
Taxes and licenses		216,963	16,425,126	17,281,122	17,784,779	33,693,409
Retirement benefit (income) expense	13	(2,628,766)	3,038,128	2,915,664	-	-
Rentals	20	-	-	-	-	9,544,772
Others		43,219	3,661	12,462	106,772	681,974
		51,764,414	74,325,430	94,623,573	98,375,976	139,352,363

Note 17 - Operating expenses

The components of operating expenses are as follows:

	Notes	Nine months ended September 30 2021	2020	Years ended December 31 2020	2019	2018
Taxes and licenses		13,730,895	3,887,657	4,340,315	1,775,610	4,512,340
Professional fees		1,120,972	31,125	41,500	181,020	3,180,598
Dues and subscriptions		938,366	425,217	949,262	674,390	-
Directors' fees	11	631,579	-	-	-	-
Repairs and maintenance		127,374	105,657	146,405	21,401	-
Charitable contributions		100,000	126,000	126,000	105,000	-
Transportation and travel		98,192	176,021	197,253	171,359	217,368
Communication, light and water		73,661	134,822	138,214	123,717	143,568
Depreciation	6	30,325	30,325	40,433	25,808	-
Bank charges		20,568	5,531	7,912	188,259	-
Management fees	11	-	-	-	-	33,943,486
Provision for doubtful accounts	4	-	1,944,096	1,944,096	-	-
Rentals	20	-	-	-	-	476,941
Loss on direct write-off of trade receivables		-	-	-	-	4,247,719
Others		827,852	56,588	56,569	120,267	399,054
		17,699,784	6,923,039	7,987,959	3,386,831	47,121,074

Portion of taxes and licenses amounting to P7.8 million pertains to costs for the listing and offering of the Company's shares to the public.

Note 18 - Other income, net; finance costs

The components of other income, net are as follows:

	Notes	Nine months ended September 30 2021	2020	Years ended December 31 2020	2019	2018
Gain on compromise settlement of due to government agencies	9	25,200,913	-	-	-	8,070,421
Interest income	3, 4	163,171	560,797	662,181	2,110,459	11,653,307
Reversal of asset retirement obligation	12	-	1,056,902	1,056,902	-	-
Recovery of assets written-off		-	-	-	-	3,500,000
Foreign exchange (losses) gains, net	22	(4,265)	(20,793)	(15,321)	(60,375)	3,906,498
		25,359,819	1,596,906	1,703,762	2,050,084	27,130,226

During 2018, the Company recognized other income arising from recovery of security deposits previously written-off.

In 2015, the Company recognized a provision amounting to P8.32 million related to government agencies' potential claims. During 2018, the remaining balance of provision amounting to P8.07 million was derecognized since the payment is no longer probable.

The components of finance costs are as follows:

	Notes	Nine months ended September 30 2021	2020	Years ended December 31 2020	2019	2018
Interests on						
Loans payable from DBP	10	24,973,910	34,855,890	60,028,178	65,040,216	70,381,262
Loan from a shareholder	10	-	-	-	-	15,998,080
Lease liabilities	20	3,010,121	3,020,087	4,026,048	3,686,845	-
Discount on receivable from a third party	4	-	-	-	-	779,257
Financing related fees		-	-	-	-	420,000
Accretion of provision for asset retirement obligation	12	-	-	-	-	43,168
		27,984,031	37,875,977	64,054,226	68,727,061	87,621,767

Note 19 - Income taxes

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future within the carry-over period of its unused tax losses. Management has considered this in reaching its conclusion not to recognize deferred income tax assets. In addition, the Company is still subject to ITH for the nine months ended September 30, 2021 and 2020 and for years ended December 31, 2020, 2019 and 2018 until October 15, 2022.

The Company's unrecognized deferred income tax assets arise from the following temporary differences:

	September 30, 2021	December 31, 2020	December 31, 2019
Accrued expenses	33,620,012	85,485,864	65,852,089
Provision for doubtful accounts	1,944,096	1,944,096	-
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	1,074,270	2,038,390	1,890,751
Retirement benefit obligation	236,004	2,915,664	-
Unrealized foreign exchange loss	4,091	11,175	60,375
Net operating loss carryover (NOLCO)	-	-	9,966,459
Provision for asset retirement obligation	-	-	209,753
	36,878,473	92,395,189	77,979,427
Tax rate	10%	10%	10%
	3,687,848	9,239,519	7,797,943
Minimum corporate income tax (MCIT)	-	-	72,283
	3,687,848	9,239,519	7,870,226

The details of the Company's NOLCO are as follows:

Year of incurrence	Year of expiration	December 31, 2020	December 31, 2019
2016	2019	-	2,206,000
2018	2021	9,966,459	9,966,459
Total		9,966,459	12,172,459
Expired		-	(2,206,000)
Applied		(9,966,459)	-
		-	9,966,459

Where higher than normal income tax, the Company is required to pay MCIT equal to 2% of gross income as required by the Tax Reform Act of 1997 for other operating income. This amount may separately be offset against normal income tax liabilities for the three (3) immediately succeeding taxable years. The details of the Company's unrecognized excess MCIT over normal income tax are as follows:

Year of incurrence	Year of expiration	December 31, 2020	December 31, 2019
2016	2019	-	373
2017	2020	72,283	72,283
		72,283	72,656
Expired		(72,283)	(373)
		-	72,283

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense as shown in the statements of total comprehensive income follows:

	Nine months ended September 30		Years ended December 31		
	2021	2020	2020	2019	2018
Income tax at special tax rate of 10%	11,858,680	9,011,321	10,411,481	7,957,094	1,341,649
Income tax effects of:					
Non-deductible expenses	343,968	23,375	27,599	88,271	89,267
Application of NOLCO	-	-	-	-	4,663,042
Interest income subject to final tax	(16,317)	(56,080)	(66,218)	(207,523)	(457,438)
Non-taxable income due to ITH	(5,551,671)	1,249,092	(11,742,155)	(5,307,253)	(807,042)
Movement of unrecognized deferred income tax assets	(6,634,660)	(10,227,708)	1,369,293	(2,530,589)	(4,829,478)
	-	-	-	-	-

The effective tax rate used for the computation of income taxes and related balances for all the periods presented is at nil considering that the Company is still subject to ITH.

Note 20 - Lease

The Company has entered into various lease contracts as follows:

(a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P1.78 million were presented as part of other non-current assets in the statements of financial position as at September 30, 2021, December 31, 2020 and 2019 (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI, an entity under common control, with a third party, to the Company;
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2, an entity under common control; and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO, an entity under common control.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

No right-of-use assets and lease liabilities was recognized as at September 30, 2021 for above lease contracts since the earliest commencement date of the lease contracts will be on November 1, 2021.

From January 1, 2019 (PFRS 16, *"Leases"*)

The Company adopted PFRS 16 effective January 1, 2019 using the modified retrospective approach and opted not to restate comparative information. The Company measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The associated right-of-use assets for leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any accrued rent or advance lease payments relating to the lease recognized in the statement of financial position as at December 31, 2018.

The effects of adoption of PFRS 16 on the Company's financial statements as at January 1, 2019 are the recognition of the following:

	Increase (Decrease)
Right-of-use asset	43,937,092
Lease liabilities	51,606,419
Advance lease payment	(1,779,310)
Accrued rent	(9,448,637)

(a) Amounts recognized in the statements of financial position

Details of right-of-use asset, net and movements in the account are as follows:

	Note	Amount
Cost		
Adoption of PFRS 16 at January 1, 2019, December 31, 2019 and 2020, and September 30, 2021		43,937,092
Accumulated amortization		
Adoption of PFRS 16 at January 1, 2019		-
Amortization	16	2,125,988
December 31, 2019		2,125,988
Amortization	16	2,125,988
December 31, 2020		4,251,976
Amortization	16	1,594,492
September 30, 2021		5,846,468
Net book value		
September 30, 2021		38,090,624
December 31, 2020		39,685,116
December 31, 2019		41,811,104

Details of the lease liabilities are as follows:

	September 30, 2021	December 31, 2020	December 31, 2019
Current	317,261	294,139	21,201
Non-current	50,521,743	51,060,996	51,410,357
	50,839,004	51,355,135	51,431,558

Movements in lease liabilities are as follows:

	September 30, 2021	December 31, 2020	December 31, 2019
Beginning	51,355,135	51,431,558	51,606,419
Principal payments	(520,222)	(87,598)	(235,236)
Interest payments	(3,010,121)	(4,026,048)	(3,686,845)
Interest expense	3,010,121	4,026,048	3,686,845
Translation difference	4,091	11,175	60,375
Ending	50,839,004	51,355,135	51,431,558

Translation difference is recognized as part of foreign exchange losses, net under other income, net in the statements of total comprehensive income.

(b) Amounts recognized in the statements of total comprehensive income

Amounts recognized in the statements of total comprehensive income related to the lease agreement are as follows:

		Nine months ended September 30		Years ended December 31	
	Notes	2021	2020	2020	2019
Amortization expense of right-of-use asset	16	1,594,492	1,594,492	2,125,988	2,125,988
Interest expense	18	3,010,121	3,020,087	4,026,048	3,686,845
Translation difference		4,091	20,793	11,175	60,375
		4,608,704	4,635,372	6,163,211	5,873,208

The total cash outflows for the lease agreement are as follows:

	Nine months ended September 30		Years ended December 31	
	2021	2020	2020	2019
Payment of principal portion of lease liabilities	520,222	18,127	87,598	235,236
Payment of interest on lease liabilities	3,010,121	3,020,087	4,026,048	3,686,845
	3,530,343	3,038,214	4,113,646	3,922,081

(c) Discount rate

The lease payments are discounted using the Company's incremental borrowing rate of 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(d) Extension and termination options

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

(e) Reconciliation of operating lease commitments and lease liabilities

The reconciliation between the operating lease commitments disclosed in applying PAS 17 as at December 31, 2018 discounted using the Company's incremental borrowing rate and the lease liabilities recognized as at January 1, 2019 is as follows:

	Amount
Operating lease commitments, December 31, 2018	112,116,731
Discounting effect using incremental borrowing rate	(60,510,312)
Lease liabilities, January 1, 2019	51,606,419

Prior to January 1, 2019 (PAS 17, *"Leases"*)

Total rental expense for the year ended December 31, 2018 related to the lease agreement above recognized in the statements of total comprehensive income is as follows:

	Notes	Amount
Cost of services	16	9,544,772
Operating expenses	17	476,941
		10,021,713

The Company's future minimum lease commitment arising from the lease agreement as at December 31, 2018 are as follows:

	Amount
Within 1 year	3,856,086
Between 1 and 5 years	21,518,036
More than 5 years	86,742,609
	112,116,731

Note 21 - Earnings per share (EPS)

Basic and diluted EPS are as follows:

	Nine months ended September 30		Years ended December 31		
	2021	2020	2020	2019	2018
Net income	118,586,795	90,113,211	104,114,811	79,570,943	13,416,488
Weighted average number of common shares	2,159,999,994	2,159,999,994	2,159,999,994	2,159,999,994	2,159,999,994
Basic and diluted EPS	0.05	0.04	0.05	0.04	0.01

In March 2021, the Company's BOD and shareholder has approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 14). The conversion and subsequent decrease in par value were considered in the calculation of weighted average number of common shares outstanding retrospectively for all the periods presented.

The Company has no potential dilutive common shares for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018. Therefore, basic and diluted EPS are the same.

Note 22 - Financial risk and capital management and fair value estimation

22.1 Financial risk management

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.1.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021.

Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has no outstanding loans payable as at September 30, 2021 (December 31, 2020 - P1.04 billion, December 31, 2019 - P1.1 billion) (Note 10).

(b) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at September 30, 2021 refers to a portion of lease liabilities amounting to US$20,257 (December 31, 2020 - US$20,392, December 31, 2019 - US$20,549) with Philippine Peso equivalent of P1.03 million (December 31, 2020 - P0.98 million, December 31, 2019 - P1.04 million).

Details of foreign exchange losses (gains), net are as follows:

		Nine months ended September 30		Years ended December 31		
	Note	2021	2020	2020	2019	2018
Unrealized losses (gains), net		4,091	20,793	11,175	60,375	(3,906,498)
Realized losses, net		174	-	4,146	-	-
	18	4,265	20,793	15,321	60,375	(3,906,498)

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Company's functional currency.

22.1.2 <u>Credit risk</u>

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash in banks, trade and other receivables, electric utility deposits, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets are as follows:

	Notes	September 30, 2021	December 31, 2020	December 31, 2019
Cash and cash equivalents*	3	76,699,373	71,702,473	47,033,583
Trade and other receivables	4	42,805,782	260,849,329	128,630,106
Electric utility deposits	7	6,580,541	6,580,541	6,580,541
Security deposits	7	1,779,310	1,779,310	1,779,310
Restricted cash	7	752,774	615,197	308,357
		128,617,780	341,526,850	184,331,897

**excluding cash on hand*

Credit quality of financial assets

(i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 3 and 7. Cash on hand is not subject to credit risk.

(ii) Trade and other receivables

The Company has significant concentration of credit risk on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at September 30, 2021 and December 31, 2020.

(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
September 30, 2021				
Trade payables and other liabilities*	9	-	5,130,586	-
Due to a related party	11	94,053,389	-	68,521,747
Interest**		-	3,992,848	45,730,370
Lease liabilities	20	-	317,261	50,521,743
		94,053,389	103,494,084	164,773,860

	Notes	Payable on demand	Less than 1 year	More than 1 year
December 31, 2020				
Trade payables and other liabilities*	9	-	40,101,734	-
Loans payable	10	-	126,446,281	909,809,551
Interest**		-	28,985,465	48,733,444
Lease liabilities	20	-	294,139	51,060,996
		-	195,827,619	1,009,603,991
December 31, 2019				
Trade payables and other liabilities*	9	-	11,592,448	-
Loans payable	10	-	120,913,719	974,342,172
Interest**		-	64,056,894	77,751,856
Lease liabilities	20	-	21,201	51,410,357
		-	196,584,262	1,103,504,385

**excluding due to government agencies*
***expected interest on borrowings up to assignment date and lease liabilities up to maturity date*

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Company expects to settle the above financial liabilities within their contractual maturity date.

22.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholder and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholder or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry.

The capital structure of the Company consists of equity, which comprises of deposits for future shares subscription, issued capital, retained earnings, and remeasurement on retirement benefits. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings less cash and cash equivalents, while equity is total equity as shown in the statements of financial position.

The net debt reconciliation and gearing ratio are presented below:

	Notes	September 30, 2021	December 31, 2020	December 31, 2019
Loans payable, beginning	10	1,036,255,832	1,095,255,891	1,216,014,453
Cash flows		(31,611,570)	(61,363,636)	(122,727,273)
Non-cash movement	10	(1,004,644,262)	2,363,577	1,968,711
Loans payable, end	10	-	1,036,255,832	1,095,255,891
Cash and cash equivalents	3	(76,764,373)	(71,737,473)	(47,064,583)
Net (asset) debt		(76,764,373)	964,518,359	1,048,191,308
Total equity		1,520,752,981	565,104,724	460,989,912
Net gearing ratio		0.05:1	1.70:1	2.27:1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

22.3 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), due to a related party, loans payable and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, lease liabilities and non-current portion of loans payable are close to market rates. The fair value of due to a related party amounted to P158.25 million determined using discounted cash flow approach by applying current market interest rates of 1.88% (Level 2).

As at September 30, 2021, December 31, 2020 and 2019, the Company does not have financial instruments that are measured using the fair value hierarchy.

Note 23 - Critical accounting estimates and assumptions and judgements

The preparation of the financial statements in conformity with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and the related notes. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

23.1 Critical accounting estimates and assumptions

(a) Impairment of trade and other receivables

Provision for impairment of trade and other receivables is based on assumptions about risk of default and expected loss rates. The Company uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 24.3 and 24.4.

In 2020, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million (September 30, 2021, December 31, 2019, and December 31, 2018 - nil). This is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary. The carrying values of the Company's trade and other receivables are shown in Note 4.

(b) Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

In 2019, the BOD approved the change in the estimated useful life of the substation and transmission lines and solar plant and equipment from 23 years to 15 years and 30 years, respectively. The net effect of the change in useful life is disclosed in Note 6.

If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax would be as follows:

	Impact on income before tax Increase (Decrease)				
	Nine months ended September 30		Years ended December 31		
	2021	2020	2020	2019	2018
Prolonged by 5 years	P6.69 million	P6.69 million	P8.92 million	P8.90 million	P10.85 million
Shortened by 5 years	(P9.77 million)	(P9.77 million)	(P13.03 million)	(P13.04 million)	(P23.05 million)

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Company's property, plant and equipment are shown in Note 6.

(c) Determining incremental borrowing rate

To determine the incremental borrowing rate, the Company uses the government bond yield, adjusted for the credit spread specific to the Company and security using the right-of-use asset. The basis of the discount rates applied by the Company are disclosed in Note 20. Any change in the rates would have direct impact to interest expense for the period and on lease liability. Higher discount rate will result in lower interest expense and lease liabilities and vice versa.

The Company is exposed to fixed-rate interest rate risk related to its lease liabilities. Lease liabilities are amortizing liabilities where each of the lease payments is treated partly as a payment of principal and partly as payment of interest. Accordingly, the interest rate risk will have a diminishing impact on the Company over the term of the lease.

(d) Retirement benefit obligation

The present value of the defined benefit obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used include discount rate and salary increase rate. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation. Details of retirement benefit obligation and the related sensitivity analysis are disclosed in Note 13.

23.2 Critical judgments in applying the Company's accounting policies

(a) Recoverability of non-financial assets

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

(b) Critical judgment in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreement have not been included in the lease liabilities because the Company's lease agreement states that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful life of the solar power plant and the effectivity of the SESC. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(c) Estimating cost of dismantling, removing or restoring items of fixed assets

Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

As at December 31, 2019, the obligation amounted to P1.06 million (Note 12). During 2020, the Company reversed the full amount of the provision as management assessed that this is no longer expected to be settled in the future. No asset retirement obligation was recognized in 2021.

(d) Income taxes

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The components of unrecognized deferred income taxes are shown in Note 19.

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized.

Further, the computation for income taxes and related balances have been made within the context of full PFRS. There is no significant difference in the recorded amounts had the computation was made under PAS 34, *"Interim Financial Statements"*.

Note 24 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The accompanying interim financial statements of the Company have been prepared for inclusion in the REIT Plan in relation to a planned capital-raising activity.

24.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements of the Company have been prepared using historical cost basis.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

(a) New standards, amendments and interpretations adopted by the Company

No new standards, amendments or interpretations that are effective beginning January 1, 2021 are expected to have a material impact on the Company's financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company

A number of new standards, and amendments and interpretations to existing standards are effective for the Company's annual periods after January 1, 2021 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these are expected to be relevant and have an effect on the financial statements of the Company, while the most relevant one is set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1 (effective January 1, 2023). The amendments affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments:

    - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least 12 months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability;
    - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
    - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

    The amendments are not expected to have a material impact on the Company's classification of liabilities. The amendments provided clear guidance which will support the Company's assessment.

- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37 (effective January 1, 2022). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are not expected to have a material impact on the Company's financial statements.

No other standards, amendments or interpretations that are effective after January 1, 2021 are expected to have a material impact on the Company's financial statements.

24.2 Cash and cash equivalents; Restricted cash

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

24.3 Trade and other receivables

Trade receivables, which have a 60-day credit term, and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

The Company applies the simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income.

When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 12 months before the beginning of each reporting period and the corresponding historical credit losses experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product and inflation to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Other relevant policies are disclosed in Note 24.4.

24.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Company did not hold financial assets under the category financial assets at FVPL and FVOCI as at September 30, 2021, December 31, 2020 and 2019.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 24.2), trade and other receivables (Note 24.3), security deposits and electric utility deposits (Note 24.7) and restricted cash in bank (Note 24.2) in the statement of financial position.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

(b) Recognition and measurement

(i) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

(ii) Subsequent measurement

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

(c) Impairment

The Company recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For cash and cash equivalents, due from related parties, other receivables, security deposits and electric utility deposits and restricted cash, the Company applies a general approach in calculating expected credit losses. The Company recognizes a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk on these financial assets since initial recognition. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income. When the financial asset remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment testing of trade receivables is described in Note 24.3.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

(d) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

(a) Classification

The Company classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and financial liabilities at amortized cost. The Company's financial liabilities are limited to financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's trade payables and other liabilities (excluding due to government agencies) (Note 24.11), due to a related party (Note 24.19), loans and interest payables (Note 24.15) and lease liabilities (Note 24.18) are classified under financial liabilities at amortized cost.

(b) Recognition and measurement

(i) Initial recognition

Financial liabilities at amortized cost are initially recognized at fair value plus transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

(c) Derecognition

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The details of the Company's financial assets and liabilities subject to offsetting are disclosed in Note 11.

24.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company uses specific valuation technique such as discounted cash flow analysis to determine fair value for the remaining financial instruments.

The Company does not hold financial and non-financial assets and liabilities at fair value as at September 30, 2021, December 31, 2020 and 2019.

24.6 Input value-added tax

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses. Input VAT is derecognized once applied against output VAT or claimed for refund.

24.7 Prepayments and other assets

Prepayments and other assets are expenses paid in cash and recorded as assets before these are used or consumed, as the services or benefits will be received in the future. Prepayments and other assets expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Security deposits and electrical utility deposits pertain to advances to lessor relating to rent and service providers, respectively, which will be refunded at the end of the service periods, as determined in the contract agreements. Other relevant policies are disclosed in Note 24.4.

24.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within cost of services or operating expenses whichever is applicable during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Solar plant and equipment	30
Substation and transmission lines	15
Computer equipment	3
Service vehicle	5

Land is not depreciated.

The assets' residual values, depreciation method and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 24.10).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation is removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

24.9 Investment properties

Investment properties are properties (land or building - or part of a building - or both) held by the owner or by lessee under a lease to earn rentals or for capital appreciation or both, rather than for use in the operations or for administrative purposes; or sale in the ordinary course of business.

The initial cost of the investment properties consists of its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. After initial recognition, investment properties are measured at cost and accounted in accordance with PAS 16, "Property, plant and equipment".

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized under other operating income or expense in the statement of total comprehensive income in the period of the retirement or disposal.

Investment properties acquired through equity-settled transactions are measured in reference to the fair value of investment properties, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the investment properties received, the entity shall measure the value of the investment properties, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument.

Other relevant accounting policies are disclosed in Note 24.8.

24.10 Impairment of non-financial assets

Assets that have an indefinite useful life such as investment properties (related to land) not subject to amortization is evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that have definite useful lives and are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to other income in the statement of total comprehensive income.

24.11 Trade payables and other liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of total comprehensive income within other income or expense.

Other relevant accounting policies are disclosed in Note 24.4.

24.12 Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in the statement of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized in the statement of financial position.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

24.13 Equity

(a) Share capital

The Company's share capital is composed of common and preferred shares at par value. The amount of proceeds from the issuance or sale of common and preferred shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to share premium.

Redeemable preference shares are classified as equity if the redemption is at the option of the Company. However, if redeemable at the option of the holder, these are classified as liabilities.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

(b) Deposits for future shares subscription

Deposits for future shares subscription pertain to deposits made by the subscribers of Company's shares through cash and/or non-cash considerations. These are classified as equity if and only if all of the following elements are present:

- the unissued authorized share capital of the Company is insufficient to cover the amount of shares indicated in the contract;
- there is approval on the proposed increase in authorized share capital (for which a deposit was made);
- there is shareholder's approval of said proposed increase; and
- the application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

Otherwise, the deposits are presented as financial liabilities. Deposits for future shares subscription are derecognized and converted to share capital once corresponding shares have been issued.

(c) Retained earnings (Deficit)

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved and declared by the BOD.

(e) Share issuance costs

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares. Share issuance costs which might be incurred in anticipation of an issuance of shares are recorded as an asset and deferred in the statement of financial position until the shares are issued. Upon issuance of shares, the deferred costs are charged to share premium or retained earnings, if no available share premium. If the shares are not subsequently issued, the transaction costs are recognized as expense under both approaches.

24.14 Revenue and cost recognition

(i) The following is a description of principal activities from which the Company generates its revenue.

(a) Sale of solar energy

The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which the Company expects to be settled in exchange for the services.

The Company's current revenue stream is generation of electricity from solar power energy which management assessed as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration.

Revenue from sale of electricity is based on the applicable FIT rate as transaction price as approved by the ERC. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

(b) Rental income

Rental income arising from operating lease agreements on its investment properties is recognized as income on a straight-line basis over the lease term or based on a certain percentage of the earnings of the lessees plus any variable component which are measured based on the actual results of operations of the lessees, as provided under the terms of the lease contract.

Other relevant accounting policies are disclosed in Note 24.18.

(ii) Interest income

Interest income is accrued on a time proportion basis by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

(iii) Costs and expenses

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

24.15 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan capitalized as a contra liability account and amortised over the period of the facility to which it relates.

Borrowings are derecognized in the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the statement of total comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized as other income or expense in the statement of total comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the statement of total comprehensive income in the year in which they are incurred.

24.16 Current and deferred income tax

Income tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

24.17 Employee benefits

(a) Short-term benefits obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Retirement benefits

The Company has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the *"Retirement Pay Law"*.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the retirement benefit obligation. The retirement benefit obligation recognized in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, if material, are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

24.18 Leases

Accounting policies applied beginning January 1, 2019

Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Accounting policies applied until December 31, 2018

Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Fixed lease payments are recognized as an expense in the statements of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Company as a lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

24.19 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

24.20 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

24.21 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

24.22 Earnings per share

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

24.23 Seasonal fluctuations

The Company's revenues (including future rental income from investment properties) are correlated to the amount of electricity generated by its solar power plant and the solar power plants operating on the investment properties, which in turn is dependent upon irradiance and weather conditions. Irradiance and weather conditions have natural variations from season to season and from year-to-year and may also change permanently because of climate change or other factors. The Company believes that such seasonality is effectively managed as the Company and its lessees have installed systems to monitor the daily output of such solar power plants and calibrate and improve output, as the need arises, based on an expected performance ratio.

24.24 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

24.25 Reclassification and correction of errors

The Company reclassified finance costs for the year ended December 31, 2018 amounting to P87.62 million from other income, net as a separate line item in the statement of total comprehensive income.

In addition, the Company also adjusted its statements of cash flows as follows:

- To correct cash outflow arising from interest payments on loans from a bank by an increase amounting to P3.57 million and a decrease amounting to P11.99 million for the years ended December 31, 2019 and 2018, respectively; and
- Principal payment of loan from a shareholder amounting to P241.00 million for the year ended December 31, 2018 as a non-cash activity since this pertains to the assumption of loan by the Parent Company from Lumos.

The impact of the correction of error in the statements of cash flows are as follows:

	Previously reported balances	Adjustments	Adjusted balances
December 31, 2019			
Cash flows from operating activities	146,877,159	3,573,539	150,450,698
Cash flows from financing activities	(186,431,516)	(3,573,539)	(190,005,055)
December 31, 2018			
Cash flows from operating activities	423,259,558	(252,984,450)	170,275,108
Cash flows from financing activities	(522,908,277)	252,984,450	(269,923,827)

The opening balances of assets, liabilities and equity as at December 31, 2019 in the statement of financial position were not presented since the reclassification did not have any impact on the previously reported balances. The reclassification also did not impact previously reported financial position, net income and retained earnings.

Note 25 - Subsequent events

Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment is still subject to the approval of DOE as of report date. The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. In addition, subject also to the Company's right over the leasehold property, the Company and Parent Company can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment is equivalent to the sum of fixed and variable lease rates.

These will result in the recognition of rental income on a straight-line basis over the lease term for the lease agreement classified as operating lease in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the effectivity of the lease agreement.

The management has determined that these are non-adjusting events.

Note 26 - Impact of COVID-19

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve.

In 2020, the government enacted the Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"* providing relief to loan payments, interest and penalties thereon. The Company availed of this relief which resulted in the deferral of its principal payment and interest on its loans payable to DBP. This, in effect, spreads the deferred principal and interest amount to the remaining payments to be made throughout the term of the loan.

Aside from the deferral of the principal and interest on loans payable, the Company incurred additional expenses due to the quarantine and social distancing measures required by the Philippine Government. Based on the management's assessment, the COVID-19 pandemic had no other significant impact in the Company's financial statements as at and for the nine months ended September 30, 2021.

The Company's financial statements as at and for the nine months ended September 30, 2021 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the September 30, 2021 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code
September 30, 2021

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule A - Financial Assets
September 30, 2021

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	1,016,695	10,855
Development Bank of the Philippines	-	30,261,787	1,559
Security Bank Corporation	-	923,778	442
Short-term placements			
Development Bank of the Philippines	-	44,497,113	150,315
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	76,764,373	163,171
Trade and other receivables	-	40,861,686	-
Electric utility deposits	-	6,580,541	-
Security deposits	-	1,779,310	-
Restricted cash	-	752,774	-
Total financial assets	-	126,738,684	163,171

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
September 30, 2021

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	129,887,214	98,055,274	-	-	-	-	227,942,488
Citicore Power, Inc.**	87,021,747	-	(87,021,747)	-	-	-	-
Total due from related parties	216,908,961	98,055,274	(87,021,747)	-	-	-	227,942,488

**As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at September 30, 2021.*

***During 2021, the Company offset the intercompany receivables with intercompany payables and consolidated the ending balance to the Parent Company.*

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
September 30, 2021

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule D - Long Term Debt
September 30, 2021

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
September 30, 2021

Name of related party	Balance at the beginning of the period	Balance at the end of the period
Citicore Renewable Energy Corporation	-	68,521,747

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule F - Guarantees of Securities of Other Issuers
September 30, 2021

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule G - Share Capital
September 30, 2021

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares	2,159,999,994	2,159,999,994	N/A	2,159,999,874	120	N/A

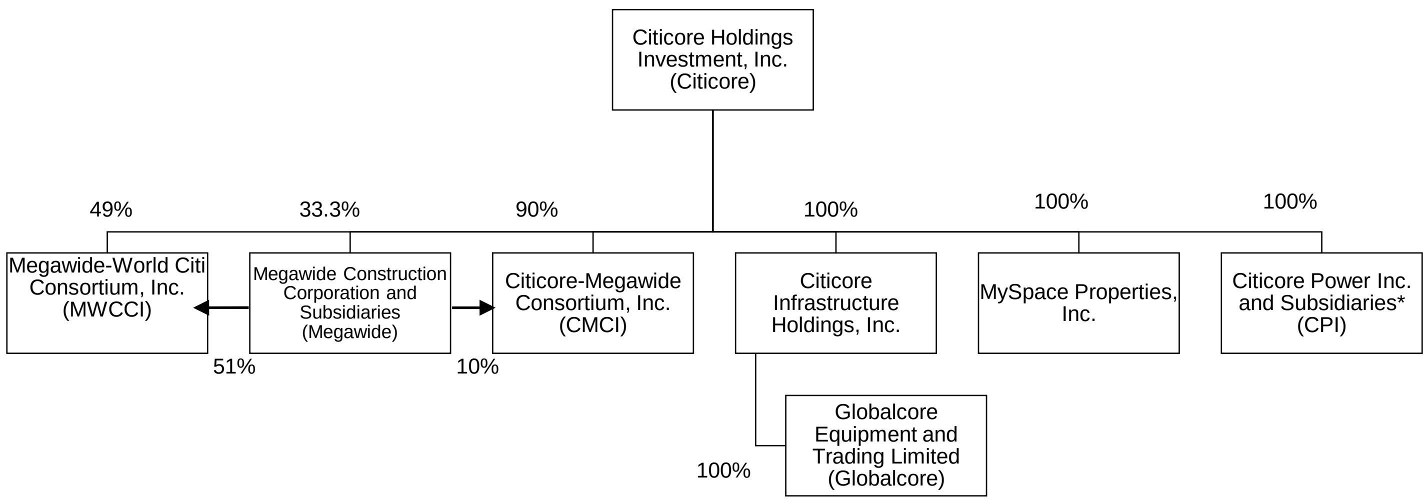
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the nine months ended September 30, 2021
(All amounts in Philippine Peso)

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		25,104,725
Add : Net income actually earned during the period		
Net income during the period closed to retained earnings	118,586,795	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		118,586,795
Add (Less):		
Dividends declarations during the period	-	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	-
Unappropriated retained earnings available for dividend declaration, ending		143,691,520

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

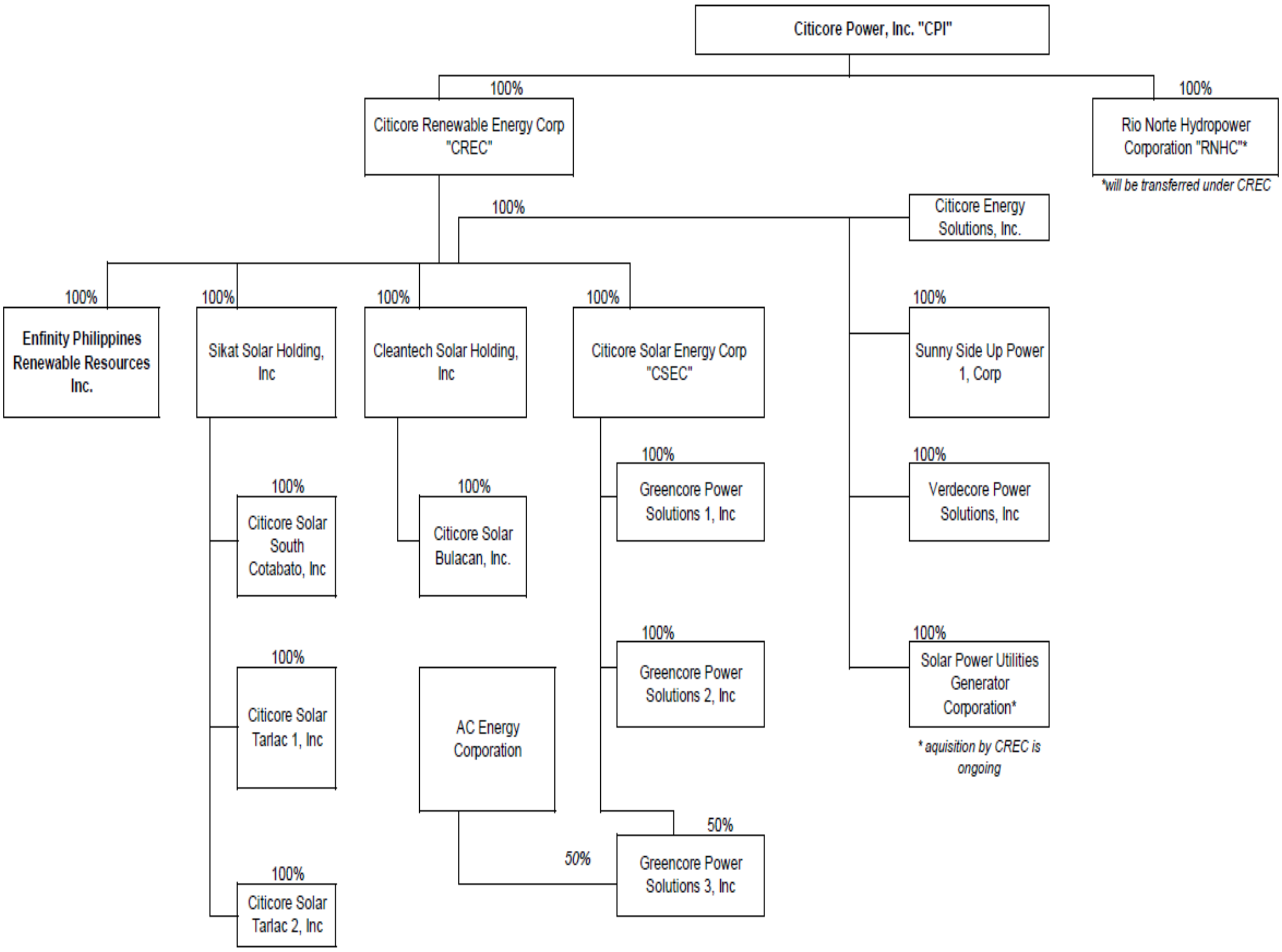
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
September 30, 2021



**See Schedule A*

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or
Co-subsidiaries and Associates (Schedule A)
September 30, 2021



Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule of Financial Soundness Indicator
As at and for the nine months ended September 30, 2021 and 2020 and
As at and for the year ended December 31, 2020
(With comparative ratios as at and for the years ended December 31, 2019 and 2018)

	September 30, 2021	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2018
Current ratio[a]	1.09x	1.36x	1.75x	0.94x	0.84x
Acid test ratio[b]	0.88x	1.31x	1.67x	0.88x	0.77x
Solvency ratio[c]	-	0.22x	0.17x	0.19x	0.12x
Debt-to-equity ratio[d]	-	1.83x	1.88x	2.38x	3.19x
Asset-to-equity ratio[e]	1.17x	3.15x	3.16x	3.66x	4.41x
Interest rate coverage ratio[f]	5.97x	3.56x	4.55x	3.02x	1.66x
Debt service coverage ratio[g]	5.91x	1.19x	1.70x	1.09x	0.70x
Net debt/ EBITDA[h]	(0.46)x	4.23x	5.42x	5.05x	7.75x
Earnings per share (Php)[i]	0.05	0.05	0.04	0.04	0.01
Book value per share[j]	0.70	8.06	6.91	(0.51)	(7.06)
Return on assets[k]	6.67%	6.00%	5.26%	4.72%	0.67%
Return on equity[l]	11.37%	20.29%	17.81%	18.89%	3.58%
Net profit margin[m]	62.19%	38.69%	43.40%	32.08%	5.15%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding
[k] Net income attributable to owners of the Company/Average total assets
[l] Net income attributable to owners of the Company/Average total equity
[m]Net income/Revenue

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. (the "Company") as at and for the year ended December 31, 2020, on which we have issued our report dated March 9, 2021. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
July 29, 2021

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited in accordance with Philippine Standards on Auditing the financial statements of Enfinity Philippines Renewable Resources Inc. (the "Company") as at and for the year ended December 31, 2020 and have issued our report thereon dated March 9, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the years ended December 31, 2020 and 2019 and no material exceptions were noted.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
July 29, 2021

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code
December 31, 2020

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule A - Financial Assets
December 31, 2020

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	1,001,779	4,158
Development Bank of the Philippines	-	10,788,201	56,367
Security Bank Corporation	-	973,973	1,113
Short-term placements			
Development Bank of the Philippines	-	58,938,520	600,543
Cash on hand	-	35,000	-
Total cash and cash equivalents	-	71,737,473	662,181
Trade and other receivables	-	258,905,233	-
Electric utility deposits	-	6,580,541	-
Security deposits	-	1,779,310	-
Restricted cash	-	615,197	-
Total financial assets	-	339,617,754	662,181

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	90,361,870	39,525,344	-	-	-	-	129,887,214
Citicore Power, Inc.	-	87,021,747	-	-	-	-	87,021,747
Total due from related parties	90,361,870	126,547,091	-	-	-	-	216,908,961

**As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2020.*

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
December 31, 2020

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule D - Long Term Debt
December 31, 2020

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Notes
Bank borrowings	1,350,000,000	126,446,281	909,809,551	DBP, interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan. The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown.

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule E - Indebtedness to Related Parties (Long-Term loans from Related Companies)
December 31, 2020

Name of related party	Balance at the beginning of the period	Balance at the end of the period
N/A	N/A	N/A

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2020

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule G - Share Capital
December 31, 2020

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares - A	7,291,011	7,291,011	N/A	7,291,008	3	N/A
Common shares - B	4,856,985	4,856,985	N/A	4,856,983	2	N/A
Redeemable preference shares -A	1,729,922	1,729,922	N/A	1,729,922	N/A	N/A
Redeemable preference shares - B	1,153,448	1,153,448	N/A	1,153,448	N/A	N/A

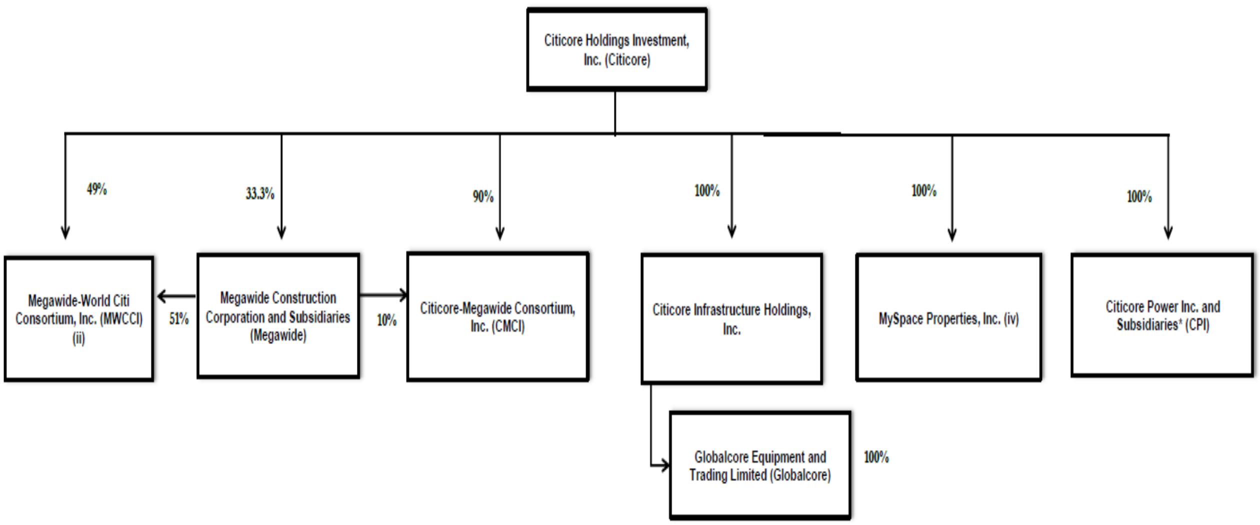
Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2020
(All amounts in Philippine Peso)

Unappropriated retained earnings (deficit), as adjusted, available for dividend declaration, beginning		(79,010,087)
Add: Net income actually earned during the period		
Net income during the period closed to retained earnings	104,114,812	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		104,114,812
Add (Less):		
Dividends declarations during the period	-	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	-
Unappropriated retained earnings available for dividend declaration, ending		25,104,725

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

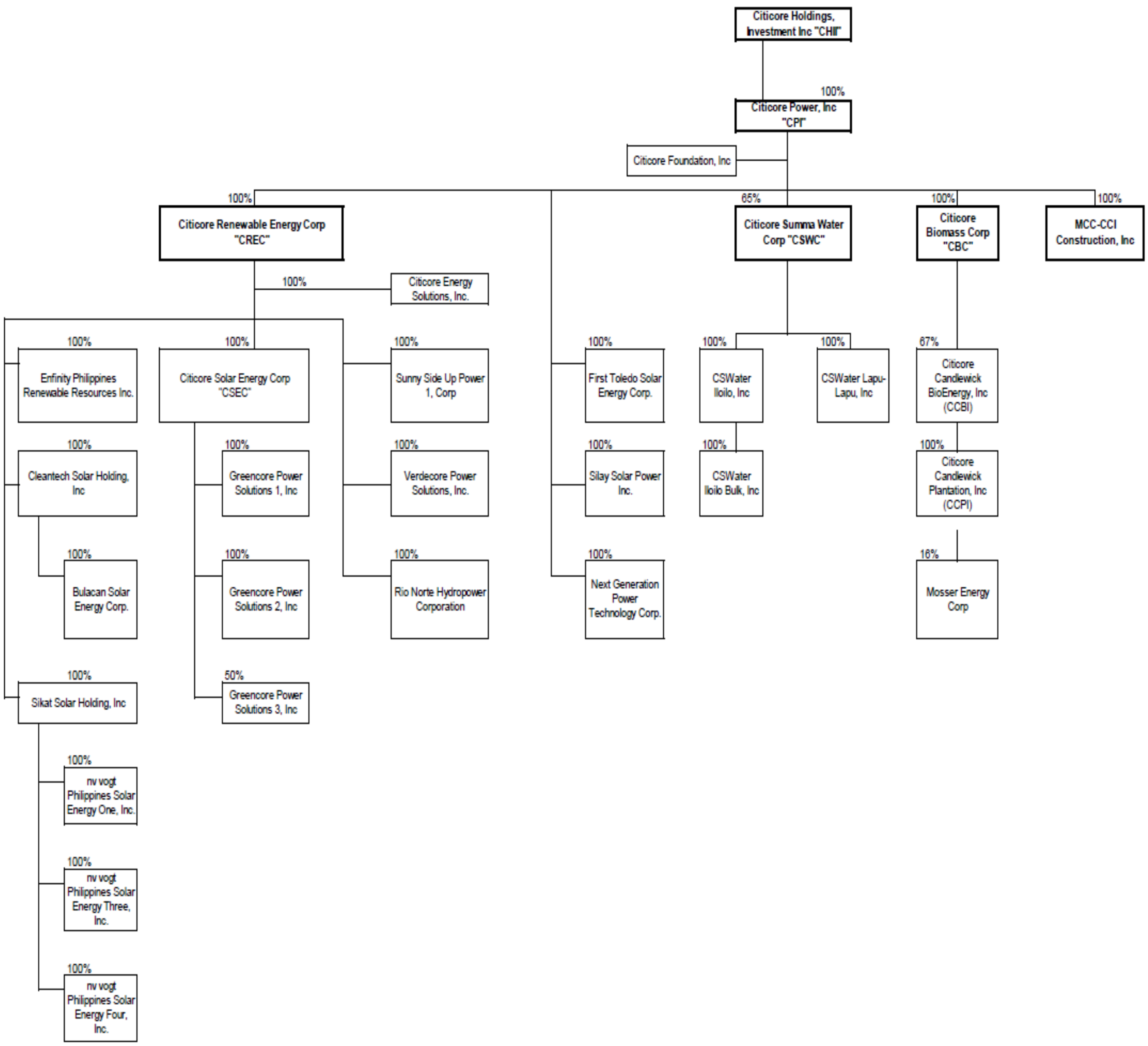
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2020



**See Schedule A*

Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or
Co-subsidiaries and Associates (Schedule A)
December 31, 2020



Enfinity Philippines Renewable Resources Inc.
(A wholly-owned subsidiary of Citicore Renewable Energy Corporation)
Schedule of Financial Soundness Indicator
As at and for the year ended December 31, 2020
(With comparative ratios as at and for the year ended December 31, 2019)

	2020	2019
Current ratio[a]	1.36x	0.94x
Acid test ratio[b]	1.31x	0.88x
Solvency ratio[c]	0.22x	0.19x
Debt-to-equity ratio[d]	1.83x	2.38x
Asset-to-equity ratio[e]	3.15x	3.66x
Interest rate coverage ratio[f]	3.56x	3.02x
Debt service coverage ratio[g]	1.19x	1.09x
Net debt/ EBITDA[h]	4.23x	5.05x
Earnings per share (Php)[i]	0.05	0.04
Book value per share[j]	8.06	(0.51)
Return on assets[k]	6.00%	4.72%
Return on equity[l]	20.29%	18.89%
Net profit margin[m]	38.69%	32.08%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding

[k] Net income attributable to owners of the Company/Average total assets
[l] Net income attributable to owners of the Company/Average total equity
[m]Net income/Revenue

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

FINANCIAL STATEMENTS
December 31, 2019 and 2018

EPRRI

ENFINITY PHILIPPINES RENEWABLE

RESOURCES, INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Enfinity Philippines Renewable Resources Inc is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

(a) Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR B. SAAVEDRA
Chairman of the Board

OLIVER Y. TAN
President

MANUEL LOUIE B. FERRER
Treasurer

RECEIVED
1 1 JUN 2020
CHELSEA ERIKA F. NIEVERA

Signed this 16th day of March 2020

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village, Makati City
Philippines
Telephone: +63 (2) 403 7228 to 30
Fax: +63 (2) 403 7306

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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2019, on which we have rendered our report dated March 16, 2020.

In compliance with the Securities Regulation Code Rule 68, As Amended, and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2019, we are stating that the Company has two (2) shareholders owning one hundred (100) or more shares.

MACEDA VALENCIA & CO.

ARACELI F. CASELES
Partner
CPA License No. 113583
PTR No. 8139185
Issued on January 14, 2020 at Makati City
SEC Accreditation No. (individual) as general auditor 1779-A Category A;
Effective until September 23, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until February 17, 2023
TIN 228-154-366-000
BIR Accreditation No. 08-007752-001-2019
Issued on December 19, 2019; effective until December 18, 2022
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020
Makati City

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village, Makati City
Philippines
Telephone: +63 (2) 403 7228 to 30
Fax: +63 (2) 403 7306

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www.nexia.com

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Enfinity Philippines Renewable Resources Inc. (the "Company") (a wholly-owned subsidiary of Citicore Renewable Energy Corporation), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of total comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

MACEDA VALENCIA & CO.

ARACELI F. CASELES
Partner
CPA License No. 113583
PTR No. 8139185
Issued on January 14, 2020 at Makati City
SEC Accreditation No. (individual) as general auditor 1779-A Category A;
Effective until September 23, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until February 17, 2023
TIN 228-154-366-000
BIR Accreditation No. 08-007752-001-2019
Issued on December 19, 2019; effective until December 18, 2022
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020
Makati City

BIR - RR7B - EAST NCR
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RDO 43
11 JUN 2020
CHELSEA ERIKA F. NIEVERA
ASSESSMENT SECTION
PASIG CITY

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ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

Securities and Exchange Commission
JUN 24 2020

	Note	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	3	**P47,064,583**	P86,794,440
Trade and other receivables	4	**128,630,106**	63,454,407
Prepayments and other current assets	5	**11,443,248**	12,598,606
Total Current Assets		**187,137,937**	162,847,453
Non-current Assets			
Property, plant and equipment - net	6	**1,449,496,776**	1,508,465,997
Right-of-use assets - net	18	**41,811,104**	-
Other non-current assets	7	**8,668,208**	10,109,851
Total Non-current Assets		**1,499,976,088**	1,518,575,848
		P1,687,114,025	P1,681,423,301
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	**P78,379,762**	P73,484,339
Loans payable – current portion	9	**120,913,719**	120,749,301
Lease liabilities – current portion	18	**21,201**	-
Total Current Liabilities		**199,314,682**	194,233,640
Non-current Liabilities			
Loans payable – net of current portion	9	**974,342,172**	1,095,265,152
Lease liabilities – net of current portion	18	**51,410,357**	-
Other non-current liabilities	11	**1,056,902**	10,505,540
Total Non-current Liabilities		**1,026,809,431**	1,105,770,692
Total Liabilities		**1,226,124,113**	1,300,004,332
Equity			
Share capital	12	**539,999,999**	539,999,999
Deficit		**(79,010,087)**	(158,581,030)
Total Equity		**460,989,912**	381,418,969
		P1,687,114,025	P1,681,423,301

See Notes to the Financial Statements.

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CHELSEA ERIKA F. NIEVES
ASSESSMENT SECTION

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Note	2019	2018
REVENUES	*13*	P248,010,727	P260,381,466
COST OF SERVICES	*14*	98,375,976	139,352,363
GROSS PROFIT		149,634,751	121,029,103
OPERATING EXPENSES	*15*	3,386,831	47,121,074
INCOME FROM OPERATIONS		146,247,920	73,908,029
OTHER EXPENSES - NET	*16*	(66,676,977)	(60,491,541)
NET INCOME / TOTAL COMPREHENSIVE INCOME		P79,570,943	P13,416,488

See Notes to the Financial Statements.

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CHELSEA ERIKA F. NIE

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Share Capital (Note 12)	Deficit	Total
Balance at January 1, 2018	P539,999,999	(P171,997,518)	P368,002,481
Net income / total comprehensive income for the year	-	13,416,488	13,416,488
Balance at December 31, 2018	539,999,999	(158,581,030)	381,418,969
Net income / total comprehensive income for the year	-	79,570,943	79,570,943
Balance at December 31, 2019	**P539,999,999**	**(P79,010,087)**	**P460,989,912**

See Notes to the Financial Statements.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		P79,570,943	P13,416,488
Adjustments for:			
Finance costs	*16*	68,727,061	87,621,767
Depreciation	*6,18*	61,270,709	71,880,065
Net unrealized foreign exchange loss (gain)	*16*	60,375	(3,906,498)
Interest income	*16*	(2,110,459)	(11,653,307)
Other income from reversal of provisions	*16*	-	(8,070,421)
Other income from recovery of write-off of assets	*16*	-	(3,500,000)
Operating income before working capital changes		207,518,629	145,788,094
Decrease (increase) in:			
Trade and other receivables		(65,175,700)	179,385,098
Due from related parties		-	1,312,776
Prepayments and other current assets		1,126,049	121,797,064
Other non-current assets		(308,357)	(2,915,060)
Increase (decrease) in:			
Trade and other payables		1,606,079	(44,875,048)
Due to related parties		-	13,956,120
Other non-current liabilities		-	1,053,001
Net cash from operations		144,766,700	415,502,045
Interest received		2,110,459	8,615,864
Income taxes paid		-	(858,351)
Net cash from operating activities		146,877,159	423,259,558
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to property, plant and equipment	*6*	(175,500)	(37,799)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loan from a financial institution	*9*	(122,727,273)	(122,727,273)
Interest paid	*9,18*	(63,469,006)	(100,321,176)
Lease liability payments	*18*	(235,237)	-
Payments of loan from a shareholder	*9,10*	-	(299,859,828)
Net cash used in financing activities		(186,431,516)	(522,908,277)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	832,583
NET DECREASE IN CASH AND CASH EQUIVALENTS		(39,729,857)	(98,853,935)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		86,794,440	185,648,375
CASH AND CASH EQUIVALENTS AT END OF YEAR		P47,064,583	P86,794,440

See Notes to the Financial Statements.

1. Reporting Entity

Enfinity Philippines Renewable Resources Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. On March 12, 2016, the Company completed the construction and started the operations of its 22.33 megawatt (MW) solar project in Clark, Freeport Zone, Subic, Pampanga.

Prior to May 2018, the Company was 62.25% owned by Mabalacat Solar Philippines, Inc. (Mabalacat Solar), a company incorporated in the Philippines, and 37.75% by Lumos Investment Pte. Limited (Lumos), a company incorporated in Singapore. Lumos is a joint venture between Sindicatum Renewable Energy Company Pte. Ltd. (SREC) and Armstrong S.E. Asia Clean Energy Fund Pte. Ltd. Both were incorporated in Singapore.

On May 17, 2018, the Company's stockholders entered into a Sale and Purchase Agreement with Citicore Renewable Energy Corporation (the "Parent Company" or "CREC") with the latter acquiring 100% of the Company's share of stock making the Company a wholly-owned subsidiary of CREC. The Certificates Authorizing Registration (CAR) for the transfer of shares of Lumos to the Parent Company was issued on March 18, 2019 by the Bureau of Internal Revenue while the issuance of CAR for the transfer of shares of Mabalact Solar is still pending as of reporting date. The Parent Company is engaged in power generation under Renewable Energy Law.

As at December 31, 2019 and 2018, the Company's ultimate parent is Citicore Holdings Investment, Inc., a company incorporated in the Philippines, registered as a holding company engaged in buying and holding shares of other companies.

The registered office address of the Company is located at Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The financial statements as at and for the year ended December 31, 2019 were authorized and approved for issuance by the Board of Directors (BOD) on March 16, 2020.

Basis of Measurement

The financial statements have been prepared under the historical cost convention.

Functional and Presentation Currency
The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All financial information presented has been rounded off to the nearest peso unless otherwise stated.

Use of Estimates and Judgments
The preparation of the financial statements in conformity with the PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Critical Accounting Estimates and Assumptions

Estimating impairment losses on receivables
The Company uses a provision matrix to calculate expected credit loss (ECLs) for trade receivables. The provision rates are based on days past due for customer profile that have a similar industry loss pattern.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and interest rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For advances to related parties, impairment provisions would be based on the assumption that the loan is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the loans are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

The information about the ECLs on the Company's trade and other receivables is disclosed in Note 20.

The carrying amount of receivables amounted to P128,630,106 and P63,454,407 as at December 31, 2019 and 2018, respectively (see Note 4).

Estimating useful lives of non-financial assets
The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. The Company's management determines the estimated useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be

materially affected by changes in these estimates brought about by changes in factors mentioned.

In 2019, the BOD approved the change in the estimated useful life of the transmission lines and the solar panel modules from 23 years to 15 to 30 years, respectively. The net effect of the change in useful life is a decrease in depreciation expense amounting to P12.76 million annually (see Note 6).

Estimating provisions
The Company, in the ordinary course of business, sets up appropriate provision for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

As at December 31, 2019 and 2018, the Company does have contingent legal or constructive obligation that requires provision.

Estimating Cost of Dismantling, Removing or Restoring Items of Fixed Assets
Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The obligation amounted to P1.06 million as at December 31, 2019 and 2018 (see Note 11).

Critical Judgments in Applying Accounting Policies

Definition of default and credit-impaired financial assets
The Company defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- The counterparty is experiencing financial difficulty or is insolvent
- Concessions have been granted by the Company, for economic or contractual reasons relating to the counterparty's financial difficulty
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial assets held by the Company and are consistent with the definition of default used for internal credit risk management purposes.

Incorporation of forward-looking information
The Company incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. The Company's evaluation and assessment takes into consideration external actual and forecast information which includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

Assessing impairment of assets
In accordance with the Company's policy on impairment of assets, the Company performs an impairment review when certain impairment indicators are present and would indicate that the carrying amount of such asset may not be recoverable. The indicators that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to the expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

When the higher recoverable amount of such asset is the value in use, the Company is required to make estimates and assumptions that can materially affect the financial statements in determining the present value of future cash flows expected to be generated from the continued use of such asset.

As at December 31, 2019 and 2018, the Company assessed that there is no indication of impairment on its property, plant and equipment, and other nonfinancial assets.

3. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	**P31,000**	P -
Cash in banks	**1,321,944**	19,160,403
Short-term placements	**45,711,639**	67,634,037
	P47,064,583	P86,794,440

Cash in banks earned interest at the prevailing savings or demand deposit rates.

Short-term placements represent money market placements or short-term investments with maturities up to three months and annual interest ranging from 0.40% to 6.50% in 2019.

Total interest income recognized in profit or loss amounted to P2,075,226 and P2,142,409 in 2019 and 2018, respectively (see Note 16).

4. Trade and Other Receivables

This account consists of:

	Note	2019	2018
Trade receivables		**P36,324,140**	P63,454,407
Advances to related parties	*10*	**90,361,870**	-
Other receivables		**1,944,096**	-
		P128,630,106	P63,454,407

Trade receivables are generally collectible within a 90-day period.

In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the Feed-in Tariff (FIT) Statement of Account upon the lapse of one billing period after the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the payment date to the day such amount is actually paid, at the last payment interest rate. Last payment interest rate is the penalty interest rate of the prevailing 91-day treasury bill rate per annum plus 300 basis points or 3%. Interest income arising from late payments amounted to P35,233 and P7,078,931 in 2019 and 2018, respectively (see Note 16).

Other receivable pertains to a refund from overpaid insurance.

5. Prepayments and Other Current Assets

This account consists of:

	2019	2018
Input VAT	**P9,403,280**	P9,337,242
Prepaid taxes	**1,854,350**	1,267,658
Advances to employees	**134,976**	9,800
Prepaid insurance	**9,625**	1,983,906
Others	**41,017**	-
	P11,443,248	P12,598,606

Input VAT represents VAT on purchases of goods and services. The Company's revenue from sale of electricity is subject to 0% VAT. The Company's application for refund of input VAT amounting to P119,680,493 was approved by the BIR in 2018.

Prepaid taxes include overpayment of regulatory and withholding taxes and unutilized income taxes.

6. Property, Plant and Equipment

A reconciliation of the carrying amounts of property, plant and equipment, the gross carrying amounts, and accumulated depreciation of property, plant and equipment are shown below:

	For the Years Ended December 31, 2019 and 2018						
	Solar Plant and Equipment	Substation and Transmisison Lines	Other Plant Equipment	Computer Equipment	Service Vehicle	Construction In Progress	Total
Cost:							
January 1, 2018	P1,679,236,753	P44,477,618	P97,562	P -	P -	P136,866,866	P1,860,678,799
Additions	37,799	-	-	-	-	-	37,799
Disposals	(15,075,150)	-	-	-	-	(136,866,866)	(151,942,016)
December 31, 2018	1,664,199,402	44,477,618	97,562	-	-	-	1,708,774,582
Additions	-	-	-	40,000	135,500	-	175,500
December 31, 2019	**1,664,199,402**	**44,477,618**	**97,562**	**40,000**	**135,500**	**-**	**1,708,950,082**
Accumulated depreciation:							
January 1, 2018	125,077,895	3,323,950	26,675	-	-	-	128,428,520
Depreciation	69,961,153	1,899,400	19,512	-	-	-	71,880,065
December 31, 2018	195,039,048	5,223,350	46,187	-	-	-	200,308,585
Depreciation	55,894,971	3,204,430	19,512	10,000	15,808	-	59,144,721
December 31, 2019	**250,934,019**	**8,427,780**	**65,699**	**10,000**	**15,808**	**-**	**259,453,306**
Carrying amount:							
December 31, 2018	P1,469,160,354	P39,254,268	P51,375	P -	P -	P -	P1,508,465,997
December 31, 2019	**P1,413,265,383**	**P36,049,838**	**P31,863**	**P30,000**	**P119,692**	**P -**	**P1,449,496,776**

The 22.33 MW Clark Solar Power Project was successfully commissioned on March 12, 2016 through confirmation from the Philippine Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B valid for 25 years.

Disposals pertain to the capitalized development costs related to the construction of the Concepcion Power Plant under Solar Energy Service Contract No. 2015-02-101. All assets, interests, rights, obligations and liabilities held by the Company in relation to the Concepcion Project were transferred as part of the agreement between CREC and the former shareholders of the Company (see Note 1).

Solar plant and equipment includes capitalized borrowing costs amounting to P13.69 million.

Depreciation is charged as follows:

	Note	2019	2018
Cost of services	*14*	**P59,118,913**	P71,880,065
Operating expenses	*15*	**25,808**	-
		P59,144,721	P71,880,065

In 2019, the BOD approved the change in the estimated useful life of the transmission lines and the solar panel modules from 23 years to 15 to 30 years, respectively. The net effect of the change in useful life is a decrease in depreciation expense amounting to P12.76 million annually.

The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to the Company's bank borrowings (see Note 9).

7. Other Non-Current Assets

This account consists of:

	Note	2019	2018
Electric utility deposits		**P6,580,541**	P6,580,541
Security deposits	*18*	**1,779,310**	1,779,310
Advance rentals	*18*	**-**	1,750,000
Others		**308,357**	-
		P8,668,208	P10,109,851

Electric utility deposits are to be refunded after the service is terminated and all bills have been paid. These were presented under prepayments and other current assets in 2018.

Security deposits and advance rentals are related to the land leased for the solar power plant.

Others pertain to restricted cash deposited in a local bank in pursuant to Energy Regulations No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour (P0.01/kWh) of the total electricity as financial benefits of the host communities.

8. Trade and Other Payables

This account consists of:

	Note	2019	2018
Trade payables		**P6,647,557**	P3,877,615
Interest payable	*9*	**3,690,805**	3,975,000
Accrued expenses		**1,254,086**	6,689,488
Due to government agencies		**66,787,314**	48,067,310
Advances from related parties	*10*	**-**	10,874,926
		P78,379,762	P73,484,339

Trade payables are normally due within a 30-day period.

Accrued expenses mainly include utilities, operations and maintenance expenses.

Due to government agencies consist of payable to the local government unit of Mabalacat City, Pampanga for property and other local business taxes, Department of Energy for energy regulation taxes, Bureau of Internal Revenue for withholding taxes and SSS, HDMF and PHIC for regulatory contributions.

9. Loans Payable

As at December 31, 2019 and 2018, this account consists of:

	2019	2018
Principal amount		
Balance at beginning of year	**P1,227,272,727**	P1,350,000,000
Payments	**(122,727,273)**	(122,727,273)
Balance at end of year	**1,104,545,454**	1,227,272,727
Debt issuance cost:		
Balance at beginning of year	**11,258,274**	12,943,045
Amortization	**(1,968,711)**	(1,684,771)
Balance at end of year	**9,289,563**	11,258,274
Net book value	**1,095,255,891**	1,216,014,453
Less: Current portion of long-term debt (net of unamortized debt issue cost)	**120,913,719**	120,749,301
	P974,342,172	P1,095,265,152

Development Bank of the Philippines
In 2016, the Company entered into a P1.35 billion Term Loan Facility with a local financial institution (FI). The facility was entered into to refinance the construction cost of 22.33 MW solar power project in Clark Freeport Zone, Pampanga. The entire facility was drawn on December 9, 2016.

The loan has a term of twelve (12) years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four (44) equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the FI's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5.00% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown, and subject to adjustment by the FI at such rate as it may determine at the end of fifth and tenth year.

As long as this loan agreement is in effect and until the payment in full of the loan and all other amounts due under the agreement, the Company agrees that, unless the FI shall otherwise consent in writing, it will not declare or pay dividends to its stockholders or partners, other than dividends payable solely in shares of its capital stock, or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders or partners. Further, the Company shall maintain at all times during the entire term of the loan a Debt-to-Equity Ratio (DER) of not exceeding 2:1. Also, Current Ratio and Debt Service Coverage Ratio of less than 1.0x are not permitted. As at December 31, 2019, the Company has complied with these covenants.

Total interest expense recognized on the loan amounted to P65.04 million and P70.38 million for the year ended December 31, 2019 and 2018, respectively (see Note 16). Interest expense on the loan includes amortization of debt issuance cost amounting to P1.97 million and P2.53 million, respectively.

As at December 31, 2019 and 2018, accrued interest on the loan amounted to P3,690,805 and P3,975,000, respectively.

Lumos
In December 2016, the Company entered into a loan facility agreement with Lumos amounting to $40.00 million or P1,570.39 million with an annual interest of 8.00%.

In February 2017, the loan payable to Lumos amounting to P363.48 million was applied as payment of subscription receivable following the SEC's approval of the Company's application to increase its authorized capital stock.

As part of the share sale and purchase agreement between Lumos and Citicore Power, Inc. (intermediate parent of CREC), the loan and related interest amounting to P243,749,400 and P7,319,372, respectively, were assumed by CREC. Consequently, the loan payable was reclassified as due to related parties under trade and other payables in the statement of financial position as at December 31, 2018.

The movements in the loans payable to Lumos as at December 31, 2019 and 2018 are as follows:

	2019	2018
Loan payable, beginning	P -	P278,620,827
Payments	-	(58,863,289)
Foreign exchange loss	-	23,991,862
Assumed by new shareholder	-	(243,749,400)
Loan payable, ending	P -	P -

The movements in accrued interest on the loan are as follows:

	Note	2019	2018
Beginning		**P7,319,372**	P11,262,473
Finance cost recognized in profit and loss during the year	*16*	**-**	15,998,080
Foreign exchange gain		**-**	(946,370)
Payments made		**(7,319,372)**	(18,994,811)
		P -	P7,319,372

10. Related Party Transactions

In the ordinary course of business, the Company has the following transactions with companies considered as related parties under PAS 24, Related Party Disclosures. The table below summarizes the Company's transactions and balances with its related parties.

As at and For the Years Ended December 31, 2019 and 2018

	Relationship	Year	Transactions	Outstanding balance	Terms and conditions
Advances to (from) related parties					
Citicore Renewable Energy Corporation	Parent Company	**2019** 2018	**P101,236,796** (10,874,926)	**P90,361,870** (10,874,926)	These advances pertain to the loan and interest payable absorbed by the Intermediate Parent Company (see Notes 1 and 8) and additional advances for working capital purposes. These are unsecured, non-interest bearing, collectible/ payable on demand and are expected to be settled in cash.
SREC	Former Intermediate parent (see Note 1)	2018	139,799,735	-	
Sindicatum Renewable Energy Holdings Philippines Inc.	Former under common control	2018	1,157,805	-	
		2019 2018	**P101,236,796** P130,082,614	**P90,361,870** (P10,874,926)	

No short-term or long-term compensation was paid to key management personnel for the years ended December 31, 2019 and 2018.

11. Other Non-current Liabilities

This account consists of:

	2019	2018
Provision for asset retirement obligation	**P1,056,902**	P1,056,902
Provision for lease equalization	**-**	9,448,638
	P1,056,902	P10,505,540

Provision for asset retirement obligation pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement.

Provision for lease equalization pertains to the additional liability resulting from the application of straight-line method to lease payments under the lease of land (see Note 18).

12. Share Capital

The Company's share capital consists of:

Authorized, issued and outstanding:	
Common class A – 7,291,011 shares at P1 par value	**P7,291,011**
Redeemable preference shares A – 1,729,922 shares at P27 par value	**46,707,894**
Common class B – 4,856,985 shares at P13.5 par value	**65,569,298**
Redeemable preference shares B – 1,153,448 shares at P364.5 par value	**420,431,796**
	P539,999,999

The respective holders of Class "A" Common Stock and Class "B" Common Stock shall be entitled to the same rights and privileges except for the right on dividend distribution which will be in accordance with the par value ratio.

The Class "A" and "B" Redeemable Preference Shares shall be non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends.

Foreign nationals may own and hold only Class "B" Common and Redeemable Preferred Shares.

13. Revenues

On March 11, 2016, the DOE confirmed the Declaration of Commerciality of the Company's 22.33 MW Solar Power Project in Prince Balagtas Extension, Clark Special Economic Zone, Pampanga under SESC No. 2014-07-086. The DOE confirmation affirms the conversion of said SESC from Pre-Development to Commercial Stage.

On March 12, 2016, the 22.33 MW Solar Power Project started delivering power to the grid following the commissioning of the power plant.

On June 3, 2016, the 22.33 MW Clark Solar Power Project of the Company was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the

DOE. By virtue of the endorsement, the 22.33 MW Clark Solar Power Project is qualified to avail of the FIT System, upon the issuance by the Energy Regulatory Commission (ERC) of the Certificate of Compliance.

On November 22, 2016, the ERC issued the Certificate of Compliance (COC) to the Company. As a result, the Company was entitled the Feed-in Tariff (FIT) rate of P8.69 per kilowatt hour of energy output for a period of 20 years from March 12, 2016. Previously, power delivered to the grid were priced at spot rate due from Philippine Electricity Market Corporation (PEMC). The National Transmission Commission (TransCo) is the regulating body of all the FIT-rate eligible energy providers.

Outstanding receivables under the FIT System due from TransCo amounted to P36.32 million and P63.45 million as at December 31, 2019 and 2018, respectively (see Note 4).

14. Cost of Services

This account consists of:

	Note	2019	2018
Depreciation	*6,18*	**P61,244,901**	P71,880,065
Taxes and licenses		**17,680,499**	33,693,409
Operations and maintenance		**7,360,805**	14,879,599
Utilities		**5,051,365**	4,916,814
Repairs and maintenance		**3,233,916**	-
Insurance		**2,152,889**	3,755,730
Salaries and wages		**1,440,549**	-
Rental	*18*	**-**	9,544,772
Power delivery cost		**-**	418,532
Spare parts and supplies		**-**	263,442
Others		**211,052**	-
		P98,375,976	P139,352,363

15. Operating Expenses

This account consists of:

	Note	2019	2018
Taxes and licenses		**P1,775,610**	P4,512,339
Dues and subscriptions		**674,390**	85,663
Bank charge		**188,259**	54,761
Management and consultancy fees		**181,020**	37,124,085
Transportation and travel		**171,359**	217,368
Communication, light and water		**123,717**	143,568
Charitable contribution		**105,000**	-
Depreciation	*6*	**25,808**	-
Repairs and maintenance		**21,401**	-
Rental	*18*	**-**	476,941
Insurance		**-**	239,304
Others		**120,267**	4,267,045
		P3,386,831	P47,121,074

16. Other Expenses - Net

This account consists of:

	2019	2018
Finance income	**P2,110,459**	P11,653,307
Finance costs	**(68,727,061)**	(87,621,767)
Foreign exchange gains (losses) - net	**(60,375)**	3,906,498
Reversal of provisions	**-**	8,070,421
Recovery of assets written-off	**-**	3,500,000
	(P66,676,977)	(P60,491,541)

Finance income consists of:

	Note	2019	2018
Short-term placements and cash in banks	*3*	**P2,075,226**	P2,142,409
Late payment of receivables	*4*	**35,233**	7,078,931
Discounting of receivables		**-**	2,431,967
		P2,110,459	P11,653,307

Finance costs consist of:

	Note	2019	2018
Interest on:			
Term loan facility	*9*	**P65,040,217**	P70,381,262
Loans from a shareholder	*9*	**-**	15,998,080
Interest on lease liabilities	*18*	**3,686,844**	-
Discount on receivable from a third party		**-**	779,257
Financing related fees		**-**	420,000
Interest accretion on provision for asset retirement obligation		**-**	43,168
		P68,727,061	P87,621,767

17. Income Tax

The reconciliation of the income tax expense computed at statutory income tax rate to the actual expense shown in the statement of total comprehensive income is as follows:

	2019	2018
Net income	**P79,570,943**	P13,416,488
Income tax using special tax rate	**7,957,094**	1,341,649
Income tax effects of:		
Nondeductible expense	**88,271**	89,267
Interest income subjected to final tax	**(207,523)**	(214,241)
Movement in unrecognized deferred tax asset	**(749,751)**	(166,436)
Nontaxable income due to ITH	**(7,088,091)**	-
Other income from reversal of provisions	**-**	(807,042)
Interest income from time value of money	**-**	(243,197)
	P -	P -

The Company assessed that there might not be enough taxable income in the future from which the following deductible temporary difference and carryforward benefits of unused NOLCO may be applied. The Company has the following temporary differences as at December 31 :

	2019		2018	
	Tax Base	**Deferred Tax Assets (Liabilities)**	Tax Base	Deferred Tax Assets (Liabilities)
NOLCO	**P9,966,459**	**P996,646**	P11,992,459	P1,199,246
Accrued rental	**1,890,751**	**189,075**	9,448,638	944,864
Provision for asset retirement obligation	**1,056,902**	**105,690**	1,056,902	105,690
MCIT	**72,283**	**72,283**	72,656	72,656
Unrealized foreign exchange loss	**60,375**	**6,038**	-	-
Asset retirement obligation	**(847,149)**	**(84,715)**	(847,149)	(84,715)
	P12,199,621	**P1,285,017**	P21,723,506	P2,237,741

Deferred tax asset was recognized to the extent of deferred tax liability amounting P84,715 in 2019 and 2018.

Details of the Company's NOLCO which can be claimed as deduction against future taxable income are as follows:

Year Incurred	Amount incurred	Amount applied in 2017	Amount expired	Remaining balance	Valid until
2018	P9,966,459	P -	P -	P9,966,459	2021
2016	5,303,395	3,277,395	2,026,000	-	2019
	P15,269,854	P3,277,395	P2,026,000	P9,966,459	

Details of the Company's MCIT which can be claimed as deduction against future income tax payable are as follows:

Year Incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2017	P72,283	P -	P -	P72,283	2020
2016	373	-	373	-	2019
	P72,656	P -	P373	P72,283	

Registration with Board of Investments
The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the Renewable Energy Act of 2008, (R.A. 9513). As a BOI-registered enterprise, the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sales of electricity of the 22.33 MW Clark Solar Power Project at Prince Balagtas Extension, Clark Freeport Zone;
- Duty-free imporation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and,
- Tax exemption of Carbon Credits.

The Company may also avail of the following incentives to be administered by appropriate government agencies subject to the Rules and Regulations of the respective administering government agencies.

- Realty and other taxes on civil works, equipment, machinery and other improvements of a registered enterprise actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of the original cost less accumulated normal depreciation or net book value.

- The NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined by the National Internal Revenue Code of 1997 (NIRC) for the next seven consecutive taxable years immediately following the year of such loss.

- After availment of the ITH, the enterprise shall pay a corporate income tax of ten percent (10%) on its taxable income as defined by NIRC, provided that it shall pass on the savings to the end users in the form of lower rates.

- The plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utlization of renewable energy resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH.

- The sale of power generated by the Company as well as its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities and the whole process of exploration and development of renewable energy sources up to its conversion into power shall be subject to zero value-added tax pursuant to the NIRC.

- The Company may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent ot fifty percent (50%) of the universal charge for power needed to services missionary areas, chargeable against the unviersal charge for missionary electrification.

- A tax credit equivalent to one hundred percent (100%) of the value of the value-added tax and custom duties that would have been paid on the renewable energy machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

18. Lease

As disclosed in Note 20, the Company adopted PFRS 16, *Leases* effective January 1, 2019 using the modified retrospective approach and opted not to restate comparative information. The Company measured the lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and recognized a right-of-use asset at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application.

The Company leases a parcel of land where the solar power plant was constructed. The agreement was entered into on September 5, 2014 and is valid for twenty five (25) years, renewable upon mutual agreement of the parties. The agreement stipulates an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter and payment of security deposits refundable upon termination of the lease and advance lease. Upon termination of the lease, the leased property shall revert to the lessor.

The payment of advance rental and refundable security deposit is presented under "Other Non-Current Assets" in the statement of financial position (see Note 7).

The carrying amount of right-of-use assets as at December 31, 2019 is shown below.

	2019
Cost	**P43,937,092**
Accumulated amortization	**(2,125,988)**
Carrying amount	**P41,811,104**

A maturity analysis of lease liabilities is reported in the table below:

	2019	2018
Within one year	**P21,201**	P3,856,086
Between one and five years	**1,941,005**	21,518,036
More than five years	**49,469,352**	86,742,609
	P51,431,558	P112,116,731

Amounts recognized in profit or loss:

	Note	**2019**	2018
Interest expense	*16*	**P3,686,844**	P -
Depreciation expense	*14*	**2,125,988**	-
Unrealized foreign exchange loss		**60,375**	-
Rent expense under *PAS 17, Leases*	*14,15*	-	10,021,713
		P5,873,207	P10,021,713

19. Events After the Reporting Period

On March 16, 2020, the Philippine government implemented an Enhanced Community Quarantine throughout Luzon starting March 17 until April 12, 2020, in response to the COVID-19 pandemic. Other parts of the country also declared similar quarantine measures. Management believes that the COVID-19 pandemic is a non-adjusting event. Non-adjusting events do not result in adjustments to the financial statements. As of March 16, 2020, the date the Board approved the financial statements as of December 31, 2019, the effects of the pandemic on the Company's financial statements after the reporting date cannot yet be reasonably determined.

20. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The accounting policies adopted in the preparation of the financial statements are consistent with those of the Company's financial statements for the year ended December 31, 2018, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2019. Unless otherwise indicated, none of these had a significant effect on the financial statements.

- *Annual Improvements to PFRS Cycles 2015 - 2017* contain changes to three standards, of which only the Borrowing Costs Eligible for Capitalization (Amendments to PAS 23, *Borrowing Costs*) is applicable to the Company. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are included in that general pool.

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  The Company adopted PFRS 16 using the modified retrospective method effective January 1, 2019 and has not restated comparative information. The Company elected to apply the method to only those that were not completed at the date of initial recognition (see Note 18).

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

New and Amended Standards Effective January 1, 2019 but Not Applicable to the Company

- Annual Improvements to PFRS Cycles 2015 - 2017 - Previously Held Interest in a Joint Operation *(Amendments to PFRS 3, Business Combinations and PFRS 11, Joint Arrangements)*
- Annual Improvements to PFRS Cycles 2015 - 2017 - Income Tax Consequences of Payments on Financial Instrument Classified as Equity *(Amendments to PAS 12).*
- Plan Amendment, Curtailment or Settlement (Amendments to PAS 19, *Employee Benefits).*
- Prepayment Features with Negative Compensation (*Amendments to PFRS 9*).
- Long-term Interests (LTI) in Associates and Joint Ventures *(Amendments to PAS 28).*

New and Amended Standards and Interpretation Not Yet Adopted

A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2019 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business.* The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.* The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- PFRS 17, *Insurance Contracts* provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model.

  The standard is effective for annual periods beginning on or after January 1, 2021. Early application is permitted for entities that apply PFRS 9 and PFRS 15.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Financial Assets and Financial Liabilities

Date of recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial recognition of financial instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs.

Financial assets

The Company classifies its financial asset, at initial recognition, as financial assets at amortized cost. The classification depends on the business model of the Company for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial asset is not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The Company does not hold any financial assets at fair value through other comprehensive income (FVOCI) and FVPL as at December 31, 2019 and 2018.

Financial assets at amortized cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Company's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For advances to related parties, impairment provisions would be based on the assumption that the loan is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the loans are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Company's definition of default and historical data of three years for the origination, maturity date and default date. The Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

Financial Liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, finance lease liability and loans payable.

Derecognition of Financial Assets and Financial Liabilities
Financial assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The right to receive cash flows from the asset has expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company is required to repay.

Classification of Financial Instruments between Liability and Equity
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between participants at measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Input Value-added Tax
Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Prepayments and Other Current Assets
Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property, Plant and Equipment
Items of property, plant and equipment are initially measured at cost. After initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Construction in progress (CIP) represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of property, plant and equipment are as follows:

	No. of Years
Solar plant and equipment	30
Substation and transmission lines	15
Other plant equipment	5
Computer equipment	3
Service vehicle	5

If there is an indication that there has been a significant change in the depreciation method and/or useful life of an asset, the depreciation of that asset is reviewed and adjusted prospectively, if appropriate.

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on a net basis in profit or loss.

Other Non-current Assets

Other noncurrent assets account are security deposits which are not refundable within the next twelve (12) months.

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Provisions and Contingencies
Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Asset Retirement Obligation
The Company is required under local regulatory requirements to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using the estimated cash flow and are recognized as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in profit or loss as a finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the costs of the asset.

Equity
Share Capital
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Deficit
Deficit includes all the accumulated losses of the Company, dividends declared and share issuance costs.

Revenue Recognition
The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the Company expects to be settled in exchange for the services, excluding amounts collected on behalf of third parties.

Sale of solar energy
The Company's main revenue is generation of solar power energy which the management assessed involves a single performance obligation. Sale of solar energy is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration. Revenue from sale of electricity is based on the applicable Feed-in Tariff (FIT) rate as approved by the Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Interest income
Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Direct costs are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Lease
The Company has applied PFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under PAS 17. The details of accounting policies under both PAS 17 and IFRS 16 are presented separately below.

Policies effective 1 January 2019

Company as Lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and

personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Policies effective prior to 1 January 2019

Company as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the statements of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign Currency Transactions
Transactions in foreign currencies are translated to Philippine peso, the functional currency of the Company, at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated to the functional currency at the exchange rate at the date of transaction.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of qualifying cash flow hedges, which are recognized directly in equity.

Events after the Reporting Period
The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

21. Financial Risk and Capital Management Objective and Policies

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk
Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk
Interest rate risk involves the movements of rates across yield curves of one or more instruments. The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The Company manages its resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The primary source of the Company's interest rate risk relates to trade receivables and long-term borrowings.

Interest income from trade receivables amounted to P35,233 and P7,078,931 in 2019 and 2018, respectively (see Note 16).

Based on the sensitivity analysis performed, the impact on profit of a 10% change in interest rates related to trade receivables would have been a maximum increase/decrease of P3,523 and P707,794 for 2019 and 2018, respectively.

On the other hand, the sensitivity to a reasonably possible 8% increase in the interest rates related to long-term borrowings, with all other variables held constant, would have decreased the Company's profit before tax (through the impact on floating rate borrowings) by P5.20 million and P7.01 million for the years ended December 31, 2019 and 2018, respectively.

Foreign exchange risk
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

Information on the Company's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents is as follows:

	2019		2018	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Assets				
Cash and cash equivalents	$ -	P -	$601	P31,712
Liabilities				
Lease liabilities	**1,190**	**60,375**	-	-
Net foreign currency-denominated monetary asset (liability)	**($1,190)**	**(P60,375)**	$601	P31,712

The closing rates applicable as at December 31, 2019 and 2018 are P50.744 and P52.724 to US$1, respectively.

The Company reported net gains and losses on foreign exchange amounting to P60,375 and P3,906,498 for the year ended December 31, 2019 and 2018, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 16).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3.76% change in foreign currency rates. A 3.76% weakening of Philippine against the US dollar will have an increase in net income or decrease in net loss amounting to P2,270 and P1,192 in 2019 and 2018, respectively. For a 3.76% strengthening of the Philippine peso against the US dollar, there would be an equal and opposite impact on the net income/loss.

Credit risk
Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from its cash in banks, trade and other receivables and advances to related parties.

The Company trades only with the government. It is the Company's policy that all counter parties who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulting to the Company's insignificant exposure to bad debts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at December 31, 2019 and 2018, no exposure at default amounts has been assessed by the management as the balances are historically current and payment patterns have not changed. Accordingly, no ECL has been provided as at December 31, 2019 and 2018.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2019 and 2018 are as follows:

	Note	2019	2018
Cash and cash equivalents	*3*	**P47,064,583**	P86,794,440
Trade and other receivables	*4*	**128,630,106**	63,454,407
Refundable deposits*	*7*	**8,359,851**	8,359,851
Restricted cash in banks*	*7*	**308,357**	-
		P184,362,897	P158,608,698

**presented under other non-current assets*

The aging analyses of financial assets are as follows:

	Neither past due nor impaired	Past due but not impaired: Less than 30 days	31-60 days	61-90 days	Over 90 days	Past Due and Impaired	Total
				2019			
Cash and cash equivalents	P47,064,583	P -	P -	P -	P -	P -	P47,064,583
Trade and other receivables	128,630,106	-	-	-	-	-	128,630,106
Refundable deposits*	8,359,851	-	-	-	-	-	8,359,851
Restricted cash in banks*	308,357	-	-	-	-	-	308,357
	P184,362,897	P -	P -	P -	P -	P -	P184,362,897
				2018			
Cash and cash equivalents	P86,794,440	P -	P -	P -	P -	P -	P86,794,440
Trade and other receivables	56,768,392	6,686,015	-	-	-	-	63,454,407
Refundable deposits*	8,359,851	-	-	-	-	-	8,359,851
	P151,922,683	P6,686,015	P -	P -	P -	P -	P158,608,698

**presented under other non-current assets*

The table below shows the credit quality of the Company's financial assets that are neither past due nor impaired and past due but not impaired based on historical experience with the corresponding third parties:

	Grade A	Grade B	Total
2019			
Cash and cash equivalents	**P47,064,583**	**P -**	**P47,064,583**
Trade and other receivables	**128,630,106**	**-**	**128,630,106**
Refundable deposits*	**8,359,851**	**-**	**8,359,851**
Restricted cash in banks*	**308,357**	**-**	**308,357**
	P184,362,897	**P -**	**P184,362,897**
2018			
Cash and cash equivalents	P86,794,440	P -	P86,794,440
Trade and other receivables	63,454,407	-	63,454,407
Refundable deposits*	8,359,851	-	8,359,851
	P158,608,698	P -	P158,608,698

**presented under other non-current assets*

Credit ratings were determined as follows:

- "Grade A"
  This includes financial assets pertaining to those assets held by either the government, counterparties with good credit standing, related parties or loans and receivables that are consistently paid before the maturity date.

- "Grade B"
  This includes receivables that are past due but are still collectible within 12 months.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial liabilities.

The Company's objective is to maintain continuity of funding. The Company's liquidity risk management policy is to maintain sufficient cash and pre-terminable placements with banks augmented by readily accessible committed credit facilities to cover daily operational and working capital requirements.

The table below summarizes the contractual maturity profile of the Company's non-derivative financial liabilities as at December 31, 2019 and 2018 based on undiscounted payments:

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2019					
Financial Assets					
Cash and cash equivalents	P47,064,583	P47,064,583	P -	P -	P47,064,583
Trade and other receivables	128,630,106	128,630,106	-	-	128,630,106
Refundable deposits	8,359,851	-	-	8,359,851	8,359,851
Restricted cash in banks*	308,357	-	-	308,357	308,357
	P184,362,897	P175,694,689	P -	P8,668,208	P184,362,897
Financial Liabilities					
Trade and other payables*	P11,592,448	P11,592,448	P -	P -	P11,592,448
Loans payable	1,104,545,455	179,366,506	650,957,045	545,366,591	1,375,690,142
	P1,116,137,903	P190,958,954	P650,957,045	P545,366,591	P1,387,282,590
Net liquidity gap	(P931,775,006)	(P15,264,265)	(P650,957,045)	(P536,698,383)	(P1,202,919,693)
2018					
Financial Assets					
Cash and cash equivalents	P86,794,440	P86,794,440	P -	P -	P86,794,440
Trade and other receivables	63,454,407	63,454,407	-	-	63,454,407
Refundable deposits	8,359,851	6,580,541	-	1,779,310	8,359,851
	P158,608,698	P156,829,388	P -	P1,779,310	P158,608,698
Financial Liabilities					
Trade and other payables*	P25,417,029	P25,417,029	P -	P -	P25,417,029
Loans payable	1,227,272,727	187,997,343	839,619,448	549,047,832	1,576,664,623
	P1,252,689,756	P213,414,372	P839,619,448	P549,047,832	P1,602,081,652
Net liquidity gap	(P1,094,081,058)	(P56,584,984)	(P839,619,448)	(P547,268,522)	(P1,443,472,954)

**Excluding due to government agencies.*

The Company's objective is to maintain continuity of funding. The Company's liquidity risk management policy is to maintain sufficient cash and pre-terminable placements with banks augmented by readily accessible committed credit facilities to cover daily operational and working capital requirements.

Management believes that its operations can generate sufficient funds that are available to pay its maturing obligations.

Capital Management
The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The capital structure of the Company consists of equity, which comprises of issued capital and deficit.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings less cash and bank balances, while equity is total equity and aggregate advances from shareholders as shown in the statement of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

In 2016, the Company availed P1.35 billion loan agreement from a local financial institution.

The gearing ratios as at December 31, 2019 and 2018 were as follows:

	2019	2018
Total debt	**P1,048,191,308**	P1,129,220,013
Equity	**460,989,912**	392,293,895
	P2:1	P3:1

As at December 31, 2019, the Company is compliant with the capital requirements related to its loan agreement with the local financial institution (see Note 9).

22. Fair Values of Financial Instruments

Fair Value Estimation
The carrying amounts of cash and cash equivalents, trade and other receivables, advances to/from related parties, refundable deposits, trade and other payables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments.

Fair value of loan payable approximates carrying amount since interest is computed using the current incremental lending rates for similar types of loans.

23. Supplementary Information Required by Bureau of Internal Revenue (BIR)

Revenue Regulation No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to the Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

A. Value-Added Tax (VAT)

Output VAT declared and the revenues upon which the same was based for the year ended December 31, 2019 consist of:

	Gross amount	VAT
Output VAT:		
Zero-rated VAT sales	P274,936,096	P -

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while revenues in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

Movements in input VAT for the year ended December 31, 2019 are as follows:

Balance at beginning of the year	P9,337,242
Add: Current year's domestic purchases for:	
Domestic purchase of services	66,038
Less: Claims for output VAT credit and other adjustments	-
Balance at end of the year	P9,403,280

B. Documentary Stamp Tax (DST)

Documentary stamp taxes paid for the year ended December 31, 2019 consist of:

On insurance	P266,596
On surety bond	2,406
	P269,002

The above DST is included under Taxes and Licenses account and presented as part of operating expenses.

C. Withholding Taxes

Withholding taxes paid, accrued and/or withheld for the year ended December 31, 2019 consist of:

	Accrued	Paid	Total
Expanded withholding tax	P764,089	P9,334,140	P10,098,229
Withholding tax on compensation	-	94,892	94,892
	P764,089	P9,429,032	P10,193,121

D. All Other Local and National Taxes

Real property tax	P17,393,961
Local government share	792,981
Energy regulation tax	285,398
License and permit fees	34,520
Local government tax	4,904
Other taxes	675,343
	P19,187,107

The above local and national taxes are lodged under Taxes and Licenses account in cost of services and operating expenses.

E. Tax Contingencies

The Company's tax returns for the taxable year 2017 are currently under audit. Management anticipates that the results of the audit will not have an adverse impact on the Company's financial statements.

On January 27, 2020, the Company received Letter of Authority No. 21C-2020-00000081 from BIR to examine the books and accounts and other accounting records for all internal revenue taxes including DST and other taxes, for the period from January 1, 2018 to December 31, 2018.

As at December 31, 2019, information on custom duties and tariff fees, excise taxes and capital gain taxes are not applicable since there are no transactions that the Company would be subject to these taxes.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

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STATEMENTS REQUIRED BY RULE 68, PART I SECTION 4, SECURITIES REGULATION CODE (SRC), AS AMENDED ON OCTOBER 20, 2011

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2019, on which we have rendered our report dated March 16, 2020. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2019, as additional component required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 of Rule 68 of the Securities Regulation Code.

MACEDA VALENCIA & CO.

ARACELI F. CASELES
Partner
CPA License No. 113583
PTR No. 8139185
Issued on January 14, 2020 at Makati City
SEC Accreditation No. (individual) as general auditor 1779-A Category A;
Effective until September 23, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until February 17, 2023
TIN 228-154-366-000
BIR Accreditation No. 08-007752-001-2019
Issued on December 19, 2019; effective until December 18, 2022
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020
Makati City

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
Schedule of Philippine Financial Reporting Standards (PFRS)
Effective as of December 31, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Conditions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for contingent consideration in a business combination			✓
	Amendment to PFRS 3: Scope exceptions for joint ventures			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation			✓
	Amendments to PFRS 3: Definition of a Business*		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Implementation of PFRS 9			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in methods of disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Servicing contracts			✓
	Amendments to PFRS 7: Applicability of the amendments to PFRS 7 to condensed interim financial statements			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 10: Sale or contribution of assets between an investor and its associate or joint venture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10, PFRS 12, PAS 28: Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases	✓		
PFRS 17	Insurance Contracts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
	Amendments to PAS 1: Disclosure initiative	✓		
	Amendments to PAS 1: Presentation of Financial Statements*		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	Not early adopted		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Income Tax Consequences of Payments on Financial Instrument Classified as Equity			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Classification of servicing equipment			✓
	Amendments to PAS 16: Revaluation method – proportionate restatement of accumulated depreciation			✓
	Amendments to PAS 16 and PAS 38, Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			✓
PAS 17	Leases	Superseded by PFRS 16		
PAS 19	Employee Benefits			✓
PAS 19 (Amended)	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Amendments to PAS 19: Employee or Third Party Contributions to defined benefit plans			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Borrowing Costs Eligible for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 24: Key management personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Long-term Interests (LTI) in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	Superseded by PFRS 9		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation method – proportionate restatement of accumulated amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	Superseded by PFRS 9		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			
	Amendment to PAS 39: Eligible Hedged Items			
	Amendments to Pas 39: Recognition and Measurement on Novation of Derivatives			
PAS 40	Investment Property			✓
	Amendment to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-32	Intangible Assets - Web Site Costs			✓

*These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2019.

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2019 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

boi BOARD OF INVESTMENTS
PHILIPPINES

dti PHILIPPINES

Masterlist Item No. 2800 p.100

CE No. 2020-000065

CERTIFICATE OF INCOME TAX HOLIDAY ENTITLEMENT

For Taxable Year 2019

This is to certify that **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.** is registered with the Board of Investments and entitled to Income Tax Holiday (ITH) provided under Section 15(a) of Republic Act (RA) No. 9513, otherwise known as Renewable Energy Act of 2008, as follows:

Registration No./Date	2015-222 / 16 October 2015
Tax Identification No. (TIN)	007-813-849-000
Law	RA 9513
Registered Activity	Renewable Energy Developer of Solar Energy Resources (Clark Solar Power Project)
Registered Capacity	24.55 MWp
Start of Commercial Operations (per STC)	February 2016
Actual Start of Commercial Operation (per DOE Certification)	12 March 2016
ITH Entitlement Period	Seven (7) years from 12 March 2016 to 11 March 2023

This Certificate is issued pursuant to *Revenue Memorandum Circular No. 14-2012* dated 4 April 2012, requiring the submission of the certificate ITH entitlement within thirty (30) days from filing of the Income Tax Return as a requirement for the enjoyment of the ITH incentive.

This Certificate is valid for taxable year 2019.

Issued this 22nd day of January 2020 at Makati City.

ATTY. ELYJEAN DC PORTOZA
Director
Legal and Compliance Service

01/23/2020

Department of Trade and Industry

329106

Copy furnished:
Bureau of Internal Revenue
BOI-Incentives Administration Service

RDB / LAO

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center I
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements as at December 31, 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Enfinity Philippines Renewable Resources Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Mariecris N. Barbaso

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-A (Group A),
October 6, 2015, valid until October 5, 2018
Tax Identification No. 202-065-716
BIR Accreditation No. 08-001998-108-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 6621229, January 9, 2018, Makati City

April 12, 2018

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APR 26 2018

Securities and Exchange Commission
Electronic Records Management Division
MAY 18 2018
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash in bank (Note 5)	**₱185,648,375**	₱543,992,188
Trade receivables	**239,802,061**	131,804,925
Subscription receivables (Notes 10 and 11)	**–**	404,100,000
Due from related parties (Note 11)	**1,312,776**	–
Other current assets (Note 6)	**136,690,110**	136,262,162
Total Current Assets	**563,453,322**	1,216,159,275
Noncurrent Assets		
Property, plant and equipment (Note 7)	**1,732,250,279**	1,805,688,616
Other noncurrent assets (Note 18)	**614,250**	641,250
Total Noncurrent Assets	**1,732,864,529**	1,806,329,866
	₱2,296,317,851	₱3,022,489,141
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 8)	**₱162,977,685**	₱252,414,245
Due to related parties (Note 11)	**–**	25,988,567
Long term debt - current portion (Note 9)	**120,191,845**	–
Loan payable to a shareholder (Note 11)	**278,620,827**	894,148,405
Income tax payable (Note 15)	**72,250**	373
Total Current Liabilities	**561,862,607**	1,172,551,590
Noncurrent Liabilities		
Long-term debt (Note 9)	**1,216,865,110**	1,334,528,701
Due to related parties (Note 11)	**140,957,540**	139,216,000
Other noncurrent liabilities	**8,630,113**	5,125,295
Total Noncurrent Liabilities	**1,366,452,763**	1,478,869,996
Total Liabilities	**1,928,315,370**	2,651,421,586
Equity		
Capital stock (Note 10)	**539,999,999**	539,999,999
Retained earnings	**(171,997,518)**	(168,932,444)
Total Equity	**368,002,481**	371,067,555
	₱2,296,317,851	₱3,022,489,141

See accompanying Notes to Financial Statements.

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APR 26 2018

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2017	2016
REVENUE		
Sale of electricity	**₱267,164,385**	₱207,275,699
Renewable energy credits	**3,607,128**	–
	270,771,513	207,375,699
COSTS AND EXPENSES		
Costs of sale of electricity (Note 12)	**116,230,851**	86,189,897
General and administrative expenses (Note 13)	**52,655,343**	59,306,073
	168,886,194	145,495,970
INTEREST AND OTHER FINANCIAL CHARGES (Note 14)	**106,670,547**	98,216,651
OTHER INCOME (LOSS) - Net (Note 14)	**1,792,437**	(116,757,904)
LOSS BEFORE INCOME TAX	**2,992,791**	153,094,826
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	**72,283**	373
Deferred	**–**	(180,391)
	72,283	(180,018)
NET LOSS	**3,065,074**	152,914,808
OTHER COMPREHENSIVE INCOME (LOSS)	**–**	–
TOTAL COMPREHENSIVE LOSS	**₱3,065,074**	₱152,914,808

See accompanying Notes to Financial Statements.

APR 26 2018

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2017	2016
CAPITAL STOCK (Note 10)		
Balance at beginning of year	**₱539,999,999**	₱920,017
Additional subscriptions	**–**	539,079,982
Balance at end of year	**539,999,999**	539,999,999
RETAINED EARNINGS		
Balance at beginning of year	**(168,932,444)**	(12,153,560)
Total comprehensive loss	**(3,065,074)**	(152,914,808)
Share issuance costs	**–**	(3,864,076)
Balance at end of year	**(171,997,518)**	(168,932,444)
	₱368,002,481	₱371,067,555

See accompanying Notes to Financial Statements.

APR 2 8 2018

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2017	2016
OPERATING ACTIVITIES		
Loss before income tax	**₱2,992,791**	₱153,094,826
Adjustments for:		
Interest expense (Note 14)	**104,331,622**	95,774,125
Depreciation (Note 7)	**73,644,634**	54,783,886
Interest income (Note 14)	**(4,449,878)**	(146,262)
Net unrealized foreign exchange loss	**4,192,192**	107,129,259
Amortization of debt issuance cost (Notes 9 and 19)	**2,528,254**	–
Interest income from time value of money (Note 14)	**(2,130,004)**	–
Discount on receivable from third party (Note 14)	**1,652,710**	2,130,004
Reversal of provisions (Note 8)	**(244,651)**	–
Amortization of discount on decommissioning cost (Note 14)	**54,701**	39,343
Operating income before working capital changes	**176,586,789**	106,615,529
Decrease (increase) in:		
Trade and other receivable	**(104,532,995)**	(131,804,925)
Due from related party (Note 11)	**(1,312,776)**	–
Other current assets	**(424,389)**	(134,776,578)
Other noncurrent assets	**27,000**	(641,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(100,970,599)**	33,214,039
Due to related parties	**(26,009,869)**	25,965,570
Other noncurrent liabilities	**3,694,768**	4,166,262
Cash used in operations	**(52,942,071)**	(97,261,353)
Interest paid	**(73,269,188)**	–
Interest received	**1,463,031**	146,262
Income taxes paid	**(406)**	(969,110)
Net cash flows used in operating activities	**(124,748,634)**	(98,084,201)
INVESTING ACTIVITY		
Additions to property and equipment (Note 7)	**(206,297)**	(507,085,393)
FINANCING ACTIVITIES		
Payments of:		
Loan from a shareholder (Notes 11 and 19)	**(256,220,803)**	(104,286,785)
Interest on loan from a shareholder (Note 11)	**(18,073,829)**	(101,763,992)
Share issuance costs	**–**	(3,864,076)
Proceeds from:		
Bank loan, net of debt issuance cost (Note 9)	**–**	1,334,528,701
Issuance of shares of stocks	**–**	13,749,997
Collection of subscription receivable	**40,288,905**	–
Net cash flows provided (used) by financing activities	**(234,005,727)**	1,138,363,845
NET INCREASE (DECREASE) IN CASH	**(358,960,658)**	533,194,251
EFFECT OF EXCHANGE RATE CHANGES IN CASH IN BANK	**616,845**	216,134
CASH IN BANK AT BEGINNING OF YEAR	**543,992,188**	10,581,803
CASH IN BANK AT END OF YEAR (Note 5)	**₱185,648,375**	₱543,992,188

See accompanying Notes to Financial Statements.

APR 28 2018

1. Corporate Information

Enfinity Philippines Renewable Resources Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company is engaged in the exploration, development and utilization of renewable resources with particular focus on solar and wind energy generation. On March 12, 2016, the Company has completed the construction and started the operations of its 22.33 megawatt (MW) solar project in Clark, Freeport Zone, Subic, Pampanga. The Company is also currently undergoing feasibility and surveying studies on the construction of its 50.55 MW solar project in Concepcion, Tarlac.

Starting August 20, 2015, the Company is 62.25% owned by Mabalacat Solar Philippines (Mabalacat Solar) and 37.75% owned by Sindicatum Renewable Energy Holdings Philippines Inc., (SREHPI). Both Mabalacat Solar and SREHPI are incorporated and domiciled in the Philippines. The ultimate parent of SREHPI is Sindicatum Sustainable Resources Pte. Limited (SSR). Previously, the Company was 60% owned by Greenlight Resources Stakeholdings, Inc. (GRSI) and 40% owned by Wealth Mate Holdings Limited (WMHL). GRSI and WMHL were incorporated on May 3, 2010.

On December 28, 2015, SREHPI's 37.75% ownership of the Company was transferred to Lumos Investment Pte. Limited (Lumos). Lumos is a joint venture between Sindicatum Renewable Energy Company Pte. Ltd. (SREC) and Armstrong S.E. Asia Clean Energy Fund Pte. Ltd. SSR, SREC and Lumos are incorporated and domiciled in Singapore.

On December 28, 2016, Mabalacat Solar and Lumos increased their capital contributions through cash subscription and conversion of advances to equity, owning the Company at 60.09% and 39.91%, respectively, as at December 31, 2017.

The registered office address of the Company is Room 6A, Philexcel Business Center I, Philexcel Business Park, M. Roxas Highway, Clark Freeport Zone.

The financial statements of the Company were authorized for issuance by the Company's Board of Directors (BOD) on April 12, 2018.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The financial statements have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All values are rounded off to the nearest Peso, except when otherwise stated.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendment to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

- Amendments to Philippine Accounting Standards (PAS) 7, *Statement of Cash Flows, Disclosure Initiative*

  The Company has provided the required information in Note 19 to the financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the year ended December 31, 2017.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Standards issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Based on initial assessment, the Company expects no significant impact on its statement of financial position except for the effect of applying the impairment requirements of PFRS 9. The Company is still assessing for any other potential impact of adopting this standard on its financial statements.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

  The amendments are not applicable to the Company.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

  Based on the initial assessment, the requirements of PFRS 15 do not have a significant impact on the Company's financial position, performance and disclosure since the only source of revenue pertains to the Company's sale of electricity to National Transmission Commission (TransCo). The Company bills TransCo (the administrator) monthly for the actual renewable energy generated multiplied by ₱8.69/kWh, pursuant to Section 7 of Republic Act No. 9513 or the Renewable Energy Act of 2008. The Company is still assessing for any other potential impact of adopting this standard on its financial statements.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2017 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9.

  An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - whether an entity considers uncertain tax treatments separately
  - the assumptions an entity makes about the examination of tax treatments by taxation authorities
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - how an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Company is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Summary of Significant Accounting Policies and Disclosures

The Company applied PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, in preparing the financial statements, with January 1, 2016 as the date of transition. For periods up to and including the year ended December 31, 2015, the Company had prepared and presented its financial statements in accordance with PFRS for Small and Medium-sized Entities (SMEs).

Current versus Noncurrent Classification
The Company presents assets and liabilities in statement of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Determination of Fair Value

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities

Initial Recognition and Measurement of Financial Instruments. Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transactions costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by the regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company has no financial assets and liabilities at FVPL, HTM investments, AFS investments and derivatives designated as hedging instruments as at December 31, 2017 and 2016.

Subsequent Measurement. The subsequent measurement of financial instrument depends on their classification.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash in bank, trade receivables, due from related parties and refundable deposits under "other current assets" account are classified as loans and receivables (see Notes 5, 6 and 11).

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability.

Payables are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through amortization process.

The Company's accounts payable and other current liabilities (excluding statutory payables), due to related parties, loan payable to a shareholder and long-term debt are classified as other financial liabilities as at December 31, 2017 and 2016 (see Notes 8, 9, and 11).

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in the subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

<u>Cash</u>
Cash comprises cash in banks which are measured at fair value and earns interest at the prevailing bank interest rates.

<u>Other Current Assets</u>
Other current assets include amounts paid in advance by the Company. These are initially recorded as assets in the statement of financial position and are subsequently charged to expense over usage period or upon expiration. This account includes input value-added tax (VAT), prepayments, deposits and spare parts and supplies.

<u>Spare Parts and Supplies</u>
Spare parts are stated at the lower of cost or net realizable value. Cost is determined using the weighted - average method. Net realizable value is the current replacement cost of spare parts and supplies.

<u>Property, Plant and Equipment</u>
Property, plant and equipment is stated at cost, net of accumulated depreciation and amortization and accumulated impairment loss, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	Estimated Useful Life
Solar plant and equipment	23 years
Other equipment	5 years

Construction in progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Impairment of Property, Plant and Equipment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company based its impairment calculation, if any, on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized in profit or loss.

Other noncurrent assets

Other noncurrent assets account are rentals paid in advance and charged to expense over the usage period beyond one (1) year.

Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Asset Retirement Obligation
The Company is required under local regulatory requirements to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using the estimated cash flow and are recognized as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in profit or loss as a finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the costs of the asset.

Capital Stock
Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Subscription Receivables
Subscription receivable is classified in the statement of the financial position as current assets when it is expected to be realized within one year. Otherwise, subscription receivable is presented as deduction from subscribed capital in the statement of changes in equity.

Retained Earnings
Retained earnings include all current and prior period results of operations as reported in the profit or loss, net of any dividend declaration.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity
Sale of electricity is consummated whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is based on spot rate. Starting on March 12, 2017, sale of electricity using solar power is based on the Feed-in-Tariff (FIT) rate under FIT System to the Wholesale Electricity Spot Market (WESM) and is recognized monthly based on the actual energy delivered.

Renewable Energy Credits
A renewable energy credits, or REC, is a market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation. RECs are issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource. These credits represent the renewable energy resources associated with power production. The credit can be sold, bartered or traded and the green energy credits represent the source of the energy produced.

Interest Income
Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be measured reliably.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized in the statement of comprehensive income as they are incurred.

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessary takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in period in which they occur. Borrowing costs consist of interest and other costs that the entity incur in connection with the borrowing of funds.

Foreign Currency Denominated Transactions and Balances
Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income (OCI) or in profit and loss are also recognized in OCI or in profit or loss, respectively).

Taxes
Current Income Tax. Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the financial reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred Income Tax. Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT and unused NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Value-Added Tax. Expenses and assets are recognized, net of the amount of VAT, except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- when receivables and payables are stated with the amount of VAT included.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable, to the taxation authority is included as part of "Other current assets" or "Accounts payable and other current liabilities" in the statement of financial position.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events up to the date of auditors' report that provide additional information about the Company's financial position at reporting date (adjusting events), if any, are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The Company's financial statements prepared in conformity with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the financial statements. In preparing the Company's financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

The Company believes the following represents a summary of these significant judgments and estimates and related impact and associated risks in its financial statements.

Judgment
In the process of applying the Company's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the financial statements:

Classification of Leases - the Company as Lessee
The Company has entered into various lease agreements with Clark Development Corporation (CDC) and individual land owners for parcels of land covering its solar plant and facilities. The Company determined, based on the evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the properties, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Total rent expense amounted to ₱11.36 million and ₱11.71 million for the years ended December 31, 2017 and 2016, respectively, presented under "Cost of sale of electricity" and "General and administrative expenses" in the statements of comprehensive income (see Notes 12 and 13). Rent expense incurred during the construction of solar plant was capitalized to the cost of the asset amounted to nil and ₱1.62 million in 2017 and 2016, respectively.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Realizability of Deferred Tax Assets
The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2017 and 2016 unrecognized deferred tax assets by the Company amounted to ₱7.07 million and ₱34.78 million, respectively. The recognized portion of deferred tax assets amounted to ₱0.25 million and ₱0.99 million in 2017 and 2016, respectively (see Note 15).

Estimation of Useful Lives of Property, Plant and Equipment
The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The total depreciation and amortization of property and equipment amounted to ₱73.64 million and ₱54.78 million for the year ended December 31, 2017 and 2016, respectively. The carrying value of property, plant and equipment as at December 31, 2017 and 2016 amounted to ₱1,732.25 million and ₱1,805.69 million, respectively (see Note 7).

Asset Retirement Obligation. The Company is required under local regulatory requirements to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using the estimated cash flow and are recognized as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the costs of the asset.

The total interest expense from asset retirement obligation amounted to ₱0.05 million and ₱0.04 million for the year ended December 31, 2017 and 2016, respectively (see Note 14). The total carrying value of asset retirement obligation included under "other noncurrent liabilities" amounted to ₱1.01 million and ₱0.96 million as at December 31, 2017 and 2016, respectively.

Provisions. The Company recognizes a provision for an obligation resulting from a past event when it has assessed that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These assessments are made based on available evidence, including opinion of experts. Future events and developments may result in changes in these assessments which may impact the Company's financial position and performance (see Note 8).

5. Cash in Bank

Cash in bank amounted to ₱137.27 million and ₱543.99 million in 2017 and 2016, respectively. These earn interest at the prevailing savings or demand deposit rates.

Interest income earned from cash in bank amounted to ₱835,862 and ₱133,740 in 2017 and 2016, respectively, at 0.25% rate per annum.

Debt service reserve account amounted to ₱48.38 million and nil in 2017 and 2016, respectively, is a restricted cash account used to pay the Company's long-term debt and interest accruing therein.

6. Other Current Assets

This account consists of:

	2017	2016
Input VAT	**₱127,604,600**	₱125,420,320
Refundable deposits	**6,609,851**	6,611,977
Prepayments	**1,709,852**	3,993,499
Deferred input VAT	**520,387**	–
Spare parts and supplies	**245,420**	236,366
	₱136,690,110	₱136,262,162

Refundable deposits consist mainly of deposits for electric bill and rental to be refunded within the next twelve (12) months.

Prepayments pertain to insurance payments for general accident insurance and performance security bond to be applied within the next twelve (12) months.

Spare parts and supplies pertain to cables, circuit breakers, fuse, isolators, valves, switches, diodes, etc. used for the repairs and maintenance of solar equipment to be utilized within the next twelve (12) months.

7. Property, Plant and Equipment

The details and movement of this account are shown below:

	2017			
	Solar Plant and Equipment	**Other Equipment**	**Construction in Progress**	**Total**
Cost				
Balance at beginning of year	**₱1,723,323,672**	**₱97,562**	**₱137,051,268**	**₱1,860,472,502**
Additions	**234,457**	**–**	**(28,160)**	**206,297**
Reclassification	**156,242**	**–**	**(156,242)**	**–**
Balance at end of year	**1,723,714,371**	**97,562**	**136,866,866**	**1,860,678,799**
Accumulated depreciation				
Balance at beginning of year	**54,776,723**	**7,163**	**–**	**54,783,886**
Depreciation (see Note 12)	**73,625,122**	**19,512**	**–**	**73,644,634**
Balance at end of year	**128,401,845**	**26,675**	**–**	**128,428,520**
Net book value	**₱1,595,312,526**	**₱70,887**	**₱136,866,866**	**₱1,732,250,279**

	2016			
	Solar Plant and Equipment	Other Equipment	Construction in Progress	Total
Cost				
Balance at beginning of year	₱–	₱–	₱10,296,462	₱10,296,462
Additions	59,782,206	97,562	1,790,296,272	1,850,176,040
Reclassification	1,663,541,466	–	(1,663,541,466)	–
Balance at end of year	1,723,323,672	97,562	137,051,268	1,860,472,502
Accumulated depreciation				
Depreciation (see Note 12)	54,776,723	7,163	–	54,783,886
Net book value	₱1,668,546,949	₱90,399	₱137,051,268	₱1,805,688,616

The 22.33 MW Clark Solar Power Project was successfully commissioned in March 2016 through confirmation from the Philippine Department of Energy (DOE) covering its Solar Energy Service Contract (SCC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2016-03-014-B valid for 25 years.

In 2016, "Construction in progress" account amounting to ₱1,663.54 million was transferred to "Solar plant and equipment" account. Included in the capitalized costs to solar plant and equipment are borrowing costs from the Company's loan from Lumos specifically for the construction of the solar plant amounting to ₱13.69 million incurred in 2016.

Assets Pledged as Security
Solar plant and equipment of the Company is provided as security for bank borrowings (see Note 9).

8. Accounts Payable and Other Current Liabilities

This account consists of:

	2017	2016
Accrued expenses	**₱108,632,130**	₱191,982,666
Business taxes payable	**29,909,892**	14,852,654
Accounts payable	**15,258,774**	21,057,267
Provisions	**8,070,421**	8,315,072
Withholding taxes payable	**1,106,468**	16,206,586
	₱162,977,685	₱252,414,245

Accrued expenses consist of:

	2017	2016
Construction cost	**₱70,904,362**	₱175,063,971
Interest	**15,879,436**	7,551,784
Accrued taxes	**10,253,619**	–
Operation and maintenance cost	**1,753,120**	–
Consultancy fees	**817,920**	875,649
Professional fees	**426,000**	3,373,190
Insurance	**–**	1,437,885
Others	**8,597,673**	3,680,187
	₱108,632,130	₱191,982,666

Accounts payable and accrued expenses are normally settled within 30 to 90 days.

Provisions represent estimates for losses from potential claims against the Company, the outcome of which are not presently determinable. Other information on these potential claims are not disclosed as this may prejudice the Company's position on such claims.

9. Long-term Debt

As at December 31, 2017 and 2016, this account consists of:

	2017	2016
Principal amount		
Balance at beginning of year	**₱1,350,000,000**	₱–
Additions	–	1,350,000,000
Balance at end of year	**1,350,000,000**	1,350,000,000
Debt issuance cost:		
Balance at beginning of year	**15,471,299**	–
Additions	–	15,620,991
Amortization	**(2,528,254)**	(149,692)
Balance at end of year	**12,943,045**	15,471,299
Net book value	**1,337,056,955**	1,334,528,701
Less: Current portion of long-term debt (net of unamortized debt issue costs)	**120,191,845**	–
	₱1,216,865,110	₱1,334,528,701

In 2016, the Company entered into a ₱1.35 billion Term Loan Facility with a local financial institution (FI). The facility was entered into to refinance the construction cost of 22.33 MW solar power project in Clark Freeport Zone, Pampanga. The entire facility was drawn on December 9, 2016.

The loan payable has a term of twelve (12) years, expiring on December 8, 2028, inclusive of one (1) year grace period, payable in forty-four (44) equal quarterly installments to commence on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the FI's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5.00% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown, and subject to adjustment by the FI at such rate as it may determine at the end of fifth and tenth year.

Under the loan agreement, the Company has certain restrictions to declare or pay dividends and requirements principally with respect to maintenance of required financial ratios and material change in ownership in control.

As at December 31, 2017 and 2016, the Company is in compliance with the terms as required in the loan covenants.

Total interest expense recognized on the loan amounted to ₱76.00 million and ₱4.57 million for the year ended December 31, 2017 and 2016, respectively (see Note 14).

In 2017 and 2016, interest expense on the loan includes amortization of debt issuance cost amounting to ₱2.53 million and ₱0.15 million, respectively. Unamortized debt issuance cost of the loan amounted to ₱12.94 million and ₱15.47 million as of December 31, 2017 and 2016, respectively.

10. Capital Stock

The respective holders of Class "A" Common Stock and Class "B" Common Stock shall be entitled to the same rights and privileges except for the right on dividend distribution which will be in accordance with the par value ratio. Foreign nationals may own and hold only Class "B" Common Shares. Details of capital stock in 2017 and 2016 are shown below:

Common Class A - ₱1 par value	
Authorized - 7,291,011 shares	
Issued and outstanding - 7,291,011 shares	₱7,291,011
Redeemable Preference Shares A - ₱27 per share	
Authorized - 1,729,922 shares	
Issued and outstanding - 1,729,922 shares	46,707,894
Common Class B - ₱13.5 par value	
Authorized - 4,856,985 shares	
Issued and outstanding - 4,856,985 shares	65,569,298
Redeemable Preference Shares B - ₱364.50 per share	
Authorized - 1,153,448 shares	
Issued and outstanding - 1,153,448 shares	420,431,796
Total Equity	₱539,999,999

Movements of the capital stock are shown below:

	2017		2016	
	Number of Shares	**Amount**	Number of Shares	Amount
Class A Common Shares - ₱1 par value				
Balance at beginning of year	**7,291,011**	**₱7,291,011**	145,003	₱145,003
New issuance of shares	**–**	**–**	7,146,008	7,146,008
Total	**7,291,011**	**₱7,291,011**	7,291,011	₱7,291,011
Class B Common Shares - ₱13.50 par value (2016 - ₱6 par value)				
Balance at beginning of year	**4,856,985**	**₱65,569,298**	129,169	₱775,014
Change in par value	**–**	**–**	(58,058)	184,985
New issuance of shares	**–**	**–**	4,785,874	64,609,299
Total	**4,856,985**	**₱65,569,298**	4,856,985	₱65,569,298
Class A Redeemable Preference Shares- ₱27 par value				
Balance at beginning of year	**1,729,922**	**₱46,707,894**	–	₱–
New issuance of shares	**–**	**–**	1,729,922	46,707,894
Total	**1,729,922**	**₱46,707,894**	1,729,922	₱46,707,894
Class B Redeemable Preference Shares- ₱364.50 par value				
Balance at beginning of year	**1,153,448**	**₱420,431,796**	–	₱–
New issuance of shares	**–**	**–**	1,153,448	420,431,796
Total	**1,153,448**	**₱420,431,796**	1,153,448	₱420,431,796

In June 2016, a joint special meeting of the stockholders was held and BOD of the Company approved the increase in capital stock of the Company from ₱1.20 million to ₱540.00 million, which comprise of common shares and redeemable preference shares. The redeemable preference shares shall be non-convertible, non-voting, and are redeemable at the option of the Company at par value. Such preferred shares are cumulative and participating and are subjected to a dividend of 6% per annum.

Further, the parties agree that subscription to the increase in capital stock shall either be through payment in cash or conversion of advances made to the Company or deposits for future stock subscription made in favor of the Company.

In December 2016, the application for increase in capital stock and the conversion of loan payables was approved by SEC.

As at December 31, 2016, the balance of subscription receivables from Mabalacat Solar and Lumos amounted to ₱40.29 million and ₱363.81 million, respectively. These subscription receivables were subsequently collected in February 2017 (see Note 11).

11. Related Party Disclosures

Companies and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

			2017		
Related Party	**Relationship**	**Nature of Transaction**	**Terms and Conditions**	**Amount of Transactions**	**Outstanding Balance**
Due from Related Party					
Concepcion Solar Inc. (CSI)	With common stockholders	Advances	Unsecured, noninterest-bearing, payable on demand	₱1,312,776	₱1,312,776
					₱1,312,776
Due to Related Parties					
SREC	Intermediate Parent	Rendering of services	Unsecured, noninterest-bearing, payable on demand	₱21,399,464	(₱139,799,735)
SREHPI	With common stockholders	Rendering of services	Unsecured, noninterest-bearing, payable on demand	2,847,563	(1,157,805)
					(₱140,957,540)
Loan Payable to a Shareholder					
Lumos	Shareholder with significant influence	Advances	Unsecured, 8% interest per annum, payable in 20 equal semi-annual repayment starting January 1, 2017	₱615,527,578	(₱278,620,827)
Accrued Interest					
Lumos	Shareholder with significant influence	Interest on loans	Unsecured, payable along with principal repayments	8,126,914	(11,262,473)
					(₱289,883,300)

2016					
Related Party	Relationship	Nature of Transaction	Terms and Conditions	Amount of Transactions	Outstanding Balance
Due to Related Parties					
SREC	Intermediate Parent	Rendering of services	Unsecured, noninterest-bearing, payable on demand	₱161,199,199	₱161,199,199
SRE PH	With common stockholders	Rendering of services	Unsecured, noninterest-bearing, payable on demand	11,428,902	4,005,368
Sindicatum C-Solar Phils. Inc. (SCSPI)	With common stockholders	Payment of expenses on behalf of the Company	Unsecured, noninterest-bearing, payable on demand	2,000,000	–
SC & EM Singapore (SC&EM)	Under common control	Payment of expenses on behalf of the Company	Unsecured, noninterest-bearing, payable on demand	67,719	–
					₱165,204,567
Loan Payable to a Shareholder					
Lumos	Shareholder with significant influence	Advances	Unsecured, 8% interest per annum, payable in 20 equal semi-annual repayment starting January 1, 2017	₱1,570,495,577	₱894,148,405
Accrued Interest					
Lumos	Shareholder with significant influence	Interest on loans	Unsecured, payable along with principal repayments	104,896,325	3,135,559
					₱897,283,964
Subscription Receivables					
Lumos	Shareholder with significant influence	Subscription of shares	Unsecured, noninterest-bearing, payable on demand, no impairment	₱485,041,095	₱363,811,095
Mabalacat Solar	Shareholder with control	Subscription of shares	Unsecured, noninterest-bearing, payable on demand, no impairment	53,758,905	40,288,905
					₱404,100,000

Lumos

In December 2016, the Company entered into a loan facility agreement with Lumos amounting to $40.00 million or ₱1,570.39 million accruing an annual interest of 8%. The terms of the agreement states the inclusion of outstanding advances made by Lumos in the total amount drawn from the facility. Hence, total advances made by Lumos as at the date of the loan agreement is converted as loan payable including the outstanding balances on advances amounting to ₱267.27 million in 2016.

In December 2016, the SEC approved the increase in authorized capital stock of the Company through conversion of some of its loan payable to Lumos amounting to ₱363.48 million and ₱121.23 million in 2016.

In February 2017, loan from shareholder was converted as collection of subscription receivable amounting to ₱363.81 million.

In 2017 and 2016, the Company made repayments to Lumos for the loan payable amounting to ₱274.29 million and ₱902.40 million, including interest of ₱18.07 million and ₱101.76 million, respectively.

SREC

In December 2016, SREC entered into a Deed of Assignment to transfer all rights over its receivables from the Company amounting to US$5.70 million or ₱267.27 million to Lumos.

12. Costs of Sale of Electricity

This account consists of:

	2017	2016
Depreciation (see Note 7)	₱73,644,634	₱54,783,886
Operations and maintenance	13,745,072	3,188,614
Taxes and licenses	12,819,972	12,785,696
Utilities	5,634,977	4,365,106
Rental (see Note 18)	5,184,999	3,804,294
Insurance	4,689,683	3,281,036
Power delivery cost	289,997	201,911
Spare parts and supplies	221,517	230,517
Professional fees	–	3,548,837
	₱116,230,851	₱86,189,897

13. General and Administrative Expenses

This account consists of:

	2017	2016
Management and professional fees	₱22,575,166	₱46,745,853
Taxes and licenses	13,801,282	2,960,228
Penalties	8,096,186	–
Rent (see Note 18)	6,177,956	7,908,462
Insurance	304,598	276,333
Utilities	144,087	122,510
Transportation and travel	48,691	433,081
Advertising	500	305,250
Others	1,506,877	554,356
	₱52,655,343	₱59,306,073

14. Interest and Other Financial Charges and Other Income (Loss)

Interest and other financial charges include the following:

	2017	2016
Interest on:		
Long-term debt (see Note 9)	₱75,998,179	₱4,565,918
Loans from a shareholder (see Note 11)	28,333,443	91,208,207
Discount on receivable from a third party	1,652,710	2,130,004
Financing-related fees	465,500	–
Provision for asset retirement obligation	54,701	39,343
Others	166,014	273,179
	₱106,670,547	₱98,216,651

Other income (loss) consists of:

	2017	2016
Net foreign currency exchange loss	**(₱4,787,445)**	(₱116,904,166)
Interest income from TransCo	**3,614,016**	–
Interest income from time value of money	**2,130,004**	–
Interest income from cash in bank	**835,862**	146,262
	₱1,792,437	(₱116,757,904)

15. Income Tax

a. The Company's current tax pertains to minimum corporate income tax (MCIT) computed at statutory income tax rate of 2% amounting to ₱72,283 and ₱373 for the years ended December 31, 2017 and 2016, respectively.

b. A reconciliation between the provision for income tax computed at statutory income tax rates and the effective income tax follows:

	2017	2016
Income tax computed at statutory tax rate	**(₱897,837)**	(₱45,928,448)
Tax effects of:		
Net (income) loss under income tax holiday	**(5,041,723)**	5,857,109
Movement of unrecognized deferred tax asset	**4,429,669**	34,776,328
Nondeductible expense	**2,471,933**	6,314,338
Interest income from time value of money	**(639,001)**	–
Interest income subject to final tax	**(250,758)**	(40,122)
Stock issuance costs	**–**	(1,159,223)
Effective income tax	**₱72,283**	(₱180,018)

c. The Company assessed that there might not be enough taxable income in the future from which the following deductible temporary difference and carryforward benefits of unused NOLCO may be applied. The Company has the following temporary differences as at December 31:

	2017	2016
Deductible temporary difference:		
Accrued rental	**₱6,676,817**	₱3,418,395
Unrealized foreign exchange loss	**4,192,192**	109,536,178
NOLCO	**2,026,000**	5,303,395
Provision for asset retirement obligation	**1,013,734**	959,034
MCIT	**72,656**	373
Others	**10,253,618**	–
	24,235,017	119,217,375
Taxable temporary difference:		
Asset retirement obligation	**(847,149)**	(890,234)
Unrealized foreign exchange gain	**–**	(2,406,918)
	(847,149)	(3,297,152)
	₱23,387,868	₱115,920,223
Tax effect	**₱7,067,220**	₱34,776,328

Deferred tax asset was recognized to the extent of deferred tax liability amounting to ₱254,145 and ₱989,145 in 2017 and 2016, respectively.

d. As at December 31, 2017, the Company has NOLCO amounting ₱2,026,000 and MCIT amounting to ₱72,656. The Company has applied its available NOLCO against its ₱3,277,395 taxable income.

Year incurred	Available until	Balance as at January 1, 2017	Applied in 2017	Balance as at December 31, 2017
2016	2019	₱5,303,395	₱3,277,395	₱2,026,000

e. Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

16. Financial Risk Management Objectives and Policies

The Company's financial assets and financial liabilities comprise cash in bank, receivables, accounts payable and other current liabilities (excluding statutory payables), due to related parties, loan payable to a shareholder and long-term debt. The Company is exposed to foreign currency risk, credit risk, liquidity risk, and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

Risk Management Process

Foreign Currency Risk
Foreign currency risk arises from the possibility that future cash flows of financial assets and financial liabilities will fluctuate because of changes in foreign currency exchange rates.

The Company has cash in bank and intercompany balances and transactions denominated in foreign currencies. Any depreciation in the value of these foreign currencies may post foreign exchange adjustments that may affect the valuation and measurement of these balances and transactions.

Foreign currency risk is managed through constant monitoring of political and economic environment. Returns are also calibrated on a per currency basis to account for the perceived risks with higher returns expected from weaker currencies.

The Company's significant foreign currency-denominated financial assets and financial liabilities as at December 31, 2017 and 2016 are as follows:

	2017		2016	
	USD	**Peso**	USD	Peso
Financial Asset				
Cash in bank	**US$778,683**	**₱38,879,642**	US$4,076,220	₱202,669,658
Financial Liabilities				
Accounts payable and other current liabilities	**1,867,733**	**93,255,909**	3,878,270	192,827,584
Advances from related parties:				
SREC	**2,800,000**	**139,804,000**	3,242,140	161,199,201
Loan payable to shareholders	**5,580,218**	**278,620,285**	17,983,677	894,148,420
	10,247,951	**511,680,194**	25,104,087	1,248,175,205
Net foreign currency denominated liabilities	**(US$9,469,268)**	**(₱472,800,552)**	(US$21,027,867)	(₱1,045,505,547)

In translating the foreign currency-denominated monetary financial assets and liabilities in Peso amounts, the exchange rates used are ₱49.93 to US$1.00 and ₱49.72 to US$1.00, the Peso to USD exchange rate as at December 31, 2017 and 2016, respectively.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Company's income before income tax for the years ended December 31, 2017 and 2016. There is no impact on the Company's equity other than those affecting the profit or loss.

	Increase (Decrease) in Foreign Exchange Rate	Effect on Income before Income Tax
2017	**0.42%**	**(₱1,996,945)**
	(0.42%)	**₱1,996,945**
2016	0.42%	(4,415,852)
	(0.42%)	4,415,852

Credit Risk
Credit or counterparty risk is the risk due to uncertainty in a counterparty's ability to meet its obligations.

The Company has no significant concentration of credit risk. The Company monitors and manages the credit risk related to its trade receivables based on experience and customer's credit record.

When respect to credit risk arising from the cash in bank, trade receivables, due from related parties and refundable deposits of the Company, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company's cash in banks are in fixed income investments in stable and reputable banks, trade receivables for the sale of electricity to spot market are assessed as secured accounts and creditors are government agencies. There are no indications that its financial asset is at risk of default or impairment in value.

The following table summarizes the Company's credit risk exposure as at December 31:

	2017	2016
Loans and receivables:		
Cash in bank	**₱185,648,375**	₱543,992,188
Receivable from third parties	**239,802,061**	131,804,925
Due from related parties	**1,312,776**	–
Refundable deposits*	**6,609,851**	6,611,977
	₱433,373,063	₱682,409,090

**Refundable deposits are recorded under "Other current assets" in the statement of financial position*

Credit Quality of Financial Assets
The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies, government agencies and related parties.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

As at December 31, 2017 and 2016, the credit analyses of the Company's financial assets that are neither past due nor impaired follow:

	2017		
	High Quality	**Standard Quality**	**Total**
Cash in bank	**₱185,648,375**	**₱–**	**₱185,648,375**
Receivables:			
Third parties	**239,802,061**	**–**	**239,802,061**
Related parties	**1,312,776**	**–**	**1,312,776**
Refundable deposits*	**6,609,851**	**–**	**6,609,851**
	₱433,373,063	**₱–**	**₱433,373,063**

**Refundable deposits are recorded under "Other current assets" in the statement of financial position*

	2016		
	High Quality	Standard Quality	Total
Cash in bank	₱543,992,188	₱–	₱543,992,188
Receivables:			
Third parties	131,804,925	–	131,804,925
Refundable deposits*	6,611,977	–	6,611,977
	₱682,409,090	₱–	₱682,409,090

**Refundable deposits are recorded under "Other current assets" in the statement of financial position*

Liquidity Risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

	2017					
	On Demand	**Less than 1 year**	**Between 1 to 2 Years**	**Between 2 to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities*	**₱–**	**₱97,757,849**	**₱–**	**₱–**	**₱–**	**₱97,757,849**
Due to related parties	**–**	**–**	**140,957,540**	**–**	**–**	**140,957,540**
Loan payable to shareholder**	**289,883,300**	**–**	**–**	**–**	**–**	**289,883,300**
Long-term debt***	**–**	**193,072,080**	**186,406,682**	**519,432,962**	**862,269,684**	**1,761,181,408**
	₱289,883,300	**₱290,829,929**	**₱327,364,222**	**₱519,432,962**	**₱862,269,684**	**₱2,289,780,097**

**Excluding statutory payables, provisions and accrued interest amounting to ₱65.22 million as at December 31, 2017.*
***Including accrued interest amounting to ₱11.26 million as at December 31, 2017.*
****Including interest "to be paid".*

	2016					
	On Demand	Less than 1 year	Between 1 to 2 Years	Between 2 to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities*	₱–	₱209,904,373	₱–	₱–	₱–	₱209,904,373
Due to related parties	–	25,988,567	139,216,000	–	–	165,204,567
Loan payable to shareholder**	897,283,964	–	–	–	–	897,283,964
Long-term debt***	–	72,265,500	192,127,701	702,814,895	860,549,502	1,827,757,598
	₱897,283,964	₱308,158,440	₱331,343,701	₱702,814,895	₱860,549,502	₱3,100,150,502

**Excluding statutory payables, provisions and accrued interest amounting to ₱42.51 million as at December 31, 2016.*
***Including accrued interest amounting to ₱3.14 million as at December 31, 2016.*
****Including interest "to be paid".*

Capital Management
The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, or sell assets to decrease its borrowing.

In 2016, the Company availed ₱1.35 billion loan agreements from a local financial institution. In relation to this agreement, the Company closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration (see Note 9).

17. Financial Assets and Financial Liabilities

Fair-Value Determination
The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash in Bank, Trade Receivable, and Accounts Payable and Other Current Liabilities
Due to the short-term nature of these balances, the fair values approximate the carrying values at reporting date.

Long-Term Debt
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread in 2017. The fair value is categorized under level 2 of the fair value hierarchy as at December 31, 2017 and 2016.

There were no transfers between levels of fair value measurement in 2017 and 2016.

18. Significant Laws, Commitments and Contracts

Significant Laws

Renewable Energy (RE) Act of 2008
On December 16, 2008, the President of the Philippines approved R.A. 9513 or the RE Act also known as an Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes. The RE Act aims to:

a. Accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development and thereby minimize the country's exposure to price fluctuations in the international markets;
b. Increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
c. Encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and the environment; and,

d. Establish the necessary infrastructure and mechanism to carry out the mandates specified in the RE Act and other existing laws.

As provided for in the Act, RE developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments (BOI), shall be entitled to incentives, such as, income tax holiday, duty-free importation of RE machinery, equipment and materials, zero percent VAT rate on sale of power from RE sources, and tax exemption of carbon credits, among others.

The Company expects that the Act may have significant effect on its operating results as an RE developer. Impact on the operating results is expected to arise from the effective reduction in taxes.

Feed-in-Tariff (FIT)
Pursuant to Section 7 of the R.A. No. 9513, which mandates the establishment of the FIT System for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass, the following regulations have been passed:

(i) Department Circular No. DC2013-05-0009, the Guidelines for the Selection Process of Renewable Energy Projects under FIT System and the Award of Certificate for Eligibility; prescribing the rules for eligibility of RE Developer to avail of the FIT.

(ii) ERC Resolution No. 10, Series of 2012, approved the FIT rates and equivalent degression rates for all Renewable Energy technologies entitled to FIT.

RE Technology	FIT Rate (PhP/kWh)	Degression Rate	Installation Target
Wind	8.53	0.5% after 2 years from effectivity of FIT	200
Biomass	6.63	0.5% after 2 years from effectivity of FIT	250
Solar	9.68	6% after 1 year from effectivity of FIT	50
Run-of-River Hydropower	5.90	0.5% after 2 years from effectivity of FIT	250

On March 20, 2015, the DOE confirmed the Declaration of Commerciality of the Company of its 22.33 MW Solar Power Project in Prince Balagtas Extension, Clark Special Economic Zone, Pampanga under SESC No. 2014-07-086. The DOE confirmation affirms the conversion of said SESC from Pre-Development to Commercial Stage.

On March 12, 2016, the 22.33 MW Solar Power Project started delivering power to the grid from the commissioning operations, hence started generating revenues and recognizing receivables from Philippine Electricity Market Corporation (PEMC) for the energy generated.

On June 3, 2016, the 22.33 MW Clark Solar Power Project of the Company was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2017-04-020 by the DOE. By virtue of the endorsement, the 22.33 MW Clark Solar Power Project is qualified to avail of the FIT System, subject to the issuance by the ERC of Certificate of Compliance.

On December 8, 2016, the Company received its Certificate of Compliance valid for five (5) years from the ERC for its 22.33 MW Clark Solar Power Project. The certificate entitles the Company to recognize FIT at an approved rate of ₱8.69/kWh, with a retroactive period beginning March 12, 2016, for a guaranteed period of 20 years until March 12, 2036. Previously, power delivered to the grid were priced at spot rate due from PEMC. Thus, additional revenues amounting to ₱128.21 million due to the use of FIT rate for the power delivered from March 12 to December 31, 2016 was recognized in 2016. The National Transmission Commission (TransCo) is the regulating body of all the FIT-rate eligible energy providers.

Outstanding receivables under the FIT System due from TransCo amounted to ₱199.71 million and ₱128.21 million as at December 31, 2017 and 2016, respectively. Discount on receivables from TransCo amounted to ₱1.65 million and ₱2.13 million as at December 31, 2017 and 2016, respectively. The Company earned interest income from its receivables from TransCo amounting to ₱3.61 million and nil in 2017 and 2016, respectively, which were included in the "Interest income from TransCo" account under "Other income (loss) - net" in the statements of comprehensive income.

Operating Lease Commitments

Lease with CDC
The Company entered into an agreement where the Company will lease from CDC a parcel of land where the Company's solar power plant will be constructed. The agreement was entered into on September 5, 2014 and was valid for twenty five (25) years, renewable upon mutual agreement of the parties. The agreement stipulates an escalation rate of 10% starting on the fifth year of the lease and every three (3) years thereafter and payment of security deposits, refundable upon termination of the lease. The Company was also given a rent-free period of one (1) year from the signing of the agreement or upon start of commercial operations, whichever comes first. Upon termination of the lease, the leased property shall revert to the lessor.

The future minimum lease payments for CDC lease agreements are as follows:

	2017	2016
Within one year	**₱3,850,000**	₱3,562,614
After one year but not more than five years	**16,298,333**	15,563,707
More than five years	**95,731,081**	98,410,016
	₱115,879,414	₱117,536,337

Leases with Individual Land-owners
For the establishment of Concepcion Solar Project, four lease agreements were entered effective in 2015 and 2016, covering 31.9148 and 17.7912 hectare area of land, respectively in Concepcion, Tarlac.

The future minimum lease payments on lease agreements with the individual land owners are as follows:

	2017	2016
Within one year	**₱3,894,069**	₱3,894,069
After one year but not more than five years	**18,944,578**	17,917,753
More than five years	**102,634,748**	107,555,642
	₱125,473,395	₱129,367,464

The Company recognized rent expense of ₱11.36 million and ₱11.71 million in 2017 and 2016, respectively, included in "Rental" account under "Costs of sale of electricity" and "General and administrative expense" in the statements of income (see Notes 12 and 13).

Details of prepaid rent related to these operating lease agreements are as follows:

	2017	2016
Prepaid rent		
Current*	**₱760,887**	₱569,192
Noncurrent	**614,250**	641,250
	₱1,375,137	₱1,210,442

Included under "Other current assets" account in the statements of financial position (see Note 6).

19. Supplemental Cash Flow Information

In February 2017, loan payable to shareholder was converted as collection of subscription receivable amounting to ₱363,811,095 (see Notes 10 and 11).

Changes in Liabilities Arising from Financing Activities

	Beginning Balance	Transactions for the year	Cash flows for advances (repayments	Foreign exchange movement	December 31, 2017
Long-term debt	₱1,334,528,701	₱2,528,254	₱–	₱–	₱1,337,056,955
Loan payable to shareholder	894,148,405	(363,811,095)	(256,220,803)	4,504,320	278,620,827
	₱2,228,677,106	(₱361,282,841)	(256,220,803)	₱4,504,320	₱1,615,677,782

20. Other Matters

The Company registered on October 16, 2016 with the BOI as RE Developer of 22.33 MW Clark Solar Power Project under Republic.Act (R.A.) No. 9315, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, or also known as the "RE Act of 2008".

The Company may avail of the following incentives under the adminstration of the BOI:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sales of electricity of the 22.33 MW Clark Solar Power Project at Prince Balagtas Extension, Clark Freeport Zone;
- Duty-free imporation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and,
- Tax exemption of Carbon Credits.

The Company may also avail of the following incentives to be administered by appropriate government agencies subject to the Rules and Regulations of the respective administering government agencies.

- Realty and other taxes on civil works, equipment, machinery and other improvements of a registered enterprise actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of the original cost less accumulated normal depreciation or net book value.

- The NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined by the National Internal Revenue Code of 1997 (NIRC) for the next seven consecutive taxable years immediately following the year of such loss.

- After availment of the ITH, the enterprise shall pay a corporate income tax of ten percent (10%) on its taxable income as defined by NIRC, provided the it shall pass on the savings to the end users in the form of lower rates.

- The plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utlization of renewable energy resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH.

- The sale of power generated by the Company as well as its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities and the whole process of exploration and development of renewable energy sources up to its conversion into power shall be subject to zero value-added tax pursuant to the NIRC.

- The Company may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent ot fifty percent (50%) of the universal charge for power needed to services missionary areas, chargeable against the unviersal charge for missionary electrification.

- A tax credit equivalent to one hundred percent (100%) of the value of the value-added tax and custom duties that would have been paid on the renewable energy machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

21. Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with RR No. 15-2010, following are the information on the taxes that the Company reported and/or paid for the year:

a. VAT

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

Output VAT
In 2017, the Company has declared a total of zero output VAT which solely pertains to gross receipts/collection on revenue from sale of electricity generated from its Solar Power Project. The Company is entitled to VAT zero-rating pursuant to Section 108 (B) of the Tax Code, as Amended.

Input VAT

Input VAT claimed in the Company's VAT returns filed for the year ended December 31, 2017 follows:

Balance as at January 1, 2017	
Carried over from previous period	₱3,283,197
Current year's domestic purchases/payments for:	
Services	3,010,987
Goods other than capital goods	278,782
Balance as at December 31, 2017	₱6,572,966

b. Importations

Under R. A. No. 7227, or the Bases Conversion and Development Act of 1992, the Company enjoys tax and duty free importation of raw materials, capital equipment, and household and personal items for use solely within the Subic Bay Freeport Zone. All importations by the Company are also exempt from inspection at the country of origin by companies designated by the Philippine government to perform the function of pre-inspection if such importations are delivered immediately to and for use solely within the Subic Bay Freeport Zone.

c. Excise Tax

The Company has no transaction subject to excise tax for the year ended December 31, 2017.

d. Customs Duties

In 2017, the Company paid ₱5,355 for Custom Duties arising from import duties and other transactions.

e. Other Taxes and Licenses

Other taxes and license fees consist of the following:

Real property tax	₱10,806,764
Local business tax	2,671,644
Local government share tax	1,516,111
Documentary stamp tax	876,019
Energy regulation tax	307,297
Registration and other fees	189,800
	₱16,367,635

Provision for DST amounted to ₱10,253,619 in 2017.

f. Withholding Taxes

Details of withholding taxes for the year ended December 31, 2017 are as follows:

	Paid	Accrued
Tax withheld on creditable income – expanded	₱4,471,256	₱252,031
Final withholding tax	2,735,132	854,437
	₱7,206,388	₱1,106,468

g. Tax Assessments and Cases

The Company has no deficiency tax assessments, protested or not, and not involved in any tax cases under preliminary investigation, litigation and prosecution in courts or bodies outside Bureau of Internal Revenue as at December 31, 2017.

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Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center I
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

We have audited the accompanying financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2017 on which we have rendered the attached report dated April 12, 2018.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the above Company has two (2) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Mariecris N. Barbaso

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-A (Group A),
October 6, 2015, valid until October 5, 2018
Tax Identification No. 202-065-716
BIR Accreditation No. 08-001998-108-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 6621229, January 9, 2018, Makati City

April 12, 2018

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November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center I
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Enfinity Philippines Renewable Resources Inc. (the Company) as at and for the years ended December 31, 2017 and 2016 and have issued our report thereon dated April 12, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of all the effective standards and interpretations as at December 31, 2017 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Mariecris N. Barbaso

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
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April 12, 2018

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

A. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs	✓		
	Amendment to PFRS 1: Meaning of 'Effective PFRSs'			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Condition			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Business Combinations - Accounting for Contingent Consideration in a Business Combination			✓
	Business Combinations - Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Prepayments Features with Negative Compensation*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Fair Value Measurement - Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*	Not Early Adopted		
PFRS 16	Leases*	Not Early Adopted		
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendment to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendment to PAS 12: Recognition of Deferred Income Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Classification of servicing equipment			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture - Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	Not Early Adopted		
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✓
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Depreciation / Amortization			✓
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			✓
	Amendments to PAS 40: Investment Property, Transfers of Investment Property*	Not Early Adopted		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture - Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not Early Adopted		
IFRIC 23	Uncertainty over Income Tax Payments*	Not Early Adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

*Standards and interpretations which will become effective subsequent to December 31, 2017.

Effectivity of Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture was deferred.

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2017.

E P R R I

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Enfinity Philippines Renewable Resources, Inc.,** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors (Trustees) is responsible for overseeing the Company's financial reporting process.

The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with the Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE P. LEVISTE JR.
Chairman of the Board

MARIA CARINA L. AZORES
President

MARIA CECELIA O. CANIMO
Treasurer

Annex 1

SPONSORS REINVESTMENT PLAN

In connection with the estimated proceeds to be received

from the sale of income generating renewable energy

properties to Citicore Energy REIT Corporation (Formerly

Enfinity Philippines Renewable Resources Inc.)

(Incorporated in the Republic of the Philippines) through the Offer of Primary Offer of 1,047,272,000 Common Shares and Secondary Offer of 1,134,547,000 Common Shares with an Over-allotment Option of up to 327,273,000 Common Shares Offer Price of ₱2.55 per Offer Share

As of January 27, 2022

I. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the net proceeds received by Citicore Renewable Energy Corporation ("**CREC**") from the secondary offer of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) ("**CREIT**" or the "**Company**") and money raised by CREC from the sale of income-generating real estate to CREIT.

CREIT and CREC intend to offer and sell 2,181,819,000 common shares with a par value of ₱0.25 per share, which comprise (i) 1,047,272,000 new common shares to be issued and offered by CREIT on a primary basis; and (ii) 1,134,547,000 existing Common Shares offered by CREC, as existing shareholder, pursuant to a secondary offer (collectively, the "**Firm Shares**"). CREIT and CREC have granted all the underwriters an option exercisable in whole or in part to purchase up to 327,273,000 additional common shares (the "**Option Shares**", and collectively with the Firm Shares, the "**Offer Shares**"). The offer of the Offer Shares is referred to herein as the "**Offer**". The Offers Shares shall be offered at a price of ₱2.55 per share. CREIT expects to receive net proceeds of approximately ₱2,554.8 million from the sale of primary shares (after deduction of estimated fees and expenses) and intends to use the majority of the net proceeds to fund the acquisition of the land assets in Bulacan and South Cotabato owned by of Citicore Solar Bulacan, Inc. (formerly, Bulacan Solar Energy Corp.) ("**Citicore Bulacan**") and nv vgot Philippines Solar Energy One, Inc. ("**SE1**" or "**Citicore South Cotabato**"), respectively, wholly owned indirect subsidiaries of CREC. The said properties meet or exceed CREIT's financial and strategic investment criteria.

Pursuant to Securities and Exchange Commission ("**SEC**") Memorandum Circular No. 1, series of 2020, and Bureau of Internal Revenue ("**BIR**") – Revenue Regulations No. 3-2020, any sponsor/promoter of a REIT who contributes income-generating real estate to a REIT, shall submit a sworn statement to the SEC, the Philippine Stock Exchange ("**PSE**"), and the BIR, a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor/promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate transferred to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter.

Following current regulations, CREC intends to invest its net proceeds in the development and construction of solar farms and a hydro project across Luzon area. All disbursements from such projects are intended to be distributed within one year from receipt of the proceeds from the secondary offer of CREIT shares and any money raised by CREC from the sale of income-generating real estate to CREIT. Please see section on "Reinvestment Plan" starting on page 6 of this Sponsors' reinvestment plan for details on the reinvestment projects. Please refer to the REIT Plan definitions for any capitalized term not specifically defined herein.

II. ABOUT THE SPONSORS

A. Company Background

Each of the Company's sponsors, Citicore Renewable Energy Corporation ("**CREC**") and Citicore Tarlac, Inc. ("**Citicore Tarlac 1**"), is a corporation organized under the laws of the Philippines (each a "**Sponsor**", and together, the "**Sponsors**").

CREC was registered with Philippine SEC on May 15, 2018 with a primary purpose of engaging in power generation under the Renewable Energy Law. CREC has investments also in Sikat Solar Holdco Inc., Citicore Solar Energy Corporation and Cleantech Solar Holdings, Inc. CREC is a wholly owned subsidiary of Citicore Power, Inc. ("**CPI**"). CPI is a domestic corporation and is primarily engaged in the development of renewable energy sources for power generation, with a commitment to achieve a healthy energy mix for the Philippines and lessen the country's dependence on fossil fuels through projects using clean and sustainable energy. CPI is a direct subsidiary of Citicore Holdings Investment, Inc., the parent company of Megawide Construction Corporation ("**Megawide**").

Citicore Tarlac 1 was registered with the Philippine SEC on November 11, 2013, with a primary purpose generating, transmitting, and/or distributing energy derived from solar power for lighting and power purposes and whole selling the electric power to power corporations, public electric utilities, electric cooperatives, and retail electricity suppliers. Citicore Tarlac 1, together with other operating renewable energy companies, was acquired by CREC in October 2018 from AP Solar Pte. Ltd., AAM Philippines Solar 2 Pte. Ltd., Lumos Investment Pte. Ltd. and Mabalacat Solar Philippines, Inc. Citicore Tarlac 1 is a wholly owned indirect subsidiary of CREC.

CREC and its subsidiaries and affiliates (the "**Citicore Group**") have a vast experience in constructing, operating, and maintaining the solar power plants, with an aggregate installed capacity of 163 MW as of September 30, 2021. The Company believes that the Citicore Group is among the solar energy project pioneers in the Philippines and is one of the few developers with solar power projects have been awarded FIT eligibility.

Megawide is one of the Philippines' largest construction and infrastructure conglomerates, with total revenues of ₱12.9 billion for the year ended December 31, 2020, and ₱11.4 billion for the nine months ended September 30, 2021. Megawide was incorporated in 2004 primarily as a general construction company. From its successful initial public offering on February 18, 2011, Megawide has since diversified its business into a leading infrastructure company with interests in airport and landport operations in addition to its vertically integrated construction business. Megawide has a market capitalization of ₱12.5 billion as of September 30, 2021. Megawide received the following awards in 2021:

FinanceAsia Asia's Best Companies 2021

- Best Managed Listed Company
- Most Committed to Environmental Stewardship
- Most Committed to Social Causes
- Most Committed to the Highest Governance Best Standards
- Best CEO
- Best Managed Company in South East Asia Industrials Category

Asia Money Asia's Outstanding Companies Poll 2021

- Most Outstanding Company, Philippines Construction and Engineering Sector

IR Magazine Awards 2021

- Nominee, South East Asia 2021

International Finance Awards 2021

- Best CEO

Asia CEO Awards 2021

- Most Innovative Company of the Year, Philippines

As such, the Company believes it benefits from the Citicore Group's and Megawide's well-established reputation, relationship with key players in the Philippine real estate and solar generation industries, understanding of the Philippine market, and extensive experience in developing and managing properties

B. Management and Organization

The overall management and supervision of CREC is undertaken by its Board of Directors. CREC executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning its business operations, financial condition and results of operations for its review. Pursuant to CREC's current Articles of Incorporation, as amended on December 22 2020, the Board consists of five members. All of the directors were re-elected at the Company's annual shareholders meeting on July 27, 2021 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of CREC's Board as of the date of this plan.

Name	Age	Nationality	Position
Edgar B. Saavedra	46	Filipino	Chairman
Oliver Y. Tan	43	Filipino	President
Manuel Louie B. Ferrer	46	Filipino	Director
Ramon H. Diaz	63	Filipino	Director
Jez G. Dela Cruz	36	Filipino	Treasurer

The following table provides information regarding the members of the management of CREC.

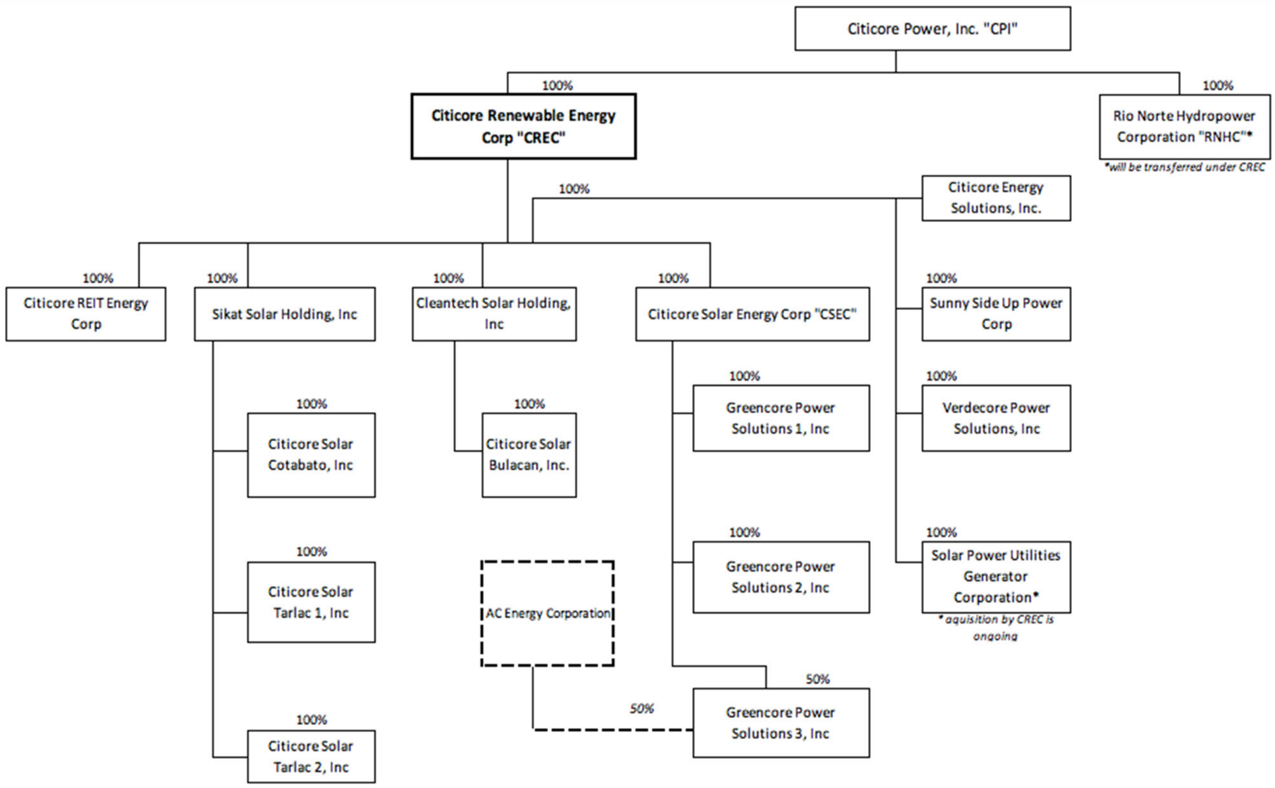
Oliver Y. Tan *Director, President and Chief Executive Officer*	Oliver Tan first joined Megawide in 2011 as Chief Finance Officer. He was involved in the successful IPO of Megawide in 2011 and has led the deals for various Public Partnership Projects with the Government starting with the construction of schools with Department of Education (Phase 1 and Phase 2), Mactan Cebu International Airport Project and Parañaque Integrated Terminal Transport Project. Beginning 2018, he focused on the expansion of the Citicore Group's business and has led various successful deals such acquisitions, joint venture agreements and bilateral contracts over the years. Mr. Tan's vision has driven the very rapid growth of the Citicore Group from 2016. He leads over [100] employees and applies his experience in corporate finance, strategy and building infrastructure business.
Raymund Jay Gomez *Chief Compliance Officer*	Raymund Jay S. Gomez is the Compliance Officer of the Company. Mr. Gomez is also concurrently the Chief Legal Counsel, Compliance Officer, and Data Protection Officer of Megawide. He is also a Director of Altria, CIHI, CMCI, MLI, MTI, and MWMTI. Before joining Megawide, he was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. Mr. Gomez also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., as Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., as Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and as an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda University.

Mia Grace Paula Cortez *Chief Finance Officer*	Mia Grace Paula S. Cortez is the Chief Financial Officer of CREC and CREIT. She is also currently the Chief Financial Officer of CPI and has been the Group Controller for Megawide since 2015. She was previously the Controller for AG&P from 2013 to 2014 and a Senior Manager for Punongbayan & Araullo from 2010 to 2013. Ms. Cortez holds a Bachelor of Science in Accountancy from St. Scholastica's College, and is a Certified Management Accountant from The Institute of Certified Management Accountant in Australia. She is a Certified Public Accountant, as certified by the Philippine Professional Regulatory Commission in 2003.
Abigail Joan R. Cosico *Citicore Group Head for Investor Relations*	Abigail Joan R. Cosico is the Citicore Group Head for Investor Relations. She joined Megawide Construction Corporation in June 2016 and has since expanded her role to include Citicore Group, including Citicore Power, Inc. She was previously with the JG Summit Group for 15 years, holding various positions in different listed companies such as VP Exports and New Market Development for Universal Robina Corporation, Business Unit Head for Robinsons Homes & Communities and concurrently, Investor Relations Head for Robinsons Land Corporation. She has an MBA in Business Management, Major in Finance from the Asian Institute of Management and holds a Bachelor of Science Degree in Management from the Ateneo de Manila University.
Jaime P. Del Rosario *AVP Legal and Compliance, Corporate Secretary*	Jaime P. Del Rosario is a director of the Property Manager and is also the Corporate Secretary of the Company. Atty. Del Rosario is currently the AVP for Legal and Compliance for CPI. He was previously with the Alsons Power Group as Legal Counsel and a Senior Associate with the San Diego Ycasiano Macias Estorco Cataneda Sanchez Law Offices. He holds a Juris Doctor from San Beda University and a Bachelor of Science Legal Management degree also from San Beda University.
Manolo Candelaria *Executive Vice President for Sales and Operations*	Manolo T. Candelaria joined CPI in 2014, and now holds the position of Executive Vice President for Sales and Operations. Prior to joining CPI, he was with Energy Development Corporation for about 20 years, and held various department head positions that include sales and marketing, energy trading, and business development. He holds a Bachelor of Science Management Engineering degree from the Ateneo de Manila University.
Ma. Cristina D. Cabalhin *Assistant Vice President, Corporate Affairs*	Ma. Cristina D Cabalhin is the Assistant Vice President for Corporate Affairs of the Company. She joined CPI in 2020 and currently heads the Corporate Affairs department. She is also the President of Citicore Foundation. She was previously the Vice President for Corporate Affairs of the management company of Palm Concepcion Power Corp., a coal fired power plant in Iloilo province and the three (3) Peakpower plants in Mindanao. She also worked as the Senior Manager for Business Development of the listed company A Brown Co. Inc. (BRN). She was the former Corporate Communications Head of the National Grid Corp. of the Philippines (NGCP) and was part of the team who implemented the privatization and transition of TransCo to NGCP. Ms. Cabalhin also worked for the Swiss multinational Syngenta for 10 years as Advertising and Promotions Manager and Marketing Manager. Ms. Cabalhin holds a Bachelor of Arts degree major in Communication Arts from De La Salle University.
Lalaine Ann Reyes-Rosales *Sr. Human Resources & Admin Manager*	Lalaine Ann Rosales is the Sr. Manager for Human Resources and Admin of CPI and joined the company in 2016. Prior to joining CPI, she was the Compensation and Benefits Manager of Megawide Construction Corporation from 2011 to 2016. She was previously the Loyalty Partnership Program and Human Resources Supervisor of Cebu Pacific, Air. Ms. Rosales obtained her Bachelor of Science in Psychology degree and Techer Certificate Program from St. Paul University Manila.
Aubrey Marie P. Sobrevinas *Senior Accounting Manager*	Aubrey Marie P. Sobrevinas, is the Accounting Manager of the Fund Manager. She joined CPI in 2009 and is currently the Senior Accounting Manager. Prior to this, she was the Controller for the Lopez Group from 2011 to 2018. She was also a Trust Assistant in China Banking Corporation in 2009 to 2010. She holds a BS Accountancy degree from the University of the East.
Arcyl P. Orfiano	Arcyl P. Orfiano, is the Corporate Finance Manager of the Fund Manager. She joined CPI in 2016 and is currently the Corporate Finance and Planning Manager. She was previously with Navarro & Amper, Corp. (Deloitte Philippines) as an Audit Associate from 2015 to

Corporate Finance Manager	2016. Ms. Orfiano holds a Bachelor of Science in Accountancy from the Saint Louis University and is currently completing a Master's of Science in Finance from the University of the Philippines.

Group Structure

CREC's group structure is as follows:



Note: The above is not an exclusive enumeration of the subsidiaries of CPI.

III. PARTICULARS OF THE PROPERTIES

The details and description of the Armenia Property, which is the income-generating property transferred by the sponsors/promoters (CREC and Citicore Tarlac 1) to the Company are as follows:

	Armenia Property
Location	Brgy. Armenia, Tarlac City
Land area (sq.m.)	138,164
Right over property	Owned
Land lease expiry	N/A
Lessor	N/A
Right of first refusal	N/A
Solar power plant installed capacity (MWpDC)	8.84
Commissioning date	February 29, 2016
Tenant/Operator of solar power plant	Citicore Tarlac 1
Commencement of the tenancy	November 1, 2021
Expiration of the tenancy	October 31, 2046
Appraised value (₱)	671,580,000
% of Appraised value	6.3%

Armenia Property

The Armenia Property comprises 11 parcels of land with a total area of 138,164 sq.m. located in Brgy. Armenia, Tarlac City. The Armenia Property is owned by the Company, and was acquired by the Company from the Sponsors through the Property-for-Share Swap.

The Armenia Property was leased out by the Company to Citicore Tarlac 1 for a period of 25 years commencing on January 1, 2022. See "*Certain Agreements Relating to the Company and the Properties*" in the REIT Plan. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MWp$_{DC}$ on the Armenia Property. Citicore Tarlac 1's solar power plant was commissioned on February 29, 2016.

Citicore Tarlac 1 sells the electricity generated by its solar power plant to contestable customers operating in various industries.

For the years ended December 31, 2018, 2019 and 2020, the Gross Revenue of the Armenia Property amounted to ₱53.9 million while and the Gross Revenue for the nine months ended September 30, 2020 and 2021, amounted to ₱40.4 million.

As of October 31, 2021, the Armenia Property was valued at ₱687.2 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of the REIT Plan for more details.

IV. PROCEEDS RECEIVED BY THE SPONSORS, CITICORE BULACAN AND CITICORE SOUTH COTABATO

Pursuant to the secondary offer, CREC is offering its existing 1,461,820,000 common shares in CREIT comprising 1,134,547,000 Firm Shares (the "**Secondary Offer Shares**") and 327,273,000 Option Shares at an Offer Price of ₱2.55 (the "**Offer Price**"). At the Offer Price, CREC expects to receive net proceeds of approximately ₱3,616.0 million from the sale of Secondary Offer Shares and Option Shares (assuming full exercise of the Over-allotment Option, and after deducting fees and expenses), in accordance with the Preliminary REIT Plan of CREIT. Assuming the Over-allotment Option is not exercised, CREC expects to receive net proceeds of approximately ₱2,803.8 million (after deducting fees and expenses). The estimated amount of proceeds to be realized by the Sponsors from the Secondary Offer Shares are in exchange of income generating real estate transferred by the Sponsors to the Company enumerated in Section III.

In addition, the Company is offering 1,047,272,000 new common shares at the same Offer Price of ₱2.55 to expand its renewable energy property portfolio by acquiring additional two parcels of land from Citicore Bulacan and Citicore South Cotabato, both of which are wholly owned indirect subsidiaries of CREC. Please see the section entitled "*Use of Proceeds*" in the REIT plan and "*Certain Agreements Relating to the Company and the Properties*" for more information on these arrangements. These two properties are described below (the "**Properties to be Acquired**"):

- **Bulacan Property** — a 253,880 sq.m. parcel of land located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore Bulacan for 25 years. Citicore Bulacan will continue to operate a solar power plant with an installed capacity of 15MWp$_{DC}$ in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016. The estimated amount of net proceeds to be realized by Citicore Bulacan in the sale of the Bulacan income generating real estate to the REIT is ₱1,786.9 million.

- **South Cotabato Property** — a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato. Upon completion of acquisition by the Company, the Company intends to lease the entire land to Citicore South Cotabato for 25 years. Citicore South Cotabato will continue to operate a solar power plant with an installed capacity of 6.23MWp$_{DC}$ in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015. The estimated amount of net proceeds to be realized by Citicore South Cotabato in the sale of the South Cotabato income generating real estate to CREIT is ₱768 million.

The said properties exceed CREIT's financial and strategic investment criteria. The net proceeds from the offer of the primary Firm Shares to be used for such acquisition is approximately ₱2,554.8million.

Any deviation from the planned reinvestment (as disclosed in this Reinvestment Plan that forms part of the Company's Registration Statement) shall be promptly disclosed to the PSE and the SEC via SEC Form 17-C.

V. REINVESTMENT PLAN

CREC intends to use net proceeds received from the secondary offer and any money raised from the sale of income-generating renewable energy assets to CREIT (including the proceeds received by Citicore Bulacan and Citicore South Cotabato in relation to the acquisition of the Bulacan Property and the South Cotabato Property by CREIT) to fund ongoing and future investments, development and construction of renewable energy solar and hydro plants in key regions in Luzon. The transfer of funding from CREC to the subsidiaries of CREC and the joint venture vehicle(s) may be through a capital infusion or through shareholder financing. In either case, the relevant documentary stamp taxes will be paid by the proper party, subject to their agreement. The projected disbursements in connection with the proposed use of proceeds is provided in the succeeding table:

Reinvestment Plan Assuming Full Exercise of Over-allotment Option

#	Project Name	Description	MW_{DC}	Location	Investment Type	Status	% Completion	Completion Date	Planned Use for One Year		2Q 2022	3Q 2022	4Q 2022	1Q 2023	Disbursing Entity
1	AFAB Solar Rooftop Phase 1	Solar PV Rooftops	6.5	Bataan	Investment in Solar PV System	On-going Construction	100%	2021	250,732,421.49	Cumulative Total %	250,732,421.49 250,732,421.49 100%				CREC thru Sunny Side Up Power Corp
2	Arayat-Mexico Solar Farm Phase 1	Solar PV Farm	72.0	Pampanga	Land and Solar PV System	On-going Construction	26%	2022	339,408,938.88	Cumulative Total %	339,408,938.88 339,408,938.88 100%				CREC thru Greencore Power Solutions 3, Inc
3	Arayat-Mexico Solar Farm Phase 2	Solar PV Farm	42.0	Pampanga	Land and Solar PV System	Pre-Development	0%	2022	197,988,547.69	Cumulative Total %	39,597,709.54 39,997,709.54 20%	59,396,564.31 98,994,273.84 30%	59,396,564.31 158,390,838.15 30%	39,597,709.54 197,988,547.69 20%	CREC thru Greencore Power Solutions 3, Inc
4	Zambales Solar Farm	Solar PV Farm	65.0	Zambales	Land and Solar PV System	Pre-Development	0%	2023	490,257,356.16	Cumulative Total %	98,051,471.23 98,051,471.23 20%	147,077,206.85 245,128,678.08 30%	147,077,206.85 392,205,884.93 30%	98,051,471.23 490,257,356.16 20%	CREC thru Solar Power Utilities Generator Corporation
5	Batangas A Solar Farm	Solar PV Farm	90.0	Batangas	Land and Solar PV System	Pre-Development	0%	2023	848,522,347.19	Cumulative Total %	169,704,469.44 169,704,469.44 20%	254,556,704.16 424,261,173.60 30%	254,556,704.16 678,817,877.75 30%	169,704,469.44 848,522,347.19 20%	CREC
6	Batangas B Solar Farm	Solar PV Farm	40.0	Batangas	Land and Solar PV System	Pre-Development	0%	2023	377,121,043.20	Cumulative Total %	75,424,208.64 75,424,208.64 20%	113,136,312.96 188,560,521.60 30%	113,136,312.96 301,696,834.56 30%	75,424,208.64 377,121,043.20 20%	CREC thru Verdecore Power Solutions, Inc
7	Pangasinan Solar Farm	Solar PV Farm	91.0	Pangasinan	Land and Solar PV System	Site Selection	0%	2023	856,095,870.67	Cumulative Total %	85,609,587.07 85,609,587.07 10%	85,609,587.07 171,219,174.13 10%	256,828,761.20 428,047,935.34 30%	428,047,935.34 856,095,870.67 50%	CREC thru Greencore Power Solutions 2, Inc
8	Laguna Solar Farm	Solar PV Farm	78.0	Laguna	Land and Solar PV System	Site Selection	0%	2023	735,386,034.24	Cumulative Total %	73,538,603.42 73,538,603.42 10%	73,538,603.42 147,077,206.85 10%	220,615,810.27 367,693,017.12 30%	367,693,017.12 735,386,034.24 50%	CREC thru Greencore Power Solutions 2, Inc
9	Bulacan Solar Farm	Solar PV Farm	130.0	Bulacan	Land and Solar PV System	Site Selection	0%	2023	1,225,643,390.39	Cumulative Total %	122,564,339.04 122,564,339.04 10%	122,564,339.04 245,128,678.08 10%	367,693,017.12 612,821,695.19 30%	612,821,695.19 1,225,643,390.39 50%	CREC thru Citicore Solar Bulacan, Inc.
10	Isabela Run-of-River Hydro	Run-of-River Hydro	20.0	Isabela	Run-of-River Hydro System	Pre-Development	0%	2023	849,661,881.27	Cumulative Total %	169,932,376.25 169,932,376.25 20%	254,898,564.38 424,830,940.64 30%	254,898,564.38 679,729,505.02 30%	169,932,376.25 849,661,881.27 20%	CREC thru Rio Norte Hydropower Corporation
			634				**Total Reinvestment Plan**		**6,170,817,831.18**	Cumulative Total %	1,424,564,125.00 1,424,564,125.00 **21%**	**1,110,777,882.18** **2,535,342,007.18** **18%**	**1,674,202,941.24** **4,209,544,948.43** **28%**	**1,961,272,882.75** **6,170,817,831.18** **32%**	

Reinvestment Plan Assuming Over-allotment Option is not Exercised															
#	**Project Name**	**Description**	**MW$_{DC}$**	**Location**	**Investment Type**	**Status**	**% Completion**	**Completion Date**	**Planned Use for One Year**		**2Q 2022**	**3Q 2022**	**4Q 2022**	**1Q 2023**	**Disbursing Entity**
1	AFAB Solar Rooftop Phase 1	Solar PV Rooftops	6.5	Bataan	Investment in Solar PV System	On-going Construction	100%	2021	250,732,421.49	Cumulative Total %	250,732,421.49 250,732,421.49 100%				CREC thru Sunny Side Up Power Corp
2	Arayat-Mexico Solar Farm Phase 1	Solar PV Farm	72.0	Pampanga	Land and Solar PV System	On-going Construction	26%	2022	292,846,218.11	Cumulative Total %	292,846,218.11 292,846,218.11 100%				CREC thru Greencore Power Solutions 3, Inc
3	Arayat-Mexico Solar Farm Phase 2	Solar PV Farm	42.0	Pampanga	Land and Solar PV System	Pre-Development	0%	2022	170,826,960.57	Cumulative Total %	34,165,392.11 34,165,392.11 20%	51,248,088.17 85,413,480.28 30%	51,248,088.17 136,661,568.45 30%	34,165,392.11 170,826,960.57 20%	CREC thru Greencore Power Solutions 3, Inc
4	Zambales Solar Farm	Solar PV Farm	65.0	Zambales	Land and Solar PV System	Pre-Development	0%	2023	423,000,092.82	Cumulative Total %	84,600,018.56 84,600,018.56 20%	126,900,027.85 211,500,046.41 30%	126,900,027.85 338,400,074.26 30%	84,600,018.56 423,000,092.82 20%	CREC thru Solar Power Utilities Generator Corporation
5	Batangas A Solar Farm	Solar PV Farm	90.0	Batangas	Land and Solar PV System	Pre-Development	0%	2023	732,115,545.26	Cumulative Total %	146,423,109.05 146,423,109.05 20%	219,634,663.58 366,057,772.63 30%	219,634,663.58 585,692,436.21 30%	146,423,109.05 732,115,545.26 20%	CREC
6	Batangas B Solar Farm	Solar PV Farm	40.0	Batangas	Land and Solar PV System	Pre-Development	0%	2023	325,384,686.79	Cumulative Total %	65,076,937.36 65,076,937.36 20%	97,615,406.04 162,692,343.39 30%	97,615,406.04 260,307,749.43 30%	65,076,937.36 325,384,686.79 20%	CREC thru Verdecore Power Solutions, Inc
7	Pangasinan Solar Farm	Solar PV Farm	91.0	Pangasinan	Land and Solar PV System	Site Selection	0%	2023	738,650,074.72	Cumulative Total %	73,865,007.47 73,865,007.47 10%	73,865,007.47 147,730,014.94 10%	221,595,022.42 369,325,037.36 30%	369,325,037.36 738,650,074.72 50%	CREC thru Greencore Power Solutions 2, Inc
8	Laguna Solar Farm	Solar PV Farm	78.0	Laguna	Land and Solar PV System	Site Selection	0%	2023	634,500,139.23	Cumulative Total %	63,450,013.92 63,450,013.92 10%	63,450,013.92 126,900,027.85 10%	190,350,041.77 317,250,069.62 30%	861,361,016.49 634,500,139.23 50%	CREC thru Greencore Power Solutions 2, Inc
9	Bulacan Solar Farm	Solar PV Farm	130.0	Bulacan	Land and Solar PV System	Site Selection	0%	2023	1,057,500,232.05	Cumulative Total %	105,750,023.20 105,750,023.20 10%	105,750,023.20 211,500,046.41 10%	317,250,069.61 528,750,116.02 30%	861,361,016.49 1,057,500,232.05 50%	CREC thru Citicore Solar Bulacan, Inc
10	Isabela Run-of-River Hydro	Run-of-River Hydro	20.0	Isabela	Run-of-River Hydro System	Construction Phase	0%	2023	733,098,749.32	Cumulative Total %	146,619,749.86 146,619,749.86 20%	219,929,624.80 366,549,374.66 30%	219,929,624.80 586,478,999.46 30%	146,619,749.86 733,098,749.32 20%	CREC thru Rio Norte Hydropower Corporation
			634				**Total Reinvestment Plan**		**5,358,655,120.36**	Cumulative Total %	**1,263,528,891.15 1,263,528,891.15 21%**	**958,392,855.03 2,221,921,746.18 18%**	**1,444,522,944.23 3,666,444,690.41 28%**	**1,692,210,429.95 5,358,655,120.36 32%**	

Note:

1. Only the Arayat-Mexico Solar Farm Phase 1 and 2 projects are being undertaken through a 50%-50% joint venture with AC Energy.
2. Pre-Development starts after securing Land Rights and Department of Energy (DOE) Solar Energy Service Contract, major activities include Feasibility Study, DAR Land Conversion, Local Government Unit (LGU) Endorsement and NGCP System Impact Study. Based on previous experience, it takes approximately 6 to 8 months to complete Pre-Development activities before construction can begin.
3. Site Selection activities include the conduct of legal and technical due diligence to assess suitability of location and authenticity of land titles, the output is a pre-feasibility study. If pre-feasibility study yields favorable findings, negotiations with land owners to acquire or lease the land can proceed. Post securing land rights, pre-development activities follow immediately. Based on previous experience, it takes approximately 3 to 6 months to complete Site Selection activities.

Project Status:

1. Project #2 started construction and is 26% complete, target full energization by Q1 2022, while Project #3 (which is an expansion of Project #2), land rights fully secured and Solar Energy Service Contract applied and filed with DOE last September 2021.
2. Projects #4 to #6 are in advanced stage of Pre-Development, DOE Solar Energy Service Contract secured, LGU Endorsement partially secured, Feasibility Study and NGCP

System Impact Study partial secured.

3. Project #10 entered Construction Phase, Engineering, Procurement and Construction (EPC) Contract awarded last March 2021 and construction of access road already started.
4. Projects #7 to #9 are in Site Selection stage, gathering of land title documents and technical due diligence are on-going.

PIPELINE PROJECTS								Reinvestment Plan assuming full exercise of Over-allotment Option		Reinvestment Plan assuming Over-allotment Option is not exercised	
#	Project Name	MWdc	Land Cost	Project Development and Plant Capex	Total Project Cost	Sponsor's % Stake in the Project	Sponsor's Funding Requirements in the Project	Planned Use for One Year	% of Sponsor's Funding Requirements Funded from the IPO	Planned Use for One Year	% of Sponsor's Funding Requirements Funded from the IPO
1	AFAB Solar Rooftop Phase 1	6.5	-	335,162,915.00	335,162,915.00	100%	335,162,915.00	250,732,421.49	76%	250,732,421.49	76%
2	Arayat-Mexico Solar Farm Phase 1	72.0	431,550,000.00	2,645,340,000.00	3,076,890,000.00	50%	1,538,445,000.00	339,408,938.88	22%	292,846,218.11	19%
3	Arayat-Mexico Solar Farm Phase 2	42.0	378,000,000.00	1,554,000,000.00	1,932,000,000.00	50%	966,000,000.00	197,988,547.69	20%	170,826,960.57	18%
4	Zambales Solar Farm	65.0	585,000,000.00	2,275,000,000.00	2,860,000,000.00	100%	2,860,000,000.00	490,257,356.16	17%	423,000,092.82	15%
5	Batangas A Solar Farm	90.0	810,000,000.00	3,150,000,000.00	3,960,000,000.00	100%	3,960,000,000.00	848,522,347.19	21%	732,115,545.26	18%
6	Batangas B Solar Farm	40.0	360,000,000.00	1,400,000,000.00	1,760,000,000.00	100%	1,760,000,000.00	377,121,043.20	21%	325,384,686.79	18%
7	Pangasinan Solar Farm	91.0	819,000,000.00	3,185,000,000.00	4,004,000,000.00	100%	4,004,000,000.00	856,095,870.67	21%	738,650,074.72	18%
8	Laguna Solar Farm	78.0	702,000,000.00	2,730,000,000.00	3,432,000,000.00	100%	3,432,000,000.00	735,386,034.24	21%	634,500,139.23	18%
9	Bulacan Solar Farm	130.0	1,170,000,000.00	4,550,000,000.00	5,720,000,000.00	100%	5,720,000,000.00	1,225,643,390.39	21%	1,057,500,232.05	18%
10	Isabela Run-of-River Hydro	20.0	-	5,000,000,000.00	5,000,000,000.00	100%	5,000,000,000.00	849,661,881.27	17%	733,098,749.32	15%
	Total	**634**	**5,255,550,000.00**	**26,824,502,915.00**	**32,080,052,915.00**		**29,575,607,915.00**	**6,170,817,831.18**	**21%**	**5,358,655,120.36**	**18%**

The Reinvestment Plan spreads over 10 renewable energy projects and covers only 21% of the total Sponsor's funding requirements in the 10 projects assuming full exercise of Over-allotment Option and 18% of the total Sponsor's funding requirements in the 10 projects assuming the Over-allotment Option is not exercised. The balance of funding requirements of the Sponsor shall be sourced from internally generated cash and/or banks credit line facilities. Considering 7 of the 10 projects identified have secured location-specific DOE Service Contracts and 3 projects are on-going construction; hence, considered "firm projects", the Sponsor, at its option, may increase allocation to these 7 projects or substitute Projects #7 to #9 with other solar farm projects that are in more advanced stages to meet the one-year period limit for reinvestment to accelerate completion in order to be considered as potential assets to be acquired by or infused into CREIT in accordance with its investment strategy.

VI. MONITORING AND REVIEW

The Sponsors shall monitor the actual disbursements of projects proposed in this Reinvestment Plan on a quarterly basis. For purposes of monitoring, the Sponsors shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in this Reinvestment Plan, the Sponsors, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

VII. REPORTING

The Sponsors shall comply with the reportorial and disclosure requirement prescribed by the SEC, PSE, BIR, or the appropriate government agency. The Sponsors shall submit with the PSE, a quarterly progress report, and a final report on the implementation of the Reinvestment Plan, duly certified by its Chief Finance Officer, Treasurer, and External Auditor. The quarterly progress report shall be submitted to the PSE following the relevant PSE rules. The Selling Shareholder shall likewise submit a final report on the implementation of the REIT Plan and submit the same to the PSE. The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of the Sponsors to the SEC, and the PSE. Any investment pursuant to the Reinvestment Plan shall also be disclosed by the Sponsors via SEC Form 17-C as such investment is made. The Sponsors shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.

Annex 2

22 November 2021

ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and Chief Executive Officer

Subject : Leased Fee Estate Appraisal
Executive Summary covering CAI File No. 02-2021-0140

Gentlemen :

As requested, we appraised certain properties exhibited to us by the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC**., for the purpose of expressing an opinion on the ***leased fee estate*** of the property intended for corporate use as of ***31 October 2021***. After due consideration of all relevant factors, the ***leased fee estate*** of the properties are estimated as follows:

	By Discounted Cash Flow (Php)	**By Direct Capitalization (Php)**
Bulacan	2,484,073,000	3,270,329,000
South Cotabato	1,067,493,000	1,410,402,000
Dalayap	470,258,000	721,126,000
Armenia	687,161,000	899,472,000
Pampanga	3,101,864,000	4,945,073,000
Cebu	3,776,850,000	5,906,509,000
Negros Occidental	2,884,597,000	4,242,433,000
Total -	***Php14,472,296,000***	***Php21,395,344,000***

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Centrala, Surallah
South Cotabato

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-001B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and NV VOGT PHILIPPINES SOLAR ENERGY ONE INC. (Lessee),** for the purpose of expressing an opinion on the ***market value of the lessor's interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***leased fee estate*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **solar power plant**, located **within Barangay Centrala, Surallah, South Cotabato.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***1,067,493,000***
By Direct Capitalization Method	***1,410,402,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number: 0004270
Valid Until: 10/04/2022
IPREA Membership No. 181001
PTR No. 3883178C
05 January 2021
City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-001B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-001B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Centrala, Surallah, South Cotabato. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us and further verified at the Tax Mapping Section of Surallah Municipal Assessors Office, the appraised property is the site of ***NV VOGT PHILIPPINE SOLAR ENERGY ONE, INC.,*** located **on the northeast corner of 14th Street and a road, within Barangay Centrala, Surallah, South Cotabato.**

The property is located approximately 360 meters northeast from Allah River; 1.4 kilometers northwest from the corner of the road and Emilys Resort Road; 2 kilometers southwest from the corner of 4th Street and 10th Street; 2.8 kilometers southwest from Surallah-Tiboli Road; and about 7 kilometers southeast from Surallah Proper.

14th Street is 6 meters wide, concrete paved, while the road is 2 meters wide, earth paved. Both have natural drainage.

The orientation of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing on the title furnished us by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically light commercial, light industrial, institutional, residential and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to medium vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 8 to 20 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

DOLE Plantation
Surallah Ecological Park
Surallah Bio-Dynamic and Organic Farmers
Centrala National High School

Surallah town proper serves the shopping and marketing needs of the residents in the area. This is accessible from 14th Street by public and private transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the site.

Public transportation connecting to various sections of Surallah, South Cotabato and neighboring towns is available along Surallah-Tiboli Road which is approximately 2.8 kilometers from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

The land is technically identified as Lot 161, Pls-214-D-4, containing an area of 79,997 square meters, more or less, covered by Transfer Certificate of Title No. T-154321, issued on 25 October 2013 by the Registry of Deeds for Koronadal, South Cotabato in favor of the **NV VOGT PHILIPPINES SOLAR ENERGY ONE, INC.**

The land is bounded by the following properties:

Northeast	-	Lot 160
Southeast	-	Lot 162
Southwest	-	Public Land (now Road)
Northwest	-	14th Street

Attached is a plan of the property as plotted based on the technical description appearing on the title furnished us by the client. As shown, the land is rectangular in shape with frontages of 399.97 meters on 14th Street and 200 meters on the road.

The terrain of the land is flat. Its elevation is at grade of the fronting street/road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Centrala, Surallah, South Cotabato as per Department Order No. 02-2019 effective 24 February 2019:

Street Name	Vicinity	Classification	3rd Revision Zonal Value (Php/sq.m.)
All lots	National Highway/ Provincial Road	Industrial	1,170
		Institutional	1,341

VI. ON IMPROVEMENTS

The land is improved with buildings and other land improvements. As per appraisal agreement, however, the said improvements shall not be considered in the valuation; hence, the land is appraised as if vacant.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plat,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. MEMORANDUM OF AGREEMENT

Based on the documents furnished to us by the client, a Memorandum of Agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (EPRRI) and NV VOGT PHILIPPINES SOLAR ENERGY ONE, INC. (SE1).**

Silent features of the Memorandum of Agreement are as follows;

1. SE1 is the registered owner of several parcel of land with an aggregate area of 79,997.

2. SE1 owns and operate a 6.23 MWp DC Solar Power Plant including all structures, buildings, machineries, and equipment appurtenant thereto.

3. EPRRI intends to buy the subject premises from SE1; SE1 intends to retain ownership of and continue the operation and maintenance of the Solar Power Plant; and EPRRI intends to lease the subject property of SE1;

4. The agreement shall be for a period of twenty five (25) years commencing on 01 January 2022 up to 31 December 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

5. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

IX. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity’s stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%
Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Property

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

For purposes of comparison, the following market data are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *20,000 square meters, more or less,* located *along Diversion Road, Barangay Centrala, Surallah, South Cotabato* is being offered for sale by *Mr. Lynyrd of Surallah Properties (Contact No. 0997-5642397)* at an asking price of **Php220 per square meter.**

2. Currently, a property having an area of *30,400 square meters,* located *400 meters from the Provincial Road, within Magan, Barangay Centrala Surallah, South Cotabato* is being offered for sale *Mr. Lynyrd of Surallah Properties (Contact No. 0997-5642397)* at an asking price of **Php170 per square meter.**

3. Currently, a property having an area of *40,000 square meters,* located *along National Highway corner Gomez Street, Poblacion, Surallah, South Cotabato* is being offered for sale by *Mr. Shad Barbaran (Contact No. 0908-8221699)* at an asking price of **Php3,500 per square meter.**

Comparative Analysis; Area = 79,997 square meters

		Comparables	
	1	**2**	**3**
	20,000 sq.m.	**30,400 sq.m.**	**40,000 sq.m.**
	@Php220/sq.m.	**@ Php170/sq.m.**	**@Php3,500/sq.m.**
External Factor	-10%	-10%	-10%
Net Price (Php/sq.m.)	198	153	3,150
Internal Factor			
Location	+10%	+10%	-20%
Size	+5%	+4%	+3%
Utility	+20%	+20%	0%
Time Element	0%	0%	0%
Algebraic Sum of Internal Factor	+35%	+34%	-17%
Computed Value (Php/sq.m.)	267	205	2,615

Market Value = (Php267/sq.m. + Php205/sq.m. + Php2,615/sq.m.) / 3 = Php1,029/sq.m.
Say – Php1,000 per square meter

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land is estimated at **Php1,000 per square meter**, or a total value of say, **Php79,997,000** for the **79,997-square meter** subject land.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
1	2022	0.5	77,872,875	1,532,735	79,405,610	0.9663	76,728,454
2	2023	1.5	77,434,278	1,522,029	78,956,307	0.9022	71,236,508
3	2024	2.5	78,725,964	1,668,881	80,394,845	0.8424	67,725,859
4	2025	3.5	80,126,011	1,559,042	81,685,052	0.7866	64,250,934
5	2026	4.5	81,555,709	1,577,561	83,133,269	0.7344	61,055,141
6	2027	5.5	83,015,851	1,595,550	84,611,402	0.6857	58,021,212
7	2028	6.5	84,507,255	1,750,497	86,257,752	0.6403	55,228,923
8	2029	7.5	86,030,761	1,629,770	87,660,531	0.5978	52,406,247
9	2030	8.5	87,587,232	1,645,907	89,233,139	0.5582	49,809,900
10	2031	9.5	89,177,558	1,661,330	90,838,888	0.5212	47,344,751
11	2032	10.5	90,802,654	1,822,951	92,625,605	0.4866	45,075,610
12	2033	11.5	92,463,462	1,689,820	94,153,282	0.4544	42,781,553
13	2034	12.5	94,160,950	1,702,773	95,863,724	0.4243	40,671,099
14	2035	13.5	95,896,117	1,714,785	97,610,901	0.3961	38,666,999
15	2036	14.5	95,481,996	1,689,362	97,171,358	0.3699	35,941,065
16	2037	15.5	95,068,296	1,663,064	96,731,360	0.3454	33,406,463
17	2038	16.5	94,654,991	1,635,895	96,290,886	0.3225	31,049,808
18	2039	17.5	94,242,056	1,607,857	95,849,912	0.3011	28,858,648
19	2040	18.5	93,829,463	1,578,954	95,408,417	0.2811	26,821,402
20	2041	19.5	93,417,187	1,549,189	94,966,377	0.2625	24,927,297
21	2042	20.5	93,080,254	1,518,567	94,598,821	0.2451	23,184,705
22	2043	21.5	92,633,657	1,487,090	94,120,748	0.2288	21,538,316

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
23	2044	22.5	92,187,296	1,454,762	93,642,058	0.2137	20,008,192
24	2045	23.5	91,741,141	1,421,587	93,162,728	0.1995	18,586,158
25	2046	24.5	91,295,166	1,387,567	92,682,733	0.1863	17,264,611
							Php1,052,589,857

Indicated Value on the Lessor's Interest is computed as follows:

Lessor's Interest:

Present Worth of the Unexpired Contract Rent	Php1,052,589,857
Plus: Reversionary Value of the Land	
Market Value of the Land x Present Worth Factor	
79,997 sq.m. x Php1,000/sq.m. x 0.1863	Php14,903,441
Total –	***Php1,067,493,299***
Say –	***Php1,067,493,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area 253,880 sq.m.

Rental Income on Year 1		
Fixed Lease	Php	77,872,875
Variable Lease	Php	1,532,735
	Net Income - Php	**79,405,610**
	Capitalized @ 5.63%	**Php1,410,401,598**
	Leased Fee Estate (land and solar power plant)- say	**Php1,410,402,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Property exhibited to us by the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Dalayap
Tarlac City, Tarlac

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT)** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-002B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised a certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the **headleasehold interest** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** known as ***CITICORE SOLAR TARLAC 2, INC.,*** located **within Barangay Dalayap, Tarlac City, Tarlac.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the –

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19-year lease and sub-lease lives appraised as ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***470,258,000***
By Direct Capitalization Method	***721,126,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold interest.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number: 0004270
Valid Until: 10/04/2022
IPREA Membership No. 181001
PTR No. 3883178C
05 January 2021
City of Bacoor

RDM:agd

CAI File No. 02-2021-0140-002B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 02-2021-0140-002B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located Barangay Dalayap, Tarlac City. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** of the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the site of Dalayap Solar Field, located **on the southeast end of an existing road, within Barangay Dalayap, Tarlac City, Tarlac.**

The land in its entirety is located approximately 90 meters southeast from the Barangay Road; 600 meters northeast from Dalayap United Methodist Church; 1.42 kileters northeast from Dalayap Elementary School; and about 2.58 kilometers northeast from MacArthur Highway.

The Existing Road is 8 meters wide and macadam.

The configuration of the site, as inspected, appears to conform with the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically residential, agro-industrial (Poultry and Piggery) and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 20 meters and partly lighted with streetlamps.

Some of the important improvements in the vicinity are:

Dalayap United Methodist Church
Dalayap Elementary School
Victory Layer Farm
Dalayap Seventh Day Adventist Church
Luzonville Subdivision
Alvindia-Aguso National High School
Alvindia-Aguso Central Elementary School
Honda Cars Tarlac, Inc.
National Food Authority
Fiesta Communities Aguso

Palm Plaza Mall Tarlac, Metro Town Mall, Magic Star Mall and SM City Tarlac serve as the commercial and shopping center of the residents in the area. These are accessible from MacArthur Highway Road by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities can be made available at the site.

Public transportation connecting to various sections of Tarlac City, Tarlac and its nearby towns is available along MacArthur Highway which is approximately 2.58 kilometers from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

Based on the documents provided by the client, the land consists of seven (7) contiguous lots having a total area of 105,386 square meters, more or less, technically identified as follows:

Lot Nos.	TCT Nos.	Area (sqm.)
10, Psd-03-016510	043-2016001081	12,856
11, Psd-03-016510	043-2016006133	24,447
9, Psd-03-016510	043-2016001080	20,352
3100	32162	23,726
3101	32162	352
3102	32163	1,009
3103	32163	22,644
		Total - 105,386 sq.m.

TCT Nos. 043-2016001081, 043-2016006133 and 043-2016001080 were issued by the Registry of Deeds for the Province of Tarlac in favor of **MA. PAULA CECILIA P. DAVID.**

TCT Nos. 32162 and 32163 were issued by the Registry of Deeds for the Province of Tarlac in favor of **FERNANDO B. MAMAWAL married to Nenette Basa, FETALIANO S. MAMAWAL, married to Lilia Frias and EUFRACIO B. MAMAWAL.**

Attached is a lot of plans of the property as plotted based on the technical description appearing on the title furnished us by the client.

The appraised property is portion of the listed lots covered by contract of Sublease between **BENIGNO S. DAVID AND VIVENCIO M. ROMERO JR (Sublessor) and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessee)** and a contract of lease between **MA. PAULA CECILIA P. DAVID and JUAN FRANCISCO P. DAVID and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC (Lessee).** Subject land area is 10.3732 hectares or 103,732 square meters.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Dalayap, Tarlac City, Tarlac, as per Department Order No. 015-2020, effective as of 04 July 2020:

Street/Subdivision Name	Vicinity	Classification	3rd Revision Zonal Value (Php/sq.m.)
All Lots		Residential	811.00
		Irrigated Riceland	78.00
		Unirrigated Riceland	56.00
		Pasture Land	34.00
	Agro-Livestock	Other Agricultural Land	275.00
		Other Agricultural Land	34.00

VI. CONTRACT OF LEASE

Contract of Lease

Based on the document provided by the client, a Contract of Lease was made and entered by and between **MA. PAULA CECILIA P. DAVID and JUAN FRANCISCO P. DAVID (Lessor); and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessee).**

Salient features of the Contract of Lease are as follows:

1. The lessor is the true, lawful, absolute and registered owner of a parcel of land with an aggregate area of 5.6 hectares;

2. The lessor has an existing lease contract for the subject property with NV VOGT Philippines Solar Energy Four, Inc. ("SE4") (SE4 is now known as "Citicor Solar Tarlac 2, Inc.) and the lessee desires to least the property currently occupied by CST2, with the intension of subleasing the Property to CST2 which shall continue to own, operate and maintain the 7.5MW Solar PV Power Plant;

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

4. Based on the documents provided, the monthly lease payment shall be Php205,333.34 with with escalation rate of 10% increase on the 10^{th} and 15^{th} year anniversaries.

5. An amount equivalent to three months rental fees shall be required from the lessee as security deposit.

6. An amount equivalent to three (3) months rental fee shall be required from the sublessee as Security Deposit. This shall be refunded to the sublessee without any interest 30 days after the termination of the contract lease.

Contract of Sublease

Based on the document provided by the client, a Contract of Lease was made and entered by and between **Benigno S. David and Vivensio M. Romero Jr. (Sublessor); and ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessee),**

Salient features of the Contract of Lease are as follows:

1. The sublessor is the true, lawful absolute holder and lessee of a parcel of land with an aggrate area of 4.7732 hectares;

2. The sublessor has an existing lease contract for the subject property with NV VOGT Philippines Solar Energy Four, Inc. ("SE4") (SE4 is now known as "Citicor Solar Tarlac 2, Inc.) and the sublessee desires to least the property currently occupied by CST2, with the intension of subleasing the Property to CST2 which shall continue to own, operate and maintain the 7.5MW Solar PV Power Plant;

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

4. The monthly sublease payment shall be Php172,333.34 with with escalation rate of 10% increase on the 10^{th} and 15^{th} year anniversaries.

5. An amount equivalent to three months rental fees shall be required from the sublessee as security deposit.

6. An amount equivalent to three (3) months rental fee shall be required from the Lessee as Security Deposit. This shall be refunded to the lessee without any interest 30 days after the termination of the contract lease.

Sublease Agreement

Based on the document provided by the client, the Sublease agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Head Lessee/Sublessor) and CITICORE SOLAR TARLAC 2, INC. (Sublessee).**

Salient features of the Contract of Lease are as follows:

1. Total land area is 10.3731 hectares or 103,731 square meters

2. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 up to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

3. Lease rates (fixed and variable lease) were based on the lease contracts provided by the client; and

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee's Interest.***

The Headlessee's Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future ebenefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.
3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated headleasehold interest.

General Assumptions and Considerations

1. Remaining lives of the lease at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years;
2.
3. Real Estate Tax is for the account of the lessor;
4. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

5. The total monthly rental of the land is Php377.666.68 with escalation rate of 10% increase on the 10th and 15th year anniversaries.

6. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown on the next page:

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
1		November	1	3,560,930	72,587	3,633,517	205,333.34	172,333.34	3,255,850.32	0.9942	3,236,941
		December	2	3,560,930	72,587	3,633,517	205,333.34	172,333.34	3,255,850.32	0.9884	3,218,142
	2022	January	3	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9827	3,317,108
		February	4	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9770	3,297,843
		March	5	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9713	3,278,690
		April	6	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9657	3,259,648
		May	7	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9600	3,240,717
		June	8	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9545	3,221,896
		July	9	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9489	3,203,184
		August	10	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9434	3,184,580
		September	11	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9379	3,166,085
		October	12	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9325	3,147,697
2		November	13	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9271	3,129,416
		December	14	3,677,823	75,424	3,753,247	205,333.34	172,333.34	3,375,580.32	0.9217	3,111,242
	2023	January	15	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9163	3,440,913
		February	16	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9110	3,420,929
		March	17	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9057	3,401,062
		April	18	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.9005	3,381,309
		May	19	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8952	3,361,671
		June	20	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8900	3,342,148
		July	21	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8849	3,322,737
		August	22	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8797	3,303,440

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		September	23	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8746	3,284,254
		October	24	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8695	3,265,180
3		November	25	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8645	3,246,217
		December	26	4,050,778	81,959	4,132,737	205,333.34	172,333.34	3,755,070.32	0.8595	3,227,364
	2024	January	27	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8545	3,213,605
		February	28	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8495	3,194,941
		March	29	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8446	3,176,386
		April	30	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8397	3,157,938
		May	31	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8348	3,139,598
		June	32	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8300	3,121,364
		July	33	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8251	3,103,236
		August	34	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8203	3,085,213
		September	35	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8156	3,067,295
		October	36	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8108	3,049,481
4		November	37	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8061	3,031,770
		December	38	4,049,882	88,689	4,138,571	205,333.34	172,333.34	3,760,904.32	0.8014	3,014,162
	2025	January	39	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7968	3,002,771
		February	40	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7922	2,985,331
		March	41	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7876	2,967,993
		April	42	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7830	2,950,756
		May	43	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7784	2,933,619
		June	44	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7739	2,916,581

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		July	45	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7694	2,899,642
		August	46	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7650	2,882,802
		September	47	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7605	2,866,059
		October	48	4,064,648	81,596	4,146,244	205,333.34	172,333.34	3,768,577.32	0.7561	2,849,414
5		November	49	4,064,648	81,596	4,146,244	225,866.67	189,566.67	3,730,810.65	0.7517	2,804,476
		December	50	4,064,648	81,596	4,146,244	225,866.67	189,566.67	3,730,810.65	0.7473	2,788,188
	2026	January	51	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7430	2,782,886
		February	52	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7387	2,766,724
		March	53	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7344	2,750,655
		April	54	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7301	2,734,680
		May	55	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7259	2,718,798
		June	56	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7217	2,703,008
		July	57	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7175	2,687,310
		August	58	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7133	2,671,702
		September	59	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7092	2,656,186
		October	60	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7051	2,640,759
6		November	61	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.7010	2,625,423
		December	62	4,079,416	81,486	4,160,902	225,866.67	189,566.67	3,745,468.65	0.6969	2,610,175
	2027	January	63	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6928	2,605,141
		February	64	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6888	2,590,011
		March	65	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6848	2,574,969
		April	66	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6808	2,560,015

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		May	67	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6769	2,545,147
		June	68	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6730	2,530,365
		July	69	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6690	2,515,669
		August	70	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6652	2,501,059
		September	71	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6613	2,486,534
		October	72	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6575	2,472,092
7		November	73	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6536	2,457,735
		December	74	4,094,187	81,330	4,175,517	225,866.67	189,566.67	3,760,083.65	0.6498	2,443,461
	2028	January	75	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6461	2,443,286
		February	76	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6423	2,429,096
		March	77	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6386	2,414,989
		April	78	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6349	2,400,963
		May	79	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6312	2,387,019
		June	80	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6275	2,373,156
		July	81	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6239	2,359,373
		August	82	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6203	2,345,670
		September	83	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6167	2,332,047
		October	84	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6131	2,318,503
8		November	85	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6095	2,305,038
		December	86	4,108,963	88,248	4,197,211	225,866.67	189,566.67	3,781,777.65	0.6060	2,291,651
	2029	January	87	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.6025	2,282,808
		February	88	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5990	2,269,550

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		March	89	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5955	2,256,369
		April	90	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5920	2,243,264
		May	91	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5886	2,230,236
		June	92	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5852	2,217,283
		July	93	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5818	2,204,406
		August	94	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5784	2,191,603
		September	95	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5750	2,178,875
		October	96	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5717	2,166,221
9		November	97	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5684	2,153,640
		December	98	4,123,745	80,879	4,204,624	225,866.67	189,566.67	3,789,190.65	0.5651	2,141,132
	2030	January	99	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5618	2,136,838
		February	100	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5585	2,124,428
		March	101	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5553	2,112,090
		April	102	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5521	2,099,824
		May	103	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5488	2,087,628
		June	104	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5457	2,075,504
		July	105	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5425	2,063,450
		August	106	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5393	2,051,466
		September	107	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5362	2,039,552
		October	108	4,138,534	80,582	4,219,116	225,866.67	189,566.67	3,803,682.65	0.5331	2,027,706
10		November	109	4,138,534	80,582	4,219,116	248,453.34	208,523.34	3,762,139.32	0.5300	1,993,912
		December	110	4,138,534	80,582	4,219,116	248,453.34	208,523.34	3,762,139.32	0.5269	1,982,332

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
	2031	January	111	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5239	1,978,390
		February	112	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5208	1,966,900
		March	113	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5178	1,955,477
		April	114	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5148	1,944,120
		May	115	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5118	1,932,829
		June	116	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5088	1,921,604
		July	117	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5059	1,910,443
		August	118	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5029	1,899,348
		September	119	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.5000	1,888,317
		October	120	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4971	1,877,350
11		November	121	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4942	1,866,447
		December	122	4,153,333	80,235	4,233,568	248,453.34	208,523.34	3,776,591.32	0.4913	1,855,607
	2032	January	123	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4885	1,855,394
		February	124	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4857	1,844,618
		March	125	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4828	1,833,905
		April	126	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4800	1,823,254
		May	127	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4772	1,812,665
		June	128	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4745	1,802,138
		July	129	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4717	1,791,671
		August	130	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4690	1,781,266
		September	131	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4663	1,770,921
		October	132	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4635	1,760,636

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
12		November	133	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4609	1,750,410
		December	134	4,168,141	87,051	4,255,192	248,453.34	208,523.34	3,798,215.32	0.4582	1,740,244
	2033	January	135	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4555	1,733,400
		February	136	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4529	1,723,333
		March	137	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4502	1,713,324
		April	138	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4476	1,703,373
		May	139	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4450	1,693,481
		June	140	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4424	1,683,645
		July	141	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4399	1,673,867
		August	142	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4373	1,664,146
		September	143	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4348	1,654,481
		October	144	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4322	1,644,872
13		November	145	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4297	1,635,319
		December	146	4,182,962	79,392	4,262,354	248,453.34	208,523.34	3,805,377.32	0.4272	1,625,822
	2034	January	147	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4248	1,622,468
		February	148	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4223	1,613,045
		March	149	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4198	1,603,677
		April	150	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4174	1,594,363
		May	151	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4150	1,585,104
		June	152	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4126	1,575,898
		July	153	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4102	1,566,746
		August	154	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4078	1,557,646

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		September	155	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4054	1,548,600
		October	156	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4031	1,539,606
14		November	157	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.4007	1,530,664
		December	158	4,197,795	78,894	4,276,689	248,453.34	208,523.34	3,819,712.32	0.3984	1,521,775
	2035	January	159	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3961	1,518,599
		February	160	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3938	1,509,780
		March	161	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3915	1,501,011
		April	162	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3892	1,492,294
		May	163	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3870	1,483,627
		June	164	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3847	1,475,011
		July	165	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3825	1,466,444
		August	166	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3803	1,457,927
		September	167	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3781	1,449,460
		October	168	4,212,644	78,342	4,290,986	248,453.34	208,523.34	3,834,009.32	0.3759	1,441,042
15		November	169	4,212,644	78,342	4,290,986	273,298.68	229,375.68	3,788,311.65	0.3737	1,415,597
		December	170	4,212,644	78,342	4,290,986	273,298.68	229,375.68	3,788,311.65	0.3715	1,407,375
	2036	January	171	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3693	1,404,469
		February	172	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3672	1,396,312
		March	173	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3651	1,388,202
		April	174	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3629	1,380,140
		May	175	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3608	1,372,125
		June	176	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3587	1,364,156

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease	Monthly Lease	Monthly Sublease	Monthly Rental Gain	Present Worth Factor	Present Worth of the Monthly Rental Gain
						(Php/mo.)	(Php/mo.)	(Php/mo.)	(Php/mo.)		(Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		July	177	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3567	1,356,233
		August	178	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3546	1,348,356
		September	179	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3525	1,340,525
		October	180	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3505	1,332,740
16		November	181	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3484	1,325,000
		December	182	4,227,508	77,738	4,305,246	273,298.68	229,375.68	3,802,571.65	0.3464	1,317,304
	2037	January	183	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3444	1,314,553
		February	184	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3424	1,306,918
		March	185	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3404	1,299,328
		April	186	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3384	1,291,782
		May	187	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3365	1,284,280
		June	188	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3345	1,276,821
		July	189	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3326	1,269,405
		August	190	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3307	1,262,033
		September	191	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3287	1,254,703
		October	192	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3268	1,247,416
17		November	193	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3249	1,240,172
		December	194	4,242,390	77,080	4,319,470	273,298.68	229,375.68	3,816,795.65	0.3230	1,232,969
	2038	January	195	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3212	1,230,365
		February	196	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3193	1,223,219
		March	197	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3174	1,216,115
		April	198	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3156	1,209,052

No. of Year	Year	Month	"n"	Fixed Sub-Lease	Variable Sub-lease	Monthly Sub-lease (Php/mo.)	Monthly Lease (Php/mo.)	Monthly Sublease (Php/mo.)	Monthly Rental Gain (Php/mo.)	Present Worth Factor	Present Worth of the Monthly Rental Gain (Php)
a	b	c	d	e	f	g = e + f	h	i	j = g - (h + i)	k	l
		May	199	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3138	1,202,030
		June	200	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3119	1,195,049
		July	201	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3101	1,188,109
		August	202	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3083	1,181,208
		September	203	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3065	1,174,348
		October	204	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3048	1,167,528
18		November	205	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3030	1,160,747
		December	206	4,257,291	76,366	4,333,657	273,298.68	229,375.68	3,830,982.65	0.3012	1,154,006
	2039	January	207	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2995	1,151,542
		February	208	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2977	1,144,854
		March	209	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2960	1,138,205
		April	210	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2943	1,131,595
		May	211	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2926	1,125,023
		June	212	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2909	1,118,489
		July	213	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2892	1,111,993
		August	214	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2875	1,105,535
		September	215	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2858	1,099,114
		October	216	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2842	1,092,731
19		November	217	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2825	1,086,384
		December	218	4,272,213	75,596	4,347,809	273,298.68	229,375.68	3,845,134.65	0.2809	1,080,075
	2040	January	219	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2793	1,077,745
		February	220	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2776	1,071,485

No. of Year	**Year**	**Month**	**"n"**	**Fixed Sub-Lease**	**Variable Sub-lease**	**Monthly Sub-lease**	**Monthly Lease**	**Monthly Sublease**	**Monthly Rental Gain**	**Present Worth Factor**	**Present Worth of the Monthly Rental Gain**
						(Php/mo.)	**(Php/mo.)**	**(Php/mo.)**	**(Php/mo.)**		**(Php)**
a	**b**	**c**	**d**	**e**	**f**	**g = e + f**	**h**	**i**	**j = g - (h + i)**	**k**	**l**
		March	221	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2760	1,065,262
		April	222	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2744	1,059,076
		May	223	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2728	1,052,925
		June	224	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2712	1,046,810
		July	225	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2697	1,040,730
		August	226	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2681	1,034,686
		September	227	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2665	1,028,677
		October	228	4,287,156	74,770	4,361,926	273,298.68	229,375.68	3,859,251.65	0.2650	1,022,702
						Present Worth of Rental Gain =				**Php**	**470,558,583**
						Less:	**Security Deposit**				
						Php	616,000	x	0.2650	= Php	163,240
						Php	517,000	x	0.2650	= Php	137,005
									Headleasehold Interest = Php		***470,258,338***
										Say = Php	***470,258,000***

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php470,258,000** for the **103,732-square meter** subject land area with remaining sublease life of 19 years based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE				
DIRECT CAPITALIZATION METHOD				
Land Area	103,732 sq.m.			
Rental Income on Year 1				
November to December 2021				
	Fixed Lease		Php	7,121860
	Variable Lease		Php	145,174
January to October 2022				
	Fixed Lease		Php	36,778,230
	Variable Lease		Php	1,086,108
			Gross Revenue - Php	**45,131,372**
Less:				
Lease on Land				
November to December 2021				755,333.36
January to October 2022				3,776,666.80
Total Lease on Land				4,532,000.16
			Net Income - Php	**40,599,371.84**
			Capitalized @5.63%	**Php721,125,610**
			Leased Fee Estate (land and solar power plant)	**Php721,126,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Armenia
Tarlac City, Tarlac

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-002DR**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR TARLAC 1, INC (formerly NV VOGT Philippines Solar Energy Three, Inc.) (Lessee),** for the purpose of expressing an opinion on the ***lease fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the Leased Fee Estate of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** located **within Barangay Armenia, Tarlac City, Tarlac.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property (proposed solar power plant) appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***687,161,000***
By Direct Capitalization Method	***899,472,000***

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

Carmela Torbela

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number: 0004270
Valid Until: 10/04/2022
IPREA Membership No. 181001
PTR No. 3883178C
05 January 2021
City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-002DR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-002DR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Armenia, Tarlac City, Tarlac. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is located **on the northeast side of an existing road, within Barangay Armenia, Tarlac City, Tarlac.**

The land in its entirety is just opposite to Philmico Farm 2, approximately 510 meters east from Cojuangco Road; 1.0 kilometer southeast from Anfen Inc. Poultry Dressing Plant; 1.15 kilometers south from Philmico Farm 9 & 10; 1.23 kilometers east from Cojuangco Road; and about 8.22 kilometers northeast from the corner of O Donnell and Cojuangco Roads.

The existing road is 8 meters wide and macadam.

The orientation of the site, as inspected, appears to conform with the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is for mixed residential, agro-industrial (poultry and piggery) and agricultural use.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 20 meters and partly lighted with streetlamps.

Some of the important improvements in the vicinity are:

Anfen Inc. Poultry Dressing Plant
Pilmico Animal Nutrition Corporation GrowFin Farm 9 and 10
Pilmico Animal Nutrition Corporation Layer Farm
Pilmico Animal Nutrition Corporation Breeder 2 and Rearing Farms
Pilmico Animal Nutrition Corporation Offsite Nursery 2
San Jose Swine

Robinsons Place Luisita and Puregold Supermarket serve the commercial and marketing needs of the residents in the area. These are accessible from Cojuangco Road by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities can be made available at the site.

Public transportation connecting to various sections of Tarlac City, Tarlac and its nearby towns is available along Cojuangco Road which is approximately 510 meters from the property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

The land consists of eleven (11) contiguous lots, containing an aggregate total area of 138,164 square meters, technically identified as follows:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
F	Psd-03-143449 (AR)	043-2016009321	21,500
G	Psd-03-143449 (AR)	043-2016009322	13,723
H	Psd-03-143449 (AR)	043-2016009323	3,298
I	Psd-03-143449 (AR)	043-2016009324	13,560
J	Psd-03-143449 (AR)	043-2021003834	2,866
K	Psd-03-143449 (AR)	043-2016009326	24,846
L	Psd-03-143449 (AR)	043-2016009327	17,738
M	Psd-03-143449 (AR)	043-2016009328	17,738
N	Psd-03-143449 (AR)	043-2016009330	11,864
O	Psd-03-143449 (AR)	043-2016009329	5,154
P	Psd-03-143449 (AR)	043-2016009331	5,877
		Total -	**138,164 sq.m.**

All certificates of title except TCT No. 043-2021003834 were issued by the Registry of Deeds for the Province of Tarlac in favor of the **NV VOGT PHILIPPINES SOLAR ENERGY THREE, INC.**

TCT No. 043-2021003834 was issued by the Registry of Deeds for the Province of Tarlac in favor of the **CITICORE RENEWABLE ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on the technical descriptions provided to us by the client. As shown, the land has an irregular in shape with a frontage of 345.12 meters on the existing road.

The terrain of the land is flat. Its elevation is slightly below the grade of the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Based on the Deed of Assignment furnished us by the client made and executed by and between **NV VOGT PHILIPPINES SOLAR ENERGY THREE, INC. (Transferor)** and **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Transferee)** and the Deed of Assignment made and executed by and between **CITICORE RENEWABLE ENERGY CORPORATION (Transferor)** and **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Transferee),** the transferors is the absolute owner of the parcels of land and agree to assign the property to the transferee.

Government Assessment

BIR Zonal Value of Real Property within Barangay Armenia, Tarlac City, Tarlac as per Department Order No. 015-2020, effective as of 04 July 2020:

Street/Subdivision Name	**Vicinity**	**Classification**	**2nd Revision Zonal Value (Php/sq.m.)**
All Lots		Residential	608.00
		Riceland Irrigated	82.00
		Riceland Unirrigated	55.00
		Pasture Land	33.00
	Agro-Livestock	Other Agricultural Land	225.00
		Other Agricultural Land	34.00

VI. LEASE CONTRACT

Based on the documents furnished to us by the client, a Contract of Lease was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR TARLAC 1, INC (formerly NV VOGT Philippines Solar Energy Three, Inc.) (Lessee)**

Silent features of the Lease Contract are as follows

1. The land has an area of 13.8164 hectares or 138,164 square meters.

2. The agreement shall be for a period of twenty five (25) years commencing on 01 November 2021 up to 31 October 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

3. Lease rates (fixed and variable lease) were based on the lease contracts provided by the client.

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity’s stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals.

Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

NPV = [¦FVt / (1 + i)t] - I0

The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Land

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Land Value

For purposes of comparison, the market data on the next page are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *800,000 square meters*, located *along a road, within Barangay Armenia, Tarlac City, Tarlac* is being offered for sale by *Ms. Glenndie Rivera (Contact No. 0908-8961940)* at an asking price of **Php350 per square meter.**

2. Currently, a property having an area of *100,000 square meters*, located *along a Barangay Road (near Philimico Farm 2), within Barangay Aramenia, Tarlac City, Tarlac* is being offered for sale through *My Saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-3053595, 0998-5486952, 0917-5832561 and 046-4163209)* at an asking price of **Php500 per square meter.**

3. Currently, a property having an area of *190,000 square meters*, located *along Conjuangco Road, Barangay Armenia, Tarlac City, Tarlac* is offered for sale through *My saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927; 0917-305-3595; 0998-548-6952; 0917-583-2561 and 046-416-3209)* at an asking price of **Php450 per square meter.**

Comparative Analysis = Area = 138,164 sq.m.

Factors affecting Value	**Comparables**		
	1 **800,000 sq.m.** **@Php350/sq.m.**	**2** **100,000 sq.m,** **@Php500/sq.m.**	**3** **190,000 sq.m.** **@Php450/sq.m.**
External Factor	-10%	-10%	-10%
Net Price (Php/sq.m.)	315	450	405
Internal Factor			
Location (influent road frontage)	0%	0%	-5%
Size	+15%	+5%	+5%
Use	+10%	+10%	+10%
Time Element	0%	0%	0%
Algebraic Sum of Internal Factor	+25%	+15%	+10%
Computed Value (Php/sq.m.)	394	518	446

Market Value = (Php394/sq.m. + Php518/sq.m. + Php446/sq.m.)/3 = Php452/sq.m.
Say – Php450 per square meter

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land are estimated at **Php450 per square meter** or a total value of **Php62,173,800** for the entire **138,164**-**square meter** subject land total area.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
Unexpired (30 June 2021 to 31 October 2046)								
1		November	1	4,097,517	55,193	4,152,711	0.9942	4,128,593
		December	2	4,097,517	55,193	4,152,711	0.9884	4,104,615
	2022	January	3	4,202,271	31,201	4,233,473	0.9827	4,160,139
		February	4	4,202,271	31,201	4,233,473	0.9770	4,135,978
		March	5	4,202,271	31,201	4,233,473	0.9713	4,111,957
		April	6	4,202,271	31,201	4,233,473	0.9657	4,088,076
		May	7	4,202,271	31,201	4,233,473	0.9600	4,064,333
		June	8	4,202,271	31,201	4,233,473	0.9545	4,040,728
		July	9	4,202,271	31,201	4,233,473	0.9489	4,017,261
		August	10	4,202,271	31,201	4,233,473	0.9434	3,993,929
		October	11	4,202,271	31,201	4,233,473	0.9379	3,970,734
		September	12	4,202,271	31,201	4,233,473	0.9325	3,947,672
2		November	13	4,202,271	31,201	4,233,473	0.9271	3,924,745
		December	14	4,202,271	31,201	4,233,473	0.9217	3,901,951
	2023	January	15	4,686,530	30,981	4,717,510	0.9163	4,322,832
		February	16	4,686,530	30,981	4,717,510	0.9110	4,297,726
		March	17	4,686,530	30,981	4,717,510	0.9057	4,272,765
		April	18	4,686,530	30,981	4,717,510	0.9005	4,247,950
		May	19	4,686,530	30,981	4,717,510	0.8952	4,223,279
		June	20	4,686,530	30,981	4,717,510	0.8900	4,198,751
		July	21	4,686,530	30,981	4,717,510	0.8849	4,174,366
		August	22	4,686,530	30,981	4,717,510	0.8797	4,150,122
		September	23	4,686,530	30,981	4,717,510	0.8746	4,126,019
		October	24	4,686,530	30,981	4,717,510	0.8695	4,102,056

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
3		November	25	4,686,530	30,981	4,717,510	0.8645	4,078,232
		December	26	4,686,530	30,981	4,717,510	0.8595	4,054,547
	2024	January	27	4,686,177	33,391	4,719,568	0.8545	4,032,757
		February	28	4,686,177	33,391	4,719,568	0.8495	4,009,336
		March	29	4,686,177	33,391	4,719,568	0.8446	3,986,050
		April	30	4,686,177	33,391	4,719,568	0.8397	3,962,900
		May	31	4,686,177	33,391	4,719,568	0.8348	3,939,885
		June	32	4,686,177	33,391	4,719,568	0.8299	3,917,003
		July	33	4,686,177	33,391	4,719,568	0.8251	3,894,254
		August	34	4,686,177	33,391	4,719,568	0.8203	3,871,637
		September	35	4,686,177	33,391	4,719,568	0.8156	3,849,151
		October	36	4,686,177	33,391	4,719,568	0.8108	3,826,796
4		November	37	4,686,177	33,391	4,719,568	0.8061	3,804,571
		December	38	4,686,177	33,391	4,719,568	0.8014	3,782,475
	2025	January	39	4,703,687	30,494	4,734,181	0.7968	3,772,151
		February	40	4,703,687	30,494	4,734,181	0.7922	3,750,243
		March	41	4,703,687	30,494	4,734,181	0.7876	3,728,462
		April	42	4,703,687	30,494	4,734,181	0.7830	3,706,808
		May	43	4,703,687	30,494	4,734,181	0.7784	3,685,280
		June	44	4,703,687	30,494	4,734,181	0.7739	3,663,877
		July	45	4,703,687	30,494	4,734,181	0.7694	3,642,598
		August	46	4,703,687	30,494	4,734,181	0.7650	3,621,442
		September	47	4,703,687	30,494	4,734,181	0.7605	3,600,410
		October	48	4,703,687	30,494	4,734,181	0.7561	3,579,499
5		November	49	4,703,687	30,494	4,734,181	0.7517	3,558,710
		December	50	4,703,687	30,494	4,734,181	0.7473	3,538,042

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2026	January	51	4,721,216	30,229	4,751,444	0.7430	3,530,321
		February	52	4,721,216	30,229	4,751,444	0.7387	3,509,818
		March	53	4,721,216	30,229	4,751,444	0.7344	3,489,433
		April	54	4,721,216	30,229	4,751,444	0.7301	3,469,167
		May	55	4,721,216	30,229	4,751,444	0.7259	3,449,019
		June	56	4,721,216	30,229	4,751,444	0.7217	3,428,988
		July	57	4,721,216	30,229	4,751,444	0.7175	3,409,073
		August	58	4,721,216	30,229	4,751,444	0.7133	3,389,274
		September	59	4,721,216	30,229	4,751,444	0.7092	3,369,590
		October	60	4,721,216	30,229	4,751,444	0.7051	3,350,020
6		November	61	4,721,216	30,229	4,751,444	0.7010	3,330,564
		December	62	4,721,216	30,229	4,751,444	0.6969	3,311,221
	2027	January	63	4,738,766	29,948	4,768,714	0.6928	3,303,956
		February	64	4,738,766	29,948	4,768,714	0.6888	3,284,767
		March	65	4,738,766	29,948	4,768,714	0.6848	3,265,690
		April	66	4,738,766	29,948	4,768,714	0.6808	3,246,723
		May	67	4,738,766	29,948	4,768,714	0.6769	3,227,867
		June	68	4,738,766	29,948	4,768,714	0.6730	3,209,120
		July	69	4,738,766	29,948	4,768,714	0.6690	3,190,483
		August	70	4,738,766	29,948	4,768,714	0.6652	3,171,953
		September	71	4,738,766	29,948	4,768,714	0.6613	3,153,531
		October	72	4,738,766	29,948	4,768,714	0.6575	3,135,216
7		November	73	4,738,766	29,948	4,768,714	0.6536	3,117,007
		December	74	4,738,766	29,948	4,768,714	0.6498	3,098,905
	2028	January	75	4,756,340	32,255	4,788,595	0.6461	3,093,751
		February	76	4,756,340	32,255	4,788,595	0.6423	3,075,783

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		March	77	4,756,340	32,255	4,788,595	0.6386	3,057,920
		April	78	4,756,340	32,255	4,788,595	0.6349	3,040,160
		May	79	4,756,340	32,255	4,788,595	0.6312	3,022,504
		June	80	4,756,340	32,255	4,788,595	0.6275	3,004,949
		July	81	4,756,340	32,255	4,788,595	0.6239	2,987,497
		August	82	4,756,340	32,255	4,788,595	0.6203	2,970,147
		September	83	4,756,340	32,255	4,788,595	0.6167	2,952,897
		October	84	4,756,340	32,255	4,788,595	0.6131	2,935,747
8		November	85	4,756,340	32,255	4,788,595	0.6095	2,918,697
		December	86	4,756,340	32,255	4,788,595	0.6060	2,901,746
	2029	January	87	4,773,939	29,342	4,803,281	0.6025	2,893,741
		February	88	4,773,939	29,342	4,803,281	0.5990	2,876,935
		March	89	4,773,939	29,342	4,803,281	0.5955	2,860,226
		April	90	4,773,939	29,342	4,803,281	0.5920	2,843,615
		May	91	4,773,939	29,342	4,803,281	0.5886	2,827,099
		June	92	4,773,939	29,342	4,803,281	0.5852	2,810,680
		July	93	4,773,939	29,342	4,803,281	0.5818	2,794,357
		August	94	4,773,939	29,342	4,803,281	0.5784	2,778,128
		September	95	4,773,939	29,342	4,803,281	0.5750	2,761,993
		October	96	4,773,939	29,342	4,803,281	0.5717	2,745,952
9		November	97	4,773,939	29,342	4,803,281	0.5684	2,730,004
		December	98	4,773,939	29,342	4,803,281	0.5651	2,714,149
	2030	January	99	4,791,565	29,018	4,820,582	0.5618	2,708,105
		February	100	4,791,565	29,018	4,820,582	0.5585	2,692,377
		March	101	4,791,565	29,018	4,820,582	0.5553	2,676,740
		April	102	4,791,565	29,018	4,820,582	0.5520	2,661,194

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	103	4,791,565	29,018	4,820,582	0.5488	2,645,739
		June	104	4,791,565	29,018	4,820,582	0.5457	2,630,373
		July	105	4,791,565	29,018	4,820,582	0.5425	2,615,096
		August	106	4,791,565	29,018	4,820,582	0.5393	2,599,908
		September	107	4,791,565	29,018	4,820,582	0.5362	2,584,809
		October	108	4,791,565	29,018	4,820,582	0.5331	2,569,797
10		November	109	4,791,565	29,018	4,820,582	0.5300	2,554,872
		December	110	4,791,565	29,018	4,820,582	0.5269	2,540,034
	2031	January	111	4,809,219	28,678	4,837,897	0.5239	2,534,352
		February	112	4,809,219	28,678	4,837,897	0.5208	2,519,633
		March	113	4,809,219	28,678	4,837,897	0.5178	2,505,000
		April	114	4,809,219	28,678	4,837,897	0.5148	2,490,451
		May	115	4,809,219	28,678	4,837,897	0.5118	2,475,987
		June	116	4,809,219	28,678	4,837,897	0.5088	2,461,607
		July	117	4,809,219	28,678	4,837,897	0.5059	2,447,311
		August	118	4,809,219	28,678	4,837,897	0.5029	2,433,098
		September	119	4,809,219	28,678	4,837,897	0.5000	2,418,967
		October	120	4,809,219	28,678	4,837,897	0.4971	2,404,918
11		November	121	4,809,219	28,678	4,837,897	0.4942	2,390,951
		December	122	4,809,219	28,678	4,837,897	0.4913	2,377,065
	2032	January	123	4,826,905	30,882	4,857,787	0.4885	2,372,975
		February	124	4,826,905	30,882	4,857,787	0.4857	2,359,193
		March	125	4,826,905	30,882	4,857,787	0.4828	2,345,492
		April	126	4,826,905	30,882	4,857,787	0.4800	2,331,870
		May	127	4,826,905	30,882	4,857,787	0.4772	2,318,327
		June	128	4,826,905	30,882	4,857,787	0.4745	2,304,862

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		July	129	4,826,905	30,882	4,857,787	0.4717	2,291,476
		August	130	4,826,905	30,882	4,857,787	0.4690	2,278,168
		September	131	4,826,905	30,882	4,857,787	0.4662	2,264,937
		October	132	4,826,905	30,882	4,857,787	0.4635	2,251,783
12		November	133	4,826,905	30,882	4,857,787	0.4608	2,238,705
		December	134	4,826,905	30,882	4,857,787	0.4582	2,225,703
	2033	January	135	4,844,623	27,955	4,872,578	0.4555	2,219,514
		February	136	4,844,623	27,955	4,872,578	0.4529	2,206,624
		March	137	4,844,623	27,955	4,872,578	0.4502	2,193,808
		April	138	4,844,623	27,955	4,872,578	0.4476	2,181,067
		May	139	4,844,623	27,955	4,872,578	0.4450	2,168,400
		June	140	4,844,623	27,955	4,872,578	0.4424	2,155,806
		July	141	4,844,623	27,955	4,872,578	0.4399	2,143,286
		August	142	4,844,623	27,955	4,872,578	0.4373	2,130,838
		September	143	4,844,623	27,955	4,872,578	0.4348	2,118,463
		October	144	4,844,623	27,955	4,872,578	0.4322	2,106,159
13		November	145	4,844,623	27,955	4,872,578	0.4297	2,093,927
		December	146	4,844,623	27,955	4,872,578	0.4272	2,081,766
	2034	January	147	4,862,376	27,572	4,889,948	0.4248	2,077,053
		February	148	4,862,376	27,572	4,889,948	0.4223	2,064,990
		March	149	4,862,376	27,572	4,889,948	0.4198	2,052,997
		April	150	4,862,376	27,572	4,889,948	0.4174	2,041,074
		May	151	4,862,376	27,572	4,889,948	0.4150	2,029,220
		June	152	4,862,376	27,572	4,889,948	0.4126	2,017,435
		July	153	4,862,376	27,572	4,889,948	0.4102	2,005,718

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		August	154	4,862,376	27,572	4,889,948	0.4078	1,994,069
		September	155	4,862,376	27,572	4,889,948	0.4054	1,982,488
		October	156	4,862,376	27,572	4,889,948	0.4031	1,970,974
14		November	157	4,862,376	27,572	4,889,948	0.4007	1,959,527
		December	158	4,862,376	27,572	4,889,948	0.3984	1,948,147
	2035	January	159	4,880,166	27,174	4,907,340	0.3961	1,943,721
		February	160	4,880,166	27,174	4,907,340	0.3938	1,932,432
		March	161	4,880,166	27,174	4,907,340	0.3915	1,921,209
		April	162	4,880,166	27,174	4,907,340	0.3892	1,910,051
		May	163	4,880,166	27,174	4,907,340	0.3870	1,898,958
		June	164	4,880,166	27,174	4,907,340	0.3847	1,887,929
		July	165	4,880,166	27,174	4,907,340	0.3825	1,876,965
		August	166	4,880,166	27,174	4,907,340	0.3803	1,866,064
		September	167	4,880,166	27,174	4,907,340	0.3781	1,855,226
		October	168	4,880,166	27,174	4,907,340	0.3759	1,844,451
15		November	169	4,880,166	27,174	4,907,340	0.3737	1,833,739
		December	170	4,880,166	27,174	4,907,340	0.3715	1,823,089
	2036	January	171	4,897,994	26,762	4,924,757	0.3693	1,818,934
		February	172	4,897,994	26,762	4,924,757	0.3672	1,808,370
		March	173	4,897,994	26,762	4,924,757	0.3651	1,797,867
		April	174	4,897,994	26,762	4,924,757	0.3629	1,787,426
		May	175	4,897,994	26,762	4,924,757	0.3608	1,777,045
		June	176	4,897,994	26,762	4,924,757	0.3587	1,766,724
		July	177	4,897,994	26,762	4,924,757	0.3567	1,756,463
		August	178	4,897,994	26,762	4,924,757	0.3546	1,746,262
		September	179	4,897,994	26,762	4,924,757	0.3525	1,736,120

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		October	180	4,897,994	26,762	4,924,757	0.3505	1,726,037
16		November	181	4,897,994	26,762	4,924,757	0.3484	1,716,013
		December	182	4,897,994	26,762	4,924,757	0.3464	1,706,047
	2037	January	183	4,915,864	26,336	4,942,199	0.3444	1,702,146
		February	184	4,915,864	26,336	4,942,199	0.3424	1,692,260
		March	185	4,915,864	26,336	4,942,199	0.3404	1,682,432
		April	186	4,915,864	26,336	4,942,199	0.3384	1,672,661
		May	187	4,915,864	26,336	4,942,199	0.3365	1,662,946
		June	188	4,915,864	26,336	4,942,199	0.3345	1,653,288
		July	189	4,915,864	26,336	4,942,199	0.3326	1,643,686
		August	190	4,915,864	26,336	4,942,199	0.3307	1,634,140
		September	191	4,915,864	26,336	4,942,199	0.3287	1,624,650
		October	192	4,915,864	26,336	4,942,199	0.3268	1,615,214
17		November	193	4,915,864	26,336	4,942,199	0.3249	1,605,833
		December	194	4,915,864	26,336	4,942,199	0.3230	1,596,507
	2038	January	195	4,933,775	25,895	4,959,671	0.3212	1,592,846
		February	196	4,933,775	25,895	4,959,671	0.3193	1,583,595
		March	197	4,933,775	25,895	4,959,671	0.3174	1,574,398
		April	198	4,933,775	25,895	4,959,671	0.3156	1,565,254
		May	199	4,933,775	25,895	4,959,671	0.3138	1,556,163
		June	200	4,933,775	25,895	4,959,671	0.3119	1,547,125
		July	201	4,933,775	25,895	4,959,671	0.3101	1,538,140
		August	202	4,933,775	25,895	4,959,671	0.3083	1,529,207
		September	203	4,933,775	25,895	4,959,671	0.3065	1,520,326
		October	204	4,933,775	25,895	4,959,671	0.3048	1,511,496
18		November	205	4,933,775	25,895	4,959,671	0.3030	1,502,718

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		December	206	4,933,775	25,895	4,959,671	0.3012	1,493,990
	2039	January	207	4,951,732	25,440	4,977,173	0.2995	1,490,555
		February	208	4,951,732	25,440	4,977,173	0.2977	1,481,898
		March	209	4,951,732	25,440	4,977,173	0.2960	1,473,291
		April	210	4,951,732	25,440	4,977,173	0.2943	1,464,735
		May	211	4,951,732	25,440	4,977,173	0.2926	1,456,228
		June	212	4,951,732	25,440	4,977,173	0.2909	1,447,771
		July	213	4,951,732	25,440	4,977,173	0.2892	1,439,362
		August	214	4,951,732	25,440	4,977,173	0.2875	1,431,003
		September	215	4,951,732	25,440	4,977,173	0.2858	1,422,692
		October	216	4,951,732	25,440	4,977,173	0.2842	1,414,429
19		November	217	4,951,732	25,440	4,977,173	0.2825	1,406,214
		December	218	4,951,732	25,440	4,977,173	0.2809	1,398,048
	2040	January	219	4,969,736	24,972	4,994,707	0.2793	1,394,825
		February	220	4,969,736	24,972	4,994,707	0.2776	1,386,724
		March	221	4,969,736	24,972	4,994,707	0.2760	1,378,670
		April	222	4,969,736	24,972	4,994,707	0.2744	1,370,663
		May	223	4,969,736	24,972	4,994,707	0.2728	1,362,703
		June	224	4,969,736	24,972	4,994,707	0.2712	1,354,788
		July	225	4,969,736	24,972	4,994,707	0.2697	1,346,920
		August	226	4,969,736	24,972	4,994,707	0.2681	1,339,097
		September	227	4,969,736	24,972	4,994,707	0.2665	1,331,320
		October	228	4,969,736	24,972	4,994,707	0.2650	1,323,588
20		November	229	4,969,736	24,972	4,994,707	0.2635	1,315,901
		December	230	4,969,736	24,972	4,994,707	0.2619	1,308,259

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2041	January	231	4,987,788	24,489	5,012,277	0.2604	1,305,236
		February	232	4,987,788	24,489	5,012,277	0.2589	1,297,655
		March	233	4,987,788	24,489	5,012,277	0.2574	1,290,119
		April	234	4,987,788	24,489	5,012,277	0.2559	1,282,626
		May	235	4,987,788	24,489	5,012,277	0.2544	1,275,177
		June	236	4,987,788	24,489	5,012,277	0.2529	1,267,771
		July	237	4,987,788	24,489	5,012,277	0.2515	1,260,408
		August	238	4,987,788	24,489	5,012,277	0.2500	1,253,088
		September	239	4,987,788	24,489	5,012,277	0.2486	1,245,810
		October	240	4,987,788	24,489	5,012,277	0.2471	1,238,575
21		November	241	4,987,788	24,489	5,012,277	0.2457	1,231,382
		December	242	4,987,788	24,489	5,012,277	0.2442	1,224,230
	2042	January	243	5,017,397	23,991	5,041,388	0.2428	1,224,189
		February	244	5,017,397	23,991	5,041,388	0.2414	1,217,079
		March	245	5,017,397	23,991	5,041,388	0.2400	1,210,011
		April	246	5,017,397	23,991	5,041,388	0.2386	1,202,983
		May	247	5,017,397	23,991	5,041,388	0.2372	1,195,997
		June	248	5,017,397	23,991	5,041,388	0.2359	1,189,050
		July	249	5,017,397	23,991	5,041,388	0.2345	1,182,145
		August	250	5,017,397	23,991	5,041,388	0.2331	1,175,279
		September	251	5,017,397	23,991	5,041,388	0.2318	1,168,453
		October	252	5,017,397	23,991	5,041,388	0.2304	1,161,667
22		November	253	5,017,397	23,991	5,041,388	0.2291	1,154,921
		December	254	5,017,397	23,991	5,041,388	0.2278	1,148,213
	2043	January	255	5,033,218	23,480	5,056,698	0.2264	1,145,011
		February	256	5,033,218	23,480	5,056,698	0.2251	1,138,361

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		March	257	5,033,218	23,480	5,056,698	0.2238	1,131,750
		April	258	5,033,218	23,480	5,056,698	0.2225	1,125,177
		May	259	5,033,218	23,480	5,056,698	0.2212	1,118,642
		June	260	5,033,218	23,480	5,056,698	0.2199	1,112,145
		July	261	5,033,218	23,480	5,056,698	0.2187	1,105,686
		August	262	5,033,218	23,480	5,056,698	0.2174	1,099,265
		September	263	5,033,218	23,480	5,056,698	0.2161	1,092,880
		October	264	5,033,218	23,480	5,056,698	0.2149	1,086,533
23		November	265	5,033,218	23,480	5,056,698	0.2136	1,080,223
		December	266	5,033,218	23,480	5,056,698	0.2124	1,073,949
	2044	January	267	5,049,094	22,955	5,072,049	0.2111	1,070,953
		February	268	5,049,094	22,955	5,072,049	0.2099	1,064,733
		March	269	5,049,094	22,955	5,072,049	0.2087	1,058,550
		April	270	5,049,094	22,955	5,072,049	0.2075	1,052,402
		May	271	5,049,094	22,955	5,072,049	0.2063	1,046,290
		June	272	5,049,094	22,955	5,072,049	0.2051	1,040,213
		July	273	5,049,094	22,955	5,072,049	0.2039	1,034,172
		August	274	5,049,094	22,955	5,072,049	0.2027	1,028,166
		September	275	5,049,094	22,955	5,072,049	0.2015	1,022,194
		October	276	5,049,094	22,955	5,072,049	0.2004	1,016,257
24		November	277	5,049,094	22,955	5,072,049	0.1992	1,010,355
		December	278	5,049,094	22,955	5,072,049	0.1980	1,004,487
	2045	January	279	5,065,027	22,417	5,087,444	0.1969	1,001,685
		February	280	5,065,027	22,417	5,087,444	0.1957	995,867
		March	281	5,065,027	22,417	5,087,444	0.1946	990,083
		April	282	5,065,027	22,417	5,087,444	0.1935	984,333

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	283	5,065,027	22,417	5,087,444	0.1924	978,616
		June	284	5,065,027	22,417	5,087,444	0.1912	972,933
		July	285	5,065,027	22,417	5,087,444	0.1901	967,282
		August	286	5,065,027	22,417	5,087,444	0.1890	961,664
		September	287	5,065,027	22,417	5,087,444	0.1879	956,079
		October	288	5,065,027	22,417	5,087,444	0.1868	950,527
25		November	289	5,065,027	22,417	5,087,444	0.1858	945,006
		December	290	5,065,027	22,417	5,087,444	0.1847	939,518
		January	291	5,081,021	21,864	5,102,885	0.1836	936,896
		February	292	5,081,021	21,864	5,102,885	0.1825	931,455
		March	293	5,081,021	21,864	5,102,885	0.1815	926,045
		April	294	5,081,021	21,864	5,102,885	0.1804	920,667
		May	295	5,081,021	21,864	5,102,885	0.1794	915,320
		June	296	5,081,021	21,864	5,102,885	0.1783	910,004
		July	297	5,081,021	21,864	5,102,885	0.1773	904,719
		August	298	5,081,021	21,864	5,102,885	0.1763	899,465
		September	299	5,081,021	21,864	5,102,885	0.1752	894,241
		October	300	5,081,021	21,864	5,102,885	0.1742	889,047
					Present Worth of the Unexpired Contract Rent =			**Php676,579,061**

Indicated Value on the Leased Fee Estate is computed as follows:

Lessor's Interest:

Present Worth of the Unexpired Contract Rent	Php676,579,061
Plus: Reversionary Value of the Land	
Market Value of the Land x Present Worth Factor	
138,164 sq.m. x Php450/sq.m. x 0.1702	Php10,581,981
Leased Fee Estate -	***Php687,161,041***
Say -	***Php687,161,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area	138,164 sq.m.		
Rental Income on Year 1			
November to December 2021			
	Fixed Lease	Php	8,195,035
	Variable Lease	Php	110,387
January to October 2022			
	Fixed Lease	Php	42,022,714
	Variable Lease	Php	312,111
		Net Income - Php	**50,640,247**
		Capitalized @5.63%	**Php899,471,528**
		Leased Fee Estate (land and solar power plant)	**Php899,472,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Calumpang
Mabalacat City, Pampanga

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-003B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE RENEWABLE ENERGY CORP. (Lessee),** for the purpose of expressing an opinion on the ***lease fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the Leased Fee Estate of the **CITICORE ENERGY REIT CORPORATION (CREIT)** on the **land,** located **within Barangay Calumpang, Mabalacat City, Pampanga.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Highest and best use of the property; and

Provision of the lease agreement.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

	Leased Fee Estate (Php)
By Discounted Cash Flow	***3,101,864,000***
By Direct Capitalization Method	***4,945,073,000***

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number: 0004270
Valid Until: 10/04/2022
IPREA Membership No. 181001
PTR No. 3883178C
05 January 2021
City of Bacoor

RDM; lpg

CAI File No. 02-2021-0140-003B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-003B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Calumpang, Mabalacat City, Pampanga. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

The appraised property is ***identified as the site of Citicore Clark Solar Power Plant***, located **on the northeast corner of Clark Airport Road and Prince Balagtas Avenue within Barangay Calumpang, Mabalacat City, Pampanga.**

The property is located approximately 150 meters southwest from Clark Development Corporation Sub-station; 1.14 kilometers southwest from Subic-Clark-Tarlac Expressway (S-CTEX); 2.3 kilometers northeast from Sacobia River Bridge; and about 3.0 kilometers northeast from the corner of Prince Balagtas and Panday Pira Avenues.

Prince Balagtas Avenue is 30 meters wide, 8 meters, concreted with asphalt on top and provided with earth aggregate shoulders and open canal, While, Clark Airport Road is 20 meters wide and still on-going construction.

The configuration of the site, as inspected, appears to conform with the lot plan as plotted based on the technical descriptions appearing in the titles furnished by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically commercial, industrial, agricultural and residential.

Generally, the streets in the neighborhood follow a gridiron pattern designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are either concreted or asphalted with widths ranging from 20 to 50 meters and lighted with streetlamps.

Some of the important improvements/development in the vicinity are --

Clark Development Corporation Sub-station
Macapagal Village
Clark International Speedway
Ingasco Plant
Phoenix Semiconductor Philippines Corporation
Nayon Pilipino sa Clark and CAB Elephant Cage
Marcos Village
The Villages

SM City–Clark and Robinsons Supermarket – Mabalacat serve as the commercial and shopping center of the residents in the area. Both are accessible from MacArthur Highway by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the property.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the site.

Public transportation connecting to various sections of Mabalacat City, Pampanga and its nearby towns is available along Prince Balagtas Avenue where the property fronts. Road lights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government Clark Development Corporation Authority.

V. LEASE CONTRACT

Based on the documents furnished to us by the client, a Contract of Lease was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE RENEWABLE ENERGY CORP. (Lessee)**

Silent features of the Lease Contract are as follows

1. Lease rates and remaining lease period (fixed and variable lease) were based on the lease contracts provided by the client.

2. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VI. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

2. Estimation of an appropriate discount rate; and
3. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

2. The remaining life of contract of lease is 18.25 years; and

3. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
Unexpired (31 October 2021 to 30 September 2039)								
1		November	1	21,408,695	962,628	22,371,323	0.9942	22,241,395
		December	2	21,408,695	962,628	22,371,323	0.9884	22,112,222
	2022	January	3	22,180,645	988,209	23,168,854	0.9827	22,767,515
		February	4	22,180,645	988,209	23,168,854	0.9770	22,635,287
		March	5	22,180,645	988,209	23,168,854	0.9713	22,503,826
		April	6	22,180,645	988,209	23,168,854	0.9657	22,373,129
		May	7	22,180,645	988,209	23,168,854	0.9600	22,243,191
		June	8	22,180,645	988,209	23,168,854	0.9545	22,114,008
		July	9	22,180,645	988,209	23,168,854	0.9489	21,985,574
		August	10	22,180,645	988,209	23,168,854	0.9434	21,857,887
		September	11	22,180,645	988,209	23,168,854	0.9379	21,730,942
		October	12	22,180,645	988,209	23,168,854	0.9325	21,604,733
2		November	13	22,180,645	988,209	23,168,854	0.9271	21,479,258
		December	14	22,180,645	988,209	23,168,854	0.9217	21,354,511
	2023	January	15	22,092,514	982,921	23,075,435	0.9163	21,144,886
		February	16	22,092,514	982,921	23,075,435	0.9110	21,022,081
		March	17	22,092,514	982,921	23,075,435	0.9057	20,899,990
		April	18	22,092,514	982,921	23,075,435	0.9005	20,778,608
		May	19	22,092,514	982,921	23,075,435	0.8952	20,657,930
		June	20	22,092,514	982,921	23,075,435	0.8900	20,537,954
		July	21	22,092,514	982,921	23,075,435	0.8849	20,418,674
		August	22	22,092,514	982,921	23,075,435	0.8797	20,300,087
		September	23	22,092,514	982,921	23,075,435	0.8746	20,182,189
		October	24	22,092,514	982,921	23,075,435	0.8695	20,064,975
3		November	25	22,092,514	982,921	23,075,435	0.8645	19,948,442
		December	26	22,092,514	982,921	23,075,435	0.8595	19,832,586
	2024	January	27	22,460,670	1,034,072	23,494,742	0.8545	20,075,690
		February	28	22,460,670	1,034,072	23,494,742	0.8495	19,959,095
		March	29	22,460,670	1,034,072	23,494,742	0.8446	19,843,177
		April	30	22,460,670	1,034,072	23,494,742	0.8397	19,727,933
		May	31	22,460,670	1,034,072	23,494,742	0.8348	19,613,357

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		June	32	22,460,670	1,034,072	23,494,742	0.8299	19,499,447
		July	33	22,460,670	1,034,072	23,494,742	0.8251	19,386,199
		August	34	22,460,670	1,034,072	23,494,742	0.8203	19,273,608
		September	35	22,460,670	1,034,072	23,494,742	0.8156	19,161,672
		October	36	22,460,670	1,034,072	23,494,742	0.8108	19,050,385
4		November	37	22,460,670	1,034,072	23,494,742	0.8061	18,939,745
		December	38	22,460,670	1,034,072	23,494,742	0.8014	18,829,747
	2025	January	39	22,861,455	1,011,028	23,872,484	0.7968	19,021,369
		February	40	22,861,455	1,011,028	23,872,484	0.7922	18,910,898
		March	41	22,861,455	1,011,028	23,872,484	0.7876	18,801,067
		April	42	22,861,455	1,011,028	23,872,484	0.7830	18,691,875
		May	43	22,861,455	1,011,028	23,872,484	0.7784	18,583,317
		June	44	22,861,455	1,011,028	23,872,484	0.7739	18,475,389
		July	45	22,861,455	1,011,028	23,872,484	0.7694	18,368,088
		August	46	22,861,455	1,011,028	23,872,484	0.7650	18,261,411
		September	47	22,861,455	1,011,028	23,872,484	0.7605	18,155,353
		October	48	22,861,455	1,011,028	23,872,484	0.7561	18,049,910
5		November	49	22,861,455	1,011,028	23,872,484	0.7517	17,945,081
		December	50	22,861,455	1,011,028	23,872,484	0.7473	17,840,860
	2026	January	51	23,269,683	1,025,637	24,295,320	0.7430	18,051,411
		February	52	23,269,683	1,025,637	24,295,320	0.7387	17,946,573
		March	53	23,269,683	1,025,637	24,295,320	0.7344	17,842,343
		April	54	23,269,683	1,025,637	24,295,320	0.7301	17,738,719
		May	55	23,269,683	1,025,637	24,295,320	0.7259	17,635,696
		June	56	23,269,683	1,025,637	24,295,320	0.7217	17,533,272
		July	57	23,269,683	1,025,637	24,295,320	0.7175	17,431,443
		August	58	23,269,683	1,025,637	24,295,320	0.7133	17,330,205
		September	59	23,269,683	1,025,637	24,295,320	0.7092	17,229,555
		October	60	23,269,683	1,025,637	24,295,320	0.7051	17,129,490
6		November	61	23,269,683	1,025,637	24,295,320	0.7010	17,030,006
		December	62	23,269,683	1,025,637	24,295,320	0.6969	16,931,099

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2027	January	63	23,686,566	1,040,294	24,726,861	0.6928	17,131,756
		February	64	23,686,566	1,040,294	24,726,861	0.6888	17,032,258
		March	65	23,686,566	1,040,294	24,726,861	0.6848	16,933,339
		April	66	23,686,566	1,040,294	24,726,861	0.6808	16,834,994
		May	67	23,686,566	1,040,294	24,726,861	0.6769	16,737,220
		June	68	23,686,566	1,040,294	24,726,861	0.6730	16,640,014
		July	69	23,686,566	1,040,294	24,726,861	0.6690	16,543,373
		August	70	23,686,566	1,040,294	24,726,861	0.6652	16,447,293
		September	71	23,686,566	1,040,294	24,726,861	0.6613	16,351,771
		October	72	23,686,566	1,040,294	24,726,861	0.6575	16,256,803
7		November	73	23,686,566	1,040,294	24,726,861	0.6536	16,162,387
		December	74	23,686,566	1,040,294	24,726,861	0.6498	16,068,520
	2028	January	75	24,111,304	1,095,124	25,206,428	0.6461	16,285,030
		February	76	24,111,304	1,095,124	25,206,428	0.6423	16,190,450
		March	77	24,111,304	1,095,124	25,206,428	0.6386	16,096,420
		April	78	24,111,304	1,095,124	25,206,428	0.6349	16,002,936
		May	79	24,111,304	1,095,124	25,206,428	0.6312	15,909,994
		June	80	24,111,304	1,095,124	25,206,428	0.6275	15,817,593
		July	81	24,111,304	1,095,124	25,206,428	0.6239	15,725,728
		August	82	24,111,304	1,095,124	25,206,428	0.6203	15,634,396
		September	83	24,111,304	1,095,124	25,206,428	0.6167	15,543,595
		October	84	24,111,304	1,095,124	25,206,428	0.6131	15,453,321
8		November	85	24,111,304	1,095,124	25,206,428	0.6095	15,363,572
		December	86	24,111,304	1,095,124	25,206,428	0.6060	15,274,344
	2029	January	87	24,547,231	1,069,727	25,616,959	0.6025	15,432,958
		February	88	24,547,231	1,069,727	25,616,959	0.5990	15,343,327
		March	89	24,547,231	1,069,727	25,616,959	0.5955	15,254,217
		April	90	24,547,231	1,069,727	25,616,959	0.5920	15,165,624
		May	91	24,547,231	1,069,727	25,616,959	0.5886	15,077,545
		June	92	24,547,231	1,069,727	25,616,959	0.5852	14,989,978
		July	93	24,547,231	1,069,727	25,616,959	0.5818	14,902,920
		August	94	24,547,231	1,069,727	25,616,959	0.5784	14,816,367

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		September	95	24,547,231	1,069,727	25,616,959	0.5750	14,730,317
		October	96	24,547,231	1,069,727	25,616,959	0.5717	14,644,767
9		November	97	24,547,231	1,069,727	25,616,959	0.5684	14,559,713
		December	98	24,547,231	1,069,727	25,616,959	0.5651	14,475,154
	2030	January	99	24,991,497	1,084,487	26,075,984	0.5618	14,648,957
		February	100	24,991,497	1,084,487	26,075,984	0.5585	14,563,879
		March	101	24,991,497	1,084,487	26,075,984	0.5553	14,479,295
		April	102	24,991,497	1,084,487	26,075,984	0.5520	14,395,203
		May	103	24,991,497	1,084,487	26,075,984	0.5488	14,311,599
		June	104	24,991,497	1,084,487	26,075,984	0.5457	14,228,480
		July	105	24,991,497	1,084,487	26,075,984	0.5425	14,145,844
		August	106	24,991,497	1,084,487	26,075,984	0.5393	14,063,688
		September	107	24,991,497	1,084,487	26,075,984	0.5362	13,982,010
		October	108	24,991,497	1,084,487	26,075,984	0.5331	13,900,805
10		November	109	24,991,497	1,084,487	26,075,984	0.5300	13,820,073
		December	110	24,991,497	1,084,487	26,075,984	0.5269	13,739,809
	2031	January	111	25,445,386	1,099,264	26,544,650	0.5239	13,905,524
		February	112	25,445,386	1,099,264	26,544,650	0.5208	13,824,763
		March	113	25,445,386	1,099,264	26,544,650	0.5178	13,744,472
		April	114	25,445,386	1,099,264	26,544,650	0.5148	13,664,648
		May	115	25,445,386	1,099,264	26,544,650	0.5118	13,585,286
		June	116	25,445,386	1,099,264	26,544,650	0.5088	13,506,386
		July	117	25,445,386	1,099,264	26,544,650	0.5059	13,427,944
		August	118	25,445,386	1,099,264	26,544,650	0.5029	13,349,958
		September	119	25,445,386	1,099,264	26,544,650	0.5000	13,272,424
		October	120	25,445,386	1,099,264	26,544,650	0.4971	13,195,341
11		November	121	25,445,386	1,099,264	26,544,650	0.4942	13,118,705
		December	122	25,445,386	1,099,264	26,544,650	0.4913	13,042,515
	2032	January	123	25,908,078	1,156,933	27,065,010	0.4885	13,220,957
		February	124	25,908,078	1,156,933	27,065,010	0.4857	13,144,173
		March	125	25,908,078	1,156,933	27,065,010	0.4828	13,067,835
		April	126	25,908,078	1,156,933	27,065,010	0.4800	12,991,940

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		May	127	25,908,078	1,156,933	27,065,010	0.4772	12,916,485
		June	128	25,908,078	1,156,933	27,065,010	0.4745	12,841,469
		July	129	25,908,078	1,156,933	27,065,010	0.4717	12,766,889
		August	130	25,908,078	1,156,933	27,065,010	0.4690	12,692,742
		September	131	25,908,078	1,156,933	27,065,010	0.4662	12,619,025
		October	132	25,908,078	1,156,933	27,065,010	0.4635	12,545,737
12		November	133	25,908,078	1,156,933	27,065,010	0.4608	12,472,874
		December	134	25,908,078	1,156,933	27,065,010	0.4582	12,400,434
	2033	January	135	26,383,078	1,128,833	27,511,910	0.4555	12,531,983
		February	136	26,383,078	1,128,833	27,511,910	0.4529	12,459,201
		March	137	26,383,078	1,128,833	27,511,910	0.4502	12,386,840
		April	138	26,383,078	1,128,833	27,511,910	0.4476	12,314,900
		May	139	26,383,078	1,128,833	27,511,910	0.4450	12,243,378
		June	140	26,383,078	1,128,833	27,511,910	0.4424	12,172,271
		July	141	26,383,078	1,128,833	27,511,910	0.4399	12,101,578
		August	142	26,383,078	1,128,833	27,511,910	0.4373	12,031,294
		September	143	26,383,078	1,128,833	27,511,910	0.4348	11,961,419
		October	144	26,383,078	1,128,833	27,511,910	0.4322	11,891,950
13		November	145	26,383,078	1,128,833	27,511,910	0.4297	11,822,885
		December	146	26,383,078	1,128,833	27,511,910	0.4272	11,754,220
	2034	January	147	26,867,423	1,143,603	28,011,027	0.4248	11,897,959
		February	148	26,867,423	1,143,603	28,011,027	0.4223	11,828,858
		March	149	26,867,423	1,143,603	28,011,027	0.4198	11,760,159
		April	150	26,867,423	1,143,603	28,011,027	0.4174	11,691,858
		May	151	26,867,423	1,143,603	28,011,027	0.4150	11,623,955
		June	152	26,867,423	1,143,603	28,011,027	0.4126	11,556,445
		July	153	26,867,423	1,143,603	28,011,027	0.4102	11,489,328
		August	154	26,867,423	1,143,603	28,011,027	0.4078	11,422,601
		September	155	26,867,423	1,143,603	28,011,027	0.4054	11,356,261
		October	156	26,867,423	1,143,603	28,011,027	0.4031	11,290,306
14		November	157	26,867,423	1,143,603	28,011,027	0.4007	11,224,735
		December	158	26,867,423	1,143,603	28,011,027	0.3984	11,159,544

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
	2035	January	159	27,362,476	1,158,350	28,520,826	0.3961	11,296,656
		February	160	27,362,476	1,158,350	28,520,826	0.3938	11,231,047
		March	161	27,362,476	1,158,350	28,520,826	0.3915	11,165,820
		April	162	27,362,476	1,158,350	28,520,826	0.3892	11,100,971
		May	163	27,362,476	1,158,350	28,520,826	0.3870	11,036,499
		June	164	27,362,476	1,158,350	28,520,826	0.3847	10,972,402
		July	165	27,362,476	1,158,350	28,520,826	0.3825	10,908,677
		August	166	27,362,476	1,158,350	28,520,826	0.3803	10,845,322
		September	167	27,362,476	1,158,350	28,520,826	0.3781	10,782,334
		October	168	27,362,476	1,158,350	28,520,826	0.3759	10,719,713
15		November	169	27,362,476	1,158,350	28,520,826	0.3737	10,657,455
		December	170	27,362,476	1,158,350	28,520,826	0.3715	10,595,559
	2036	January	171	27,250,687	1,148,300	28,398,987	0.3693	10,489,022
		February	172	27,250,687	1,148,300	28,398,987	0.3672	10,428,104
		March	173	27,250,687	1,148,300	28,398,987	0.3651	10,367,540
		April	174	27,250,687	1,148,300	28,398,987	0.3629	10,307,328
		May	175	27,250,687	1,148,300	28,398,987	0.3608	10,247,465
		June	176	27,250,687	1,148,300	28,398,987	0.3587	10,187,950
		July	177	27,250,687	1,148,300	28,398,987	0.3567	10,128,781
		August	178	27,250,687	1,148,300	28,398,987	0.3546	10,069,955
		September	179	27,250,687	1,148,300	28,398,987	0.3525	10,011,471
		October	180	27,250,687	1,148,300	28,398,987	0.3505	9,953,327
16		November	181	27,250,687	1,148,300	28,398,987	0.3484	9,895,520
		December	182	27,250,687	1,148,300	28,398,987	0.3464	9,838,049
	2037	January	183	27,139,084	1,138,005	28,277,088	0.3444	9,738,929
		February	184	27,139,084	1,138,005	28,277,088	0.3424	9,682,367
		March	185	27,139,084	1,138,005	28,277,088	0.3404	9,626,134
		April	186	27,139,084	1,138,005	28,277,088	0.3384	9,570,228
		May	187	27,139,084	1,138,005	28,277,088	0.3365	9,514,646
		June	188	27,139,084	1,138,005	28,277,088	0.3345	9,459,387
		July	189	27,139,084	1,138,005	28,277,088	0.3326	9,404,449
		August	190	27,139,084	1,138,005	28,277,088	0.3307	9,349,831

Contract Period	Year	Month	Unexpired Period	Fixed Lease	Variable lease	Monthly Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
		September	191	27,139,084	1,138,005	28,277,088	0.3287	9,295,529
		October	192	27,139,084	1,138,005	28,277,088	0.3268	9,241,543
17		November	193	27,139,084	1,138,005	28,277,088	0.3249	9,187,870
		December	194	27,139,084	1,138,005	28,277,088	0.3230	9,134,509
	2038	January	195	27,027,658	1,127,466	28,155,124	0.3212	9,042,288
		February	196	27,027,658	1,127,466	28,155,124	0.3193	8,989,772
		March	197	27,027,658	1,127,466	28,155,124	0.3174	8,937,562
		April	198	27,027,658	1,127,466	28,155,124	0.3156	8,885,654
		May	199	27,027,658	1,127,466	28,155,124	0.3138	8,834,048
		June	200	27,027,658	1,127,466	28,155,124	0.3119	8,782,742
		July	201	27,027,658	1,127,466	28,155,124	0.3101	8,731,734
		August	202	27,027,658	1,127,466	28,155,124	0.3083	8,681,022
		September	203	27,027,658	1,127,466	28,155,124	0.3065	8,630,605
18		October	204	27,027,658	1,127,466	28,155,124	0.3048	8,580,480
		November	205	27,027,658	1,127,466	28,155,124	0.3030	8,530,647
		December	206	27,027,658	1,127,466	28,155,124	0.3012	8,481,103
	2039	January	207	26,916,405	1,116,684	28,033,089	0.2995	8,395,300
		February	208	26,916,405	1,116,684	28,033,089	0.2977	8,346,542
		March	209	26,916,405	1,116,684	28,033,089	0.2960	8,298,067
		April	210	26,916,405	1,116,684	28,033,089	0.2943	8,249,873
		May	211	26,916,405	1,116,684	28,033,089	0.2926	8,201,960
		June	212	26,916,405	1,116,684	28,033,089	0.2909	8,154,325
		July	213	26,916,405	1,116,684	28,033,089	0.2892	8,106,966
		August	214	26,916,405	1,116,684	28,033,089	0.2875	8,059,883
		September	215	26,916,405	1,116,684	28,033,089	0.2858	8,013,073
					Present Worth of the Unexpired Contract Rent =			**Php3,101,864,496**

Based the foregoing, the ***lease fee interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php3,101,864,000** for the subject property with remaining sublease life of 18 years based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Rental Income on Year 1			
November to December 2021			
	Fixed Lease	Php	42,817,390
	Variable Lease	Php	1,925,256
January to October 2022			
	Fixed Lease	Php	221,806,450
	Variable Lease	Php	11,858,496
		Net Income - Php	**278,407,592**
		Capitalized @5.63%	**Php4,945,072,682**
		Leased Fee Estate (solar power plant)	**Php4,945,073,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Property exhibited to us by the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Talavera
Toledo City, Cebu

22 November 2021

CITICORE ENEGERY REIT CORPORATION (CREIT)
11th Floor Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENEGERY REIT CORPORATION (CREIT)
11th Floor Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-004B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised a certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the ***headleasehold interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** on the **land,** the **First Toledo Solar Energy Corporation,** located **within Barangay Talavera, Toledo City, Cebu.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Phlippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the --

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19.09-year lease and sub-lease lives appraised as of ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***3,776,850,000***
By Direct Capitalization	***5,906,509,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold interest.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number: 0000407
Valid Until: 05/23/2023
IPREA Membership No. 181024
PTR No. 2065478G
15 January 2021
City of Malolos

JELM/AVS:roa

CAI File No. 02-2021-0140-004B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clears under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-004B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Talavera, Toledo City, Cebu. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** on the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is **the land** located **on the east end of an existing road within Barangay Talavera, Toledo City, Cebu.**

The property is located approximately 70 meters east from the intersection of the National Highway and the existing road; 400 meters northeast from Talavera Elementary School; 3.6 kilometers northeast from Gaisano Grand Mall – Toledo; 6.1 kilometers northeast from Toledo City Port; and about 5.7 kilometers northeast from Toledo City Hall.

The existing road is 4.0 meters wide, concrete-paved.

The orientation of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing in the title furnished us by the client.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed residential and agricultural use.

Generally, the roads in the neighborhood are designed to accommodate light to moderate vehicular and pedestrian traffic loads. Major thoroughfares are asphalt-paved with widths ranging from 10 to 20 meters and lighted with streetlamps.

A few of the important improvements in the vicinity are:

Talavera Elementary School
NGCP Calong-calong Substation

Toledo City Proper serves the shopping and marketing needs of the residents in the area. This is accessible from the National Highway by public transportation. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the site.

Public transportation connecting to various sections of Toledo City is available along the National Highway which is about 70 meters from the subject property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. CONTRACT OF LEASE

Sublease Contract

Based on the Sublease Agreement made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Sublessor) and CITICORE SOLAR CEBU, INC. (Sublessee).**

Salient features of the Contract of Lease are as follows:

1. The land has an area of 730,000-square meter (73 hectares), a portion of Plan II-12172 containing an area of 1,137,941 square meters, more or less, covered by Transfer Certificate of Title No. T- 4031 issued on 15 June 2007 by the Registry of Deeds for Toledo City in favor of **GINO A. BALTAO;**

2. The agreement shall be for a period of 19.42 years commence on 01 January 2022 to 31 May 2041;

3. Lease payment and terms of payment based on contract are shown on the next page; and

Projected Variable Lease

Year	Month	Fixed Output	Fixed Lease	Variable Output (Projected)*	Variable Lease (Projected)*	Total Lease
2022	Jan	81.72	338.50	0.31	0.75	339.26
2023		81.39	365.63	0.30	0.79	366.41
2024		81.07	366.08	0.51	1.35	367.44
2025		80.74	367.90	0.28	0.74	368.64
2026		80.42	369.72	0.26	0.71	370.43
2027		80.10	371.55	0.25	0.67	372.23
2028		79.78	373.39	0.45	1.23	374.62
2029		79.46	375.23	0.21	0.59	375.82
2030		79.14	377.08	0.20	0.54	377.62
2031		78.83	378.93	0.18	0.49	379.43
2032		78.51	380.79	0.37	1.05	381.84
2033		78.20	382.66	0.13	0.38	383.04
2034		77.88	384.54	0.11	0.32	384.85
2035		77.57	386.42	0.09	0.25	386.67
2036		77.26	388.31	0.06	0.17	388.48
2037		76.95	390.21	0.03	0.09	390.30
2038		76.64	392.11	0.00	0.01	392.12
2039		76.34	394.02			394.02
2040		76.03	395.95			395.95
2041	May	31.55	165.78			165.78

**For purposes of showing variable lease computation, figures above reflect only 50% of the projected variable output in excess of the yearly fixed projected output of the lessee although 100% will accrue to lessor.*

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

<u>Lease Contract</u>

The Contract of Lease was made and entered by and between **LEAVENWORTH REALTY DEVELOPMENT, INC., (Lessor) and CITICORE SOLAR CEBU, INC. (CSCI) (Lessee).** However, based on Deed of Assignment the lessee transfer, assigns and conveys the assignment of the Lease of Contract in favor of the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.**

Salient features of the Contract of Lease are as follows:

1. The land has an area of 730,000-square meter (73 hectares), a portion of Plan II-12172 containing an area of 1,137,941 square meters, more or less, covered by Transfer Certificate of Title No. T-4031 issued on 15 June 2007 by the Registry of Deeds for Toledo City in favor of **GINO A. BALTAO;**

2. The agreement shall be for a period of twenty five (25) years commence on 31 May 2016 to 30 May 2041, renewal option subject to terms and conditions as may be agreed upon by both parties;

3. The lease payment shall be Php6,000,000 per annum inclusive of value added tax (“VAT”) increase by 12% every 5 years unless adjustments are mutually agreed by both parties;

4. The lessee shall put up a non-interest bearing security deposit in favor of the lessor in the amount of Php6,000,000;

5. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **industrial utility,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee’s Interest.***

The Headlessee’s Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the land. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated headleasehold interest.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining lease lives between the lessor and the lessee is 19.59 years 31 October 2021 to 31 May 2041, while the lease life between sublessor and sublessee is 19.42 years from 31 October 2021 to 31 May 1941; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown as under:

A. Present Worth of the Unexpired Contract Rentals Between EPRRI and CSCI

Year	"n"	Fixed Lease	Variable Lease	Total Annual Lease	Present Worth Factor	Present Worth of the Unexpired Contract Rent
						Yearly
a	b	c	d	e = c x d	f	g = e x f
		Php	Php	Php		Php
Date of Valuation - 31 October 2021						
	0.17					
2022	1.17	338,504,047.09	752,427.69	339,256,474.78	0.92379	313,401,910.11
2023	2.17	365,626,040.95	787,066.43	366,413,107.37	0.86327	316,315,250.39
2024	3.17	366,081,804.13	1,354,063.10	367,435,867.23	0.80672	296,419,188.24
2025	4.17	367,900,562.12	735,844.83	368,636,406.95	0.75388	277,906,449.84
2026	5.17	369,724,709.72	705,721.71	370,430,431.43	0.70449	260,965,258.71
2027	6.17	371,554,449.25	671,609.76	372,226,059.01	0.65834	245,052,110.92
2028	7.17	373,389,985.22	1,233,175.24	374,623,160.46	0.61522	230,473,996.72
2029	8.17	375,231,524.36	591,135.61	375,822,659.98	0.57491	216,065,739.17
2030	9.17	377,079,275.69	544,628.45	377,623,904.13	0.53725	202,879,450.33
2031	10.17	378,933,450.51	493,842.43	379,427,292.93	0.50206	190,494,650.76
2032	11.17	380,794,262.48	1,046,210.97	381,840,473.45	0.46917	179,147,937.81
2033	12.17	382,661,927.67	379,129.44	383,041,057.11	0.43844	167,938,711.48
2034	13.17	384,536,664.54	315,046.79	384,851,711.34	0.40971	157,679,250.69
2035	14.17	386,418,694.06	246,373.84	386,665,067.90	0.38287	148,044,303.16
2036	15.17	388,308,239.70	173,029.06	388,481,268.76	0.35779	138,996,057.06
2037	16.17	390,205,527.49	94,929.37	390,300,456.86	0.33436	130,498,972.68
2038	17.17	392,110,786.06	11,990.11	392,122,776.17	0.31245	122,519,647.28
2039	18.17	394,024,246.71	-	394,024,246.71	0.29198	115,048,842.20
2040	19.17	395,946,143.41	-	395,946,143.41	0.27286	108,036,637.34
2041	20.17	165,781,963.70	-	165,781,963.70	0.25498	42,271,519.23
					Total -	**PHP 3,860,155,884**

B. Present Worth of the Unexpired Contract Rent Between EPRRI and LRDI

No. of Year	Year	Month	"n"	Monthly Lease	Present Worth Factor	Present Worth of the Unexpired Annual Rentals
				(Php/mo.)		(Php)
a	b	c	d	f	g	h
Expired Land Lease (31 May 2016 to 31 October 2021)						
1	2016			500,000		
2	2017			500,000		
3	2018			500,000		
4	2019			500,000		
5	2020			500,000		
6	2021			560,000		
7	2022			560,000		
Unexpired Land Lease (01 November 2021 to 30 May 2041)						
7		November	1	560,000.00	0.99419	556,747.67
		December	2	560,000.00	0.98842	553,514.22
	2022	January	3	560,000.00	0.98268	550,299.55
		February	4	560,000.00	0.97697	547,103.56
		March	5	560,000.00	0.97130	543,926.12
		April	6	560,000.00	0.96566	540,767.14
		May	7	560,000.00	0.96005	537,626.51
9		June	8	560,000.00	0.95447	534,504.11
		July	9	560,000.00	0.94893	531,399.85
		August	10	560,000.00	0.94342	528,313.62
		September	11	560,000.00	0.93794	525,245.31
		October	12	560,000.00	0.93249	522,194.82
		November	13	560,000.00	0.92708	519,162.05
		December	14	560,000.00	0.92169	516,146.89
	2023	January	15	560,000.00	0.91634	513,149.25
		February	16	560,000.00	0.91102	510,169.01
		March	17	560,000.00	0.90573	507,206.08
		April	18	560,000.00	0.90046	504,260.36
		May	19	560,000.00	0.89524	501,331.75
10		June	20	560,000.00	0.89004	498,420.14
		July	21	560,000.00	0.88487	495,525.45
		August	22	560,000.00	0.87973	492,647.56
		September	23	560,000.00	0.87462	489,786.39
		October	24	560,000.00	0.86954	486,941.84
		November	25	560,000.00	0.86449	484,113.81
		December	26	560,000.00	0.85947	481,302.20
	2024	January	27	560,000.00	0.85448	478,506.93
		February	28	560,000.00	0.84951	475,727.88
		March	29	560,000.00	0.84458	472,964.98
		April	30	560,000.00	0.83968	470,218.12
		May	31	560,000.00	0.83480	467,487.22
11		June	32	560,000.00	0.82995	464,772.17
		July	33	560,000.00	0.82513	462,072.90
		August	34	560,000.00	0.82034	459,389.30
		September	35	560,000.00	0.81557	456,721.28
		October	36	560,000.00	0.81084	454,068.77
		November	37	560,000.00	0.80613	451,431.65
		December	38	560,000.00	0.80145	448,809.86
	2025	January	39	560,000.00	0.79679	446,203.28
		February	40	560,000.00	0.79216	443,611.85
		March	41	560,000.00	0.78756	441,035.47
		April	42	560,000.00	0.78299	438,474.05
		May	43	560,000.00	0.77844	435,927.51
12		June	44	560,000.00	0.77392	433,395.75
		July	45	560,000.00	0.76943	430,878.70

		August	46	560,000.00	0.76496	428,376.27
		September	47	560,000.00	0.76051	425,888.37
		October	48	560,000.00	0.75610	423,414.93
		November	49	560,000.00	0.75171	420,955.84
		December	50	560,000.00	0.74734	418,511.04
	2026	January	51	560,000.00	0.74300	416,080.44
		February	52	560,000.00	0.73869	413,663.95
		March	53	560,000.00	0.73440	411,261.50
		April	54	560,000.00	0.73013	408,873.00
		May	55	560,000.00	0.72589	406,498.37
13		June	56	627,200.00	0.72167	452,634.04
		July	57	627,200.00	0.71748	450,005.26
		August	58	627,200.00	0.71332	447,391.74
		September	59	627,200.00	0.70917	444,793.41
		October	60	627,200.00	0.70505	442,210.16
		November	61	627,200.00	0.70096	439,641.92
		December	62	627,200.00	0.69689	437,088.60
	2027	January	63	627,200.00	0.69284	434,550.10
		February	64	627,200.00	0.68882	432,026.35
		March	65	627,200.00	0.68482	429,517.25
		April	66	627,200.00	0.68084	427,022.72
		May	67	627,200.00	0.67689	424,542.69
14		June	68	627,200.00	0.67295	422,077.05
		July	69	627,200.00	0.66905	419,625.74
		August	70	627,200.00	0.66516	417,188.66
		September	71	627,200.00	0.66130	414,765.74
		October	72	627,200.00	0.65746	412,356.89
		November	73	627,200.00	0.65364	409,962.03
		December	74	627,200.00	0.64984	407,581.07
	2028	January	75	627,200.00	0.64607	405,213.95
		February	76	627,200.00	0.64232	402,860.57
		March	77	627,200.00	0.63859	400,520.86
		April	78	627,200.00	0.63488	398,194.74
		May	79	627,200.00	0.63119	395,882.13
15		June	80	627,200.00	0.62752	393,582.95
		July	81	627,200.00	0.62388	391,297.12
		August	82	627,200.00	0.62026	389,024.57
		September	83	627,200.00	0.61665	386,765.22
		October	84	627,200.00	0.61307	384,518.99
		November	85	627,200.00	0.60951	382,285.80
		December	86	627,200.00	0.60597	380,065.58
	2029	January	87	627,200.00	0.60245	377,858.26
		February	88	627,200.00	0.59895	375,663.76
		March	89	627,200.00	0.59548	373,482.00
		April	90	627,200.00	0.59202	371,312.91
		May	91	627,200.00	0.58858	369,156.43
16		June	92	627,200.00	0.58516	367,012.46
		July	93	627,200.00	0.58176	364,880.95
		August	94	627,200.00	0.57838	362,761.81
		September	95	627,200.00	0.57502	360,654.99
		October	96	627,200.00	0.57168	358,560.40
		November	97	627,200.00	0.56836	356,477.97
		December	98	627,200.00	0.56506	354,407.64
	2030	January	99	627,200.00	0.56178	352,349.33
		February	100	627,200.00	0.55852	350,302.98
		March	101	627,200.00	0.55528	348,268.51
		April	102	627,200.00	0.55205	346,245.86
		May	103	627,200.00	0.54884	344,234.95
17		June	104	627,200.00	0.54566	342,235.73
		July	105	627,200.00	0.54249	340,248.11
		August	106	627,200.00	0.53934	338,272.04
		September	107	627,200.00	0.53620	336,307.44

		October	108	627,200.00	0.53309	334,354.26
		November	109	627,200.00	0.52999	332,412.41
		December	110	627,200.00	0.52692	330,481.85
	2031	January	111	627,200.00	0.52386	328,562.50
		February	112	627,200.00	0.52081	326,654.29
		March	113	627,200.00	0.51779	324,757.17
		April	114	627,200.00	0.51478	322,871.06
		May	115	627,200.00	0.51179	320,995.91
18		June	116	702,464.00	0.50882	357,427.45
		July	117	702,464.00	0.50586	355,351.60
		August	118	702,464.00	0.50293	353,287.81
		September	119	702,464.00	0.50001	351,236.01
		October	120	702,464.00	0.49710	349,196.12
		November	121	702,464.00	0.49421	347,168.08
		December	122	702,464.00	0.49134	345,151.82
	2032	January	123	702,464.00	0.48849	343,147.27
		February	124	702,464.00	0.48565	341,154.36
		March	125	702,464.00	0.48283	339,173.02
		April	126	702,464.00	0.48003	337,203.19
		May	127	702,464.00	0.47724	335,244.81
19		June	128	702,464.00	0.47447	333,297.79
		July	129	702,464.00	0.47171	331,362.08
		August	130	702,464.00	0.46897	329,437.62
		September	131	702,464.00	0.46625	327,524.33
		October	132	702,464.00	0.46354	325,622.16
		November	133	702,464.00	0.46085	323,731.03
		December	134	702,464.00	0.45817	321,850.88
	2033	January	135	702,464.00	0.45551	319,981.65
		February	136	702,464.00	0.45287	318,123.28
		March	137	702,464.00	0.45024	316,275.71
		April	138	702,464.00	0.44762	314,438.86
		May	139	702,464.00	0.44502	312,612.68
20		June	140	702,464.00	0.44244	310,797.11
		July	141	702,464.00	0.43987	308,992.08
		August	142	702,464.00	0.43731	307,197.53
		September	143	702,464.00	0.43477	305,413.41
		October	144	702,464.00	0.43225	303,639.65
		November	145	702,464.00	0.42974	301,876.19
		December	146	702,464.00	0.42724	300,122.97
	2034	January	147	702,464.00	0.42476	298,379.93
		February	148	702,464.00	0.42229	296,647.02
		March	149	702,464.00	0.41984	294,924.17
		April	150	702,464.00	0.41740	293,211.33
		May	151	702,464.00	0.41498	291,508.43
21		June	152	702,464.00	0.41257	289,815.43
		July	153	702,464.00	0.41017	288,132.26
		August	154	702,464.00	0.40779	286,458.86
		September	155	702,464.00	0.40542	284,795.18
		October	156	702,464.00	0.40307	283,141.16
		November	157	702,464.00	0.40073	281,496.75
		December	158	702,464.00	0.39840	279,861.89
	2035	January	159	702,464.00	0.39609	278,236.53
		February	160	702,464.00	0.39379	276,620.60
		March	161	702,464.00	0.39150	275,014.06
		April	162	702,464.00	0.38923	273,416.85
		May	163	702,464.00	0.38696	271,828.92
22		June	164	702,464.00	0.38472	270,250.21
		July	165	702,464.00	0.38248	268,680.67
		August	166	702,464.00	0.38026	267,120.24
		September	167	702,464.00	0.37805	265,568.87
		October	168	702,464.00	0.37586	264,026.52
		November	169	702,464.00	0.37367	262,493.12

		December	170	702,464.00	0.37150	260,968.63
	2036	January	171	702,464.00	0.36935	259,452.99
		February	172	702,464.00	0.36720	257,946.16
		March	173	702,464.00	0.36507	256,448.07
		April	174	702,464.00	0.36295	254,958.69
		May	175	702,464.00	0.36084	253,477.95
23		June	176	786,759.68	0.35875	282,246.52
		July	177	786,759.68	0.35666	280,607.30
		August	178	786,759.68	0.35459	278,977.61
		September	179	786,759.68	0.35253	277,357.38
		October	180	786,759.68	0.35048	275,746.56
		November	181	786,759.68	0.34845	274,145.10
		December	182	786,759.68	0.34642	272,552.93
	2037	January	183	786,759.68	0.34441	270,970.02
		February	184	786,759.68	0.34241	269,396.29
		March	185	786,759.68	0.34042	267,831.71
		April	186	786,759.68	0.33845	266,276.21
		May	187	786,759.68	0.33648	264,729.75
24		June	188	786,759.68	0.33453	263,192.27
		July	189	786,759.68	0.33258	261,663.72
		August	190	786,759.68	0.33065	260,144.04
		September	191	786,759.68	0.32873	258,633.19
		October	192	786,759.68	0.32682	257,131.12
		November	193	786,759.68	0.32492	255,637.77
		December	194	786,759.68	0.32304	254,153.09
	2038	January	195	786,759.68	0.32116	252,677.04
		February	196	786,759.68	0.31930	251,209.55
		March	197	786,759.68	0.31744	249,750.59
		April	198	786,759.68	0.31560	248,300.11
		May	199	786,759.68	0.31377	246,858.04
25		June	200	786,759.68	0.31194	245,424.36
		July	201	786,759.68	0.31013	243,999.00
		August	202	786,759.68	0.30833	242,581.91
		September	203	786,759.68	0.30654	241,173.06
		October	204	786,759.68	0.30476	239,772.39
		November	205	786,759.68	0.30299	238,379.85
		December	206	786,759.68	0.30123	236,995.41
	2039	January	207	786,759.68	0.29948	235,619.00
		February	208	786,759.68	0.29774	234,250.59
		March	209	786,759.68	0.29601	232,890.12
		April	210	786,759.68	0.29429	231,537.55
		May	211	786,759.68	0.29258	230,192.84
26		June	212	786,759.68	0.29088	228,855.94
		July	213	786,759.68	0.28919	227,526.81
		August	214	786,759.68	0.28752	226,205.39
		September	215	786,759.68	0.28585	224,891.65
		October	216	786,759.68	0.28419	223,585.54
		November	217	786,759.68	0.28253	222,287.01
		December	218	786,759.68	0.28089	220,996.03
	2040	January	219	786,759.68	0.27926	219,712.54
		February	220	786,759.68	0.27764	218,436.50
		March	221	786,759.68	0.27603	217,167.88
		April	222	786,759.68	0.27443	215,906.63
		May	223	786,759.68	0.27283	214,652.70
27		June	224	786,759.68	0.27125	213,406.05
		July	225	786,759.68	0.26967	212,166.64
		August	226	786,759.68	0.26811	210,934.44
		September	227	786,759.68	0.26655	209,709.38
		October	228	786,759.68	0.26500	208,491.45
		November	229	786,759.68	0.26346	207,280.58
		December	230	786,759.68	0.26193	206,076.75
	2041	January	231	786,759.68	0.26041	204,879.91

		February	232	786,759.68	0.25890	203,690.02
		March	233	786,759.68	0.25739	202,507.04
		April	234	786,759.68	0.25590	201,330.93
		May	235	786,759.68	0.25441	200,161.66
					Php	**81,749,788.07**
Plus:						
Security Deposit =		PHP 6,000,000	x	0.25934	**= Php**	**1,556,029.83**
					Sub-lease Interest = Php	**83,305,817.90**

Headleasehold Interest of EPRRI	=	A. Present Worth of the unexpired rent between EPRRI and CSCI		
		less: B. Present Worth of the unexpired rent between EPRRI and LRDI		
	=		PHP 3,860,155,884	
		Less -	PHP 83,305,818	
Healeasehold Value	**=**		**PHP 3,776,850,066**	
	=		**PHP 3,776,850,000**	

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT)** is estimated **Php3,776,850,000** for the **730,000-square meter** with lease and sublease lives of 19.59 and 19.42 years, respectively based on discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client;

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines; and

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented on the next page:

INCOME APPROACH TO VALUE						
DIRECT CAPITALIZATION METHOD						
First Toledo Solar Energy Corporation						
Land Area:			730,000	-sq.m.		
Status:			vacant (under 19-year lease)			
Gross Revenue (Rental Income on Year 1)						
2022						
	Fixed Lease					338,504,047.09
	Variable Lease				Php	752,428
				Gross Revenue -	**Php**	**339,256,475**
Less:	Lease on Land	=	Php 560,000	x 12 - mo.	Php	6,720,000
				Net Income -	**Php**	**332,536,475**
	Capitalized	@	**5.63%**		**Php**	**5,906,509,321**
	Leased Fee Estate (land and solar power plant), say -				**Php**	**5,906,509,000**

Based the foregoing, the ***headleasehold interest*** of the **CITCORE ENERGY REIT CORPORATION** is estimated **Php5,906,509,000** for the **730,000-square meter** with lease and sublease lives of 19 years based on direct capitalization method.

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

HEADLEASEHOLD INTEREST APPRAISAL

Headleasehold Interest of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Rizal (formerly Barangay Imbang)
Silay City, Negros Occidental

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the headleasehold interest of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140-006B**
Headleasehold Interest Appraisal of Property

Gentlemen :

As requested, we appraised of certain property exhibited to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** for the purpose of expressing an opinion on the ***headleasehold interest*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** of the ***Silay Power Plant, Inc.,*** located **within Barangay Rizal (formerly Barangay Imbang), Silay City, Negros Occidental.**

Terms used herein are as follows:

Headleasehold Interest is the leasehold interest that exist in a lease to a single entity that is intended to the holder of subsequent lease to sublessee that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

Head lessor is referred to the holder of the head lease or master lease;

Sublessee is referred to the person to whom the sublease is given;

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

We personally inspected the property, investigated local market condition and gave consideration to the –

Provision on the land lease and sublease agreement;

Extent, character and utility of the property; and

Highest and best use of the property.

Based on the foregoing and as supported by the accompanying narrative report, we are of the opinion that the ***headleasehold interest*** on the property based on 19-year lease and sub-lease lives appraised as of ***31 October 2021*** is reasonably represented in the amount of:

Methodology	***Headleasehold Interest (Php)***
By Discounted Cash Flow	***2,884,597,000***
By Direct Capitalization	***4,242,433,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported headleasehold value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number: 0000407
Valid Until: 05/23/2023
IPREA Membership No. 181024
PTR No. 2065478G
15 January 2021
City of Malolos

PCB/AVS:roa

CAI File No. 02-2021-0140-006B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or cost/values invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140-006B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Rizal (formerly Barangay Imbang), Silay City, Negros Occidental. The appraisal was made for the purpose of expressing an opinion on the ***headleasehold interest*** of the property as of ***31 October 2021.***

Headleasehold Interest is defined as the leasehold interest that exists in a lease to a single entity that is intended to be the holder of subsequent lease to sublessees that will be the tenants in possession of the leased premises (Philippine Valuation Standards, 1st Edition).

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***land,*** located **within Barangay Rizal (formerly Barangay Imbang), SIlay City, Negros Occidental.**

For purposes of definitive valuation, the property is segregated into four (4) areas of reference, the particulars are as follows:

Area 1 is located on the southwest side of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road), approximately 150 meters southeast from Hda. Maquina Chapel; southeast 500 meters from the main subdivision entrance of the Mallery Homes; 1.30 kilometers southeast from the intersection of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road) and Bacolod North Road (National Highway); and about 3.90 kilometers northeast from Silay City Hall.

Area 2 is located on the northeast side of Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road), across Area 1.

Area 3 is located on the south side of access road and northeast side of Imbang River.

Area 4 is located on the northeast side of Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road) and west side of the access road.
Distances of Areas 1 to 3 from different landmarks can be referred from Area 1 using the attached plan.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically industrial, residential and agricultural.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 20 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Ceneco Hda. Maquina Substation
Hda. Maquina Chapel
La Alegria Subdivision
Dona Montserrat Lopez High School
Tersesita Jalandoni Memorial Provincial Hospital

Savemore Supermarket-Silay and Prince Hypermart-Silay serve as the commercial and shopping centers of the residents in the area. These are accessible along Bacolod North Road (National Highway) by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the subject subdivision.

Public transportation connecting to various sections of Silay City and its nearby towns is available along Bacolod North Road (National Highway) which is approximately 1.30 kilometers from Areas 1 and 2. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

Area 1

The land consists of two (2) adjoining lots, containing an aggregate total area of 290,582 square meters, more or less, technically identified as under.

Lot/Plan Nos.	TCT Nos.	Area (sq.m.)
909-D-1, Psd-06-070520	T-24488	109,340
909-C-4, Psd-06-068235	T-23187	181,244
	Total -	**290,584 sq.m.**

The subject certificates of title were both issued by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however, only an area **225,736 square meters** is subject for valuation.

The land, in its entirety, is bounded by the following properties:

Northeast	-	Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road)
Southeast	-	Lot 392, Silay Cadastre
Southwest	-	Matagoy Creek
West	-	Lot 909-C-3

Attached is a plan of the property as plotted based on the technical description appearing in the titles furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape with frontages of approximately 547.38 meters on the Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 2

The is technically identified as Lot No. 390-C-1, Psd-06-041894, containing and area of 203,420 square meters, covered by Transfer Certificate of Title No. T-14639 issued on 25 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **46,130 square meters** subject for valuation and traversed on the portion of Lot 909-C-4

The land as a whole is bounded by the following properties:

Northeast	-	Road and Beyond Area 4
Southwest	-	Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road)
North	-	Road and Beyond Area 3

Attached is a plan of the property as plotted based on the technical description appearing in the title furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape, with frontages of approximately 560.04 meters on the Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 3

The is technically identified as Lot No. 390-C-1, Psd-06-041894, containing and area of 203,420 square meters, covered by Transfer Certificate of Title No. T-14639 issued on 25 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **112,002 square meters** subject for valuation.

The land is bounded by the following properties:

Northeast	-	Imbang River
Southeast	-	Lot 390-C-2
Southwest	-	Road and Beyond Area 2
Southwest	-	Lot 282, Silay Cadastre

Attached is a plan of the property as plotted based on the technical description appearing in the title and relocation plan furnished by the client. As shown, the land has an irregular shape.

The terrain of land is flat. Its elevation is at grade with the fronting road.

Area 4

The is technically identified as Lot No. 390-C-5, Psd-06-041894, containing and area of 188,244 square meters, covered by Transfer Certificate of Title No. T-14641 issued on 05 August 1998 by the Registry of Deeds for the Silay City, Negros Occidental in favor of the **CLAUDIO LOPEZ, INC.**

Based on the relocation plan provided by the client, however only **47,513 square meters** subject for valuation.

The land is bounded by the following properties:

Northeast	-	Lot 390-B
Southwest	-	Silay-Patag Road (Silay Eustaquio Lopez Road/Provincial Road)
West	-	Road and Beyond Areas 2 and 3

Attached is a plan of the property as plotted based on the technical description appearing in the title furnished by the client showing the area subject of this appraisal. As shown, the land has an irregular shape, with frontages on the Silay-Patag Road (Silay Eustaquio Lopez Road / Provincial Road).

The terrain of land is flat. Its elevation is at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Rizal, Silay City, Negros Occidental as per Department Order No. 41-17, effective 08 July 2017:

Street Names	Classification	1st Revision Zonal Value (Php/sq.m.)
Bacolod-Silay Airport and Surrounding Lots	Commercial	5,000
All Other Streets	Residential	1,300

VI. LEASE AGREEMENTS

BETWEEN EPRRI AND CLI

The land Lease Agreement was executed at Silay City, Negros Occidental by and between:

ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC., a corporation duly organized and existing under Philippine laws with principal office at the 11th Floor Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, duly represented herein by its President, Mr. Oliver Y. Tan **(hereinafter referred to as "EPRRI");** and

CLAUDIO LOPEZ, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at 10th Lacson Street Capitol Subd., Bacolod City, Negros Occidental, represented herein by its Corporate Secretary / Treasurer, Maria Lourdes J. Valderrama (**hereinafter, "CLI")**;

RECITALS:

A. **CLI** is the registered owner of several parcels of land having a total aggregate area of Six Hundred Six Thousand Four Hundred Two square meters (606,402 sqm.), more or less, located in Silay City, Province of Negros Occidental (copies of Transfer Certificates of Title numbers 14641, 23187, 24488, and 14639 are attached and made integral parts of this Amended Agreement as Annex "A");

B. **EPRRI** desires to lease Four Hundred Thirty-One Thousand Four Hundred Eight square meters (431,408 sqm.) of CLI's property, located at Barangay Rizal, Silay City, Negros Occidental more particularly described in Annex "B", and which is currently being occupied by Citicore Solar Negros Occidental, Inc. ("CSNO") [formerly, Silay Solar Power, Inc.] (the "Premises"), with the intention of subleasing the Premises to CSNO, which shall continue to own, operate, and maintain the 25 MW solar power plant (the "Generating Facility") within the Premises;

C. **EPRRI and CSNO** are affiliate corporations of Citicore Power Inc.;

D. **EPRRI** has offered to lease and CLI is willing to lease the Premises to EPRRI, and CLI further consents to the subleasing of the Premises by EPRRI to CSNO, which shall continue to hold all claims of ownership over the Generating Facility and all improvements made or placed on the Premises.

Salient features of the Lease Agreement are as follows:

1. Total land area is 43.1408 hectares;

2. On the Effective Date and until 31 October 2021, CLI acknowledges that rental payment therefor had been made at the rate of Eighty Nine Thousand Six Hundred Pesos (PhP 89,600.00) per annum per hectare, inclusive of value added tax, if any, payable annually in advance ("Rent");

3. The agreement shall be for a period of nineteen (19) years commence on 01 November 2021 to 31 October 2040;

4. The rent shall be increased at the rate of two percent (2%) per annum commencing on 01 November 2021 computed as shown below (Schedule of Rental Payment);

	CONTRACT AMOUNT	CONTRACT START DATE	CONTRACT END DATE
1	3,834,322.47	1-Nov-21	31-Oct-22
2	3,911,008.92	1-Nov-22	31-Oct-23
3	3,989,229.10	1-Nov-23	31-Oct-24
4	4,069,013.68	1-Nov-24	31-Oct-25
5	4,150,393.96	1-Nov-25	31-Oct-26
6	4,233,401.84	1-Nov-26	31-Oct-27
7	4,318,069.87	1-Nov-27	31-Oct-28
8	4,404,431.27	1-Nov-28	31-Oct-29
9	4,492,519.90	1-Nov-29	31-Oct-30
10	4,582,370.30	1-Nov-30	31-Oct-31
11	4,674,017.70	1-Nov-31	31-Oct-32
12	4,767,498.05	1-Nov-32	31-Oct-33
13	4,862,848.02	1-Nov-33	31-Oct-34
14	4,960,104.98	1-Nov-34	31-Oct-35
15	5,059,307.08	1-Nov-35	31-Oct-36
16	5,160,493.22	1-Nov-36	31-Oct-37
17	5,263,703.08	1-Nov-37	31-Oct-38
18	5,368,977.14	1-Nov-38	31-Oct-39
19	5,476,356.69	1-Nov-39	31-Oct-40

5. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

<u>BETWEEN EPRRI AND CSNO</u>

Lease Agreement between the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Headlessee); and CITICORE SOLAR NEGROS OCCIDENTAL, INC. ("CSNO")** [formerly, Silay Solar Power, Inc.] **(Sublessee).**

Assumptions:

1. The land has a total area of 43.1381 hectares

2. The agreement shall be for a period of nineteen (19) years commence on 01 January 2022 to 31 October 2040, renewal option subject to terms and conditions as may be agreed upon by both parties.

3. The lease payment shall be as follows:

Year	Fixed Output	Fixed Lease	Variable Output	Variable Lease	Total Lease
		Php000,000			Php000,000
2022	36.27	241.74	0.53	2.93	244.68
2023	36.13	278.75	0.52	3.23	281.98
2024	35.98	278.90	0.61	3.67	282.58
2025	35.84	280.10	0.51	3.20	283.30
2026	35.70	281.31	0.50	3.18	284.49
2027	35.55	282.51	0.49	3.17	285.68
2028	35.41	283.72	0.58	3.62	287.34
2029	35.27	284.93	0.47	3.12	288.05
2030	35.13	286.14	0.46	3.09	289.24
2031	34.99	287.36	0.45	3.06	290.42
2032	34.85	288.58	0.54	3.51	292.08
2033	34.71	289.80	0.43	2.99	292.79
2034	34.57	291.03	0.42	2.95	293.98
2035	34.43	292.26	0.41	2.90	295.16
2036	34.29	293.49	0.39	2.86	296.35
2037	34.16	294.72	0.38	2.80	297.53
2038	34.02	295.96	0.37	2.75	298.71
2039	33.88	297.21	0.35	2.69	299.90
2040	28.12	248.71	0.28	2.19	250.90

4. The lease area shall be used exclusively for the construction and operation of a solar power project, which includes, but not limited to, the building or erection of power plants, main, posts, connectors, generators, pedestals and their appurtenances by the lessees or any of its designated contractors.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **industrial utility** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

When a tenant or lessee subleases to a third party, a further interest is created in the property. The person to whom the sublease is given is known as the sublessee and the original lessee now becomes the Head lessee. The leasehold interest that exists in a lease to a single entity that is intended to the holder of subsequent lease to sublessees that will be the tenants in possession of the lease premises is termed as the ***Headleasehold Interest or the headlessee's Interest.***

The Headlessee's Interest shall be computed as the present value of the difference between the unexpired contract rent between the headlessee and sublessee, and contract rent paid to the landowner.

In estimating the headleasehold interest, we utilized Income Approach. This is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the land. This approach therefore requires a forecast of the economic entity's stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received.

3. Estimation of an appropriate discount rate; and

4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The lives of the leases at the time of appraisal between the lessor and the lessee, and sublessor and sublessee are both 19 years which would start on 01 November 2021 and end on 31 October 2040; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

   Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Based on the foregoing, the computation of the headleasehold interest is shown on the next page:

Present Worth of the Unexpired Contract Rent Between C. EPRRI and CSNO							
Year	**"n"**	**Fixed Lease**	**Variable Lease**	**Total Lease**	**Present Worth Factor**	**Present Worth of the Unexpired Contract Rent**	
						Yearly	**Total**
a	*b*	*c*	*d*	*e = c + d*	*f*	*g = e x f*	*h*
				Php		Php	Php
Date of Valuation : 31 October 2021							
2021	0						
2022	1	241,740,881.42	2,934,962.92	244,675,844.34	0.93449	228,647,644.46	
2023	2	278,753,682.54	3,229,206.77	281,982,889.31	0.87328	246,248,746.28	
2024	3	278,901,498.28	3,674,951.43	282,576,449.71	0.81607	230,601,895.18	
2025	4	280,102,516.91	3,197,722.67	283,300,239.58	0.76261	216,047,619.56	
2026	5	281,305,755.02	3,182,939.76	284,488,694.78	0.71265	202,741,750.75	
2027	6	282,511,338.13	3,165,081.09	285,676,419.22	0.66597	190,251,552.43	
2028	7	283,719,392.98	3,615,633.21	287,335,026.19	0.62234	178,820,795.02	
2029	8	284,930,047.52	3,119,920.23	288,049,967.75	0.58157	167,522,412.42	
2030	9	286,143,430.94	3,092,507.53	289,235,938.48	0.54348	157,192,918.72	
2031	10	287,359,673.73	3,061,798.00	290,421,471.73	0.50787	147,497,643.32	
2032	11	288,578,907.63	3,505,385.15	292,084,292.78	0.47460	138,624,565.59	
2033	12	289,801,265.71	2,990,256.30	292,791,522.02	0.44351	129,857,228.18	
2034	13	291,026,882.40	2,949,305.38	293,976,187.78	0.41446	121,841,551.63	
2035	14	292,255,893.45	2,904,820.05	295,160,713.50	0.38731	114,318,746.74	
2036	15	293,488,436.03	2,856,738.10	296,345,174.13	0.36194	107,258,667.78	
2037	16	294,724,648.71	2,804,996.11	297,529,644.82	0.33823	100,632,999.80	
2038	17	295,964,671.49	2,749,529.44	298,714,200.92	0.31607	94,415,148.50	
2039	18	297,208,645.84	2,690,272.16	299,898,918.00	0.29537	88,580,136.63	
2040	19	248,713,928.93	2,189,297.56	250,903,226.49	0.27602	69,253,755.45	**2,930,355,778.45**

Less:

Present Worth of the Unexpired Contract Rent Between EPRRI and CLI

Year	"n"	Total Lease	Present Worth Factor			Present Worth of the Unexpired Contract Rent	
						Yearly	Total
a	*b*	*c*	*d*			*e = c x d*	*f*
		Php				Php	Php
Date of Valuation : 31 October 2021							
2021	0						
2022	1	3,834,322.47	0.93449			3,583,144.07	
2023	2	3,911,008.92	0.87328			3,415,388.24	
2024	3	3,989,229.10	0.81607			3,255,486.40	
2025	4	4,069,013.68	0.76261			3,103,070.86	
2026	5	4,150,393.95	0.71265			2,957,791.12	
2027	6	4,233,401.83	0.66597			2,819,313.10	
2028	7	4,318,069.87	0.62234			2,687,318.34	
2029	8	4,404,431.27	0.58157			2,561,503.33	
2030	9	4,492,519.89	0.54348			2,441,578.73	
2031	10	4,582,370.29	0.50787			2,327,268.76	
2032	11	4,674,017.70	0.47460			2,218,310.57	
2033	12	4,767,498.05	0.44351			2,114,453.58	
2034	13	4,862,848.01	0.41446			2,015,458.98	
2035	14	4,960,104.97	0.38731			1,921,099.11	
2036	15	5,059,307.07	0.36194			1,831,156.99	
2037	16	5,160,493.21	0.33823			1,745,425.78	
2038	17	5,263,703.08	0.31607			1,663,708.34	
2039	18	5,368,977.14	0.29537			1,585,816.75	
2040	19	5,476,356.68	0.27602			1,511,571.90	**45,758,864.95**
		Headleasehold Value (Total Present Worth of the Annual Rental Gain) - Php					**2,884,596,913.50**
						Say - Php	**2,884,597,000**

Based the foregoing, the ***headleasehold interest*** of the **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. as sub-lessor** of the appraised property is estimated **Php2,884,597,000** for the **431,408-square meter** with lease and sublease lives of 19 years by using discounted cash flow method.

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client;

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines; and

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as follows:

INCOME APPROACH TO VALUE					
DIRECT CAPITALIZATION METHOD					
Silay Property					
Land Area:		431,381 -sq.m.			
Status:		vacant (under 19-year lease)			
Gross Revenue (Rental Income on Year 1)					
2022					
	Fixed Lease			Php	241,740,881
	Variable Lease			Php	942,422
			Gross Revenue -	**Php**	**242,683,304**
Less:	Lease on Land =				3,834,322
			Net Income -	**Php**	**238,848,981**
	Capitalized @	**5.63%**		**Php**	**4,242,433,062**
			Leased Fee Estate (land), say -	**Php**	**4,242,433,000**

Based the foregoing, the ***headleasehold interest*** of the **CITICORE ENERGY REIT CORPORATION** is estimated **Php4,242,433,000** for the **431,381-square meter** solar power plant with lease and sublease lives of 19 years based on direct capitalization method.

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

LEASED FEE ESTATE APPRAISAL

Leased Fee Estate of the
CITICORE ENERGY REIT CORPORATION (CREIT)
Located in
Barangay Pasong Bangkal
San Ildefonso, Bulacan

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 22 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **CITICORE ENERGY REIT CORPORATION (CREIT),** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the leased fee estate on the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2023
PRC Registration Number: 0000167
IPREA Membership No. 18849
PTR No. 5242992
14 January 2021
City of Pasig

22 November 2021

CITICORE ENERGY REIT CORPORATION (CREIT)
11th Floor, Santolan Town Plaza
Col Bonny Serrano Avenue
San Juan City, Metro Manila

Attention : **MR. OLIVER TAN**
President and CEO

Subject : **CAI File No. 02-2021-0140B**
Leased Fee Estate Appraisal

Gentlemen :

As requested, we appraised of certain real property covered by the land lease agreement by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (Lessor) and CITICORE SOLAR BULACAN, INC. (formerly Bulacan Solar Energy Corporation). (Lessee),** for the purpose of expressing an opinion on the ***leased fee estate*** on the property intended for corporate use as of ***31 October 2021.***

The appraised property is the ***leased fee estate*** of the **CITICORE ENERGY REIT CORPORATION (CREIT),** on the **land** located **within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan.**

Terms used herein are defined as-

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

Solar Power Plant is a facility that converts sunlight either directly or indirectly into electricity.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***leased fee estate*** on the property appraised as of ***31 October 2021*** is reasonably represented in the amount of

Methodology	***Leased Fee Estate (Php)***
By Discounted Cash Flow	***2,484,073,000***
By Direct Capitalization Method	***3,270,329,000***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised interest on the property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

CARMELA M. TORBELA
Department Manager - Real Estate
Real Estate Appraiser
PRC Registration Number: 0004270
Valid Until: 10/04/2022
IPREA Membership No. 181001
PTR No. 3883178C
05 January 2021
City of Bacoor

RDM: lpg

CAI File No. 02-2021-0140B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. Any erasure on appraisal date and/or value invalidates this valuation report.

3. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

4. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 02-2021-0140B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan. The appraisal was made for the purpose of expressing an opinion on the ***leased fee estate*** on the property as of ***31 October 2021.***

Leased Fee Estate or Lessor's Interest consists of the right to receive the contract rent provided by the lease, the reversion of the real estate at the end of the lease, plus any other benefits but minus any penalties according to the provisions of the lease. In short, it is the present (discounted) value of the unexpired contract rent in addition to the present (discounted) value of the property reversion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances, and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is identified as the site of the Bulacan Solar Energy Plant, located **within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan.**

For purposes of definitive valuation, the property is segregated into two (2) sites, the particulars are as follows:

Site 1 consists of two (2) adjoining lots located on the east side of an existing road approximately 1.0 kilometer southeast from the corner of the Barangay and existing road; 3.0 kilometers southeast from Proverbs 17 Farms; 3.68 kilometers southeast from Casalat Barangay Hall; 5.7 kilometers southeast from Upig Hidden Resort; and about 6.3 kilometers southeast from Upig Elementary School.

Site 2 consists of five (5) parcels of lots located on the northwest side of an existing road. It is just opposite to Site 1. Distances and direction can be referred from Site 1.

The existing road is 8 meters wide, and macadam paved.

The configuration of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically agricultural, residential and industrial.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are either concreted or asphalted, with widths ranging from 8 to 15 meters.

Some of the important improvements in the vicinity are:

Casalat Camping World
Casalat Elementary School
Proverbs 17 Farm
Casalat Barangay Hall
Upig Hidden Resort
Upig Elementary School

The various commercial establishments within San Ildefonso proper serve the immediate marketing needs of the residents in the area. It is accessible from the Barangay Road by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply through deepwell facilities are available at the vicinity of the sites.

Public transportation connecting to Barangay Pasong Bangkal and San Ildefonso town proper is available along the Barangay Road. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

Site 1 consists of two (2) adjoining lots, containing an aggregate total area of 44,099 square meters, technically identified under:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
A	Psd-03-075374	039-2015011228	17,205
1600	Cad-320-D	039-2015011692	26,894
		Total -	**44,099 sq.m.**

The above certificates of title were both issued by the Registry of Deeds for the Province of Bulacan (Guiguinto) in favor of the **BULACAN SOLAR ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on copy of plan provided to us by the client. As shown, the land has an irregular in shape with a frontage of 358.84 meters on the Existing Road.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

Site 2 consists of five (5) contiguous lots containing an aggregate total area of 209,781 square meters, technically identified as follows:

Lot Nos.	Survey Nos.	TCT Nos.	Area (sq.m.)
1555	-	039-2015012119	88,883
1564-B	(LRC) Psd-E2015004498	039-2015012544	25,370
1567	Cad-320-D	039-2015011691	16,157
1571-A	(LRC) Psd-224522	039-2015012121	37,728
1571-B	(LRC) Psd-224522	039-2015012120	41,643
		Total -	**209,781 sq.m.**

The above certificates of title were all issued by the Registry of Deeds for the Province of Bulacan (Guiguinto) in favor of the **BULACAN SOLAR ENERGY CORPORATION.**

Attached is a plan of the property as plotted based on the technical description of the titles provided to us by the client. As shown, the land has an irregular in shape with frontages of 329.66 meters on the Existing Road.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Pasong Bangkal, San Ildefonso, Province of Bulacan as per Department Order No. 014-18, effective 09 May 2018:

Street Name	Classification	2nd Revision Zonal Value (Php/sq.m.)
Barangay Road	Industrial	900
	Residential	750
	Agricultural A50	130

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, a solar power plant,** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. MEMORANDUM OF AGREEMENT

Based on the documents furnished to us by the client, a Memorandum of Agreement was made and entered by and between **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC. (EPRRI) and CITICORE SOLAR BULACAN, INC (formerly BULACAN SOLAR ENERGY CORPORATION (CS BULACAN).**

Silent features of the Memorandum of Agreement are as follows

1. CS BULACAN is the registered owner of several parces of land with an aggregate land area of 253,880 square meters;

2. .CS BULACAN owns and operate a 15 MWp Solar Power Plant, including all structures, buildings, machineries and equipment appurtenant thereto;

3. EPRRI intends to buy the subject properties from CS BULACAN; CS BULACAN intends to retain ownership of and continue the operation and maintenance of the Solar Power Plant; and EPRRI intends to lease the subject properties to CS BULACAN;

4. The agreement shall be for a period of twenty five (25) years commencing on 01 January 2022 up to 31 December 2046, renewal option subject to terms and conditions as may be agreed upon by both parties.

5. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

IX. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. For the subject property, we adopted the Discounted Cash Flow Analysis and Direct Capitalization, described as follows:

A. DISCOUNTED CASH FLOW ANALYSIS

This form of analysis is used to express an opinion of value of the asset or property grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future. For this particular property, the economic benefits come in the form of lease of the solar power plant. This approach therefore requires a forecast of the economic entity’s stream of net income based on Lease Contract. These net income or rents are then summed up and discounted back to present worth by an appropriate discount rate, then add the terminal value of the property.

The valuation process, briefly stated, consists of the following:

1. Estimation of the current market value of the leased property;
2. Estimation of the present worth of the unexpired contract rentals. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   NPV = [¦FVt / (1 + i)t] - I0

   The last equation states that the Net Present Value, ¦PV, is just the sum of the present worth of the expected economic benefits to be received;

3. Estimation of an appropriate discount rate; and
4. Discounting process based on an appropriate discount rate to arrive at an indicated lessor interest value.

Conditions/Assumptions:

1. The value of the land at the time of reversion is the same at the time appraisal;

2. Discount rate applicable to both contracts rent and property reversion is developed at 7.01%. The discount rate was set using the Weighted Average Cost of Capital based on the average capital structure of the companies in the solar energy sector as of the valuation date

Cost of Equity	
Risk free rate (10Y BVAL)	2.99%
Mature Market rate of return (Damodaran)	4.72%
Power Industry Beta (Damodaran)	0.64
Cost of equity	6.01%
Additional Premium*	1%
Adjusted cost of equity	7.01%

Computation of Weighted Average Cost of Capital	**Cost**
Debt	-
Equity	7.01%
Weighted average cost of capital	7.01%

**Additional buffer to account for further movement in risk free rate*

3. The remaining life of contract of lease is 25 years; and

4. Lease rates (fixed and variable lease) were based on the signed lease contracts provided by the client.

Typical to any Solar Plant and thru the use of globally accepted PVsyst software, projected plant generation output for 25-years can be determined. The variable lease is the incremental generation output between the projected plant generation output and the past 3-years historical average generation output, multiplied by the tariff rate.

Market Value of the Property

The value of the land was estimated by using the ***Sales Comparison Approach***. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Land Value

For purposes of comparison, the following market data are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of *21,047 square meters*, located *along the Barangay Road, within Barangay Pala-Pala, San Ildefonso, Bulacan* is being offered for sale *as posted on the internet at www.olx.ph website* at an asking price of **Php900 per square meter.**

2. Currently, a property having an area of *20,000 square meters*, located *along the Barangay Road (near Eagle Cement), within Barangay Akle, San Ildefonso, Bulacan* is being offered for sale thru *My Saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-3053595, 0998-5486952, 0917-5832561 and 046-4163209)* at an asking price of **Php900 per square meter.**

3. Currently, a property having an area of *71,000 square meters*, located *along DRT-Akle San Ildefonso Road, within Barangay Alagao, San Ildefonso, Bulacan* is offered for sale thru *My saving Grace Realty and Development Corporation (Contact Nos. 0998-859-7927, 0917-305-3595, 0998-548-6952; 0917-583-2561 and 046-416-3209)* at an asking price of **Php1,200 per square meter.**

4. Currently, a property having an area of *100,000 square meters*, located *along DRT-Akle San Ildefonso Road, within Barangay Alagao, San Ildefonso, Bulacan* is being offered for sale thru *My saving Grace Realty and Development Corporation (Contact Nos. 0998-8597927, 0917-3053595, 0998-548-6952, 0917-583-2561 and 046-416-3209)* at an asking price of **Php1,000 per square meter.**

Comparative Analysis - Area = 226,886 sq.m.

Factors Affecting Value	**Comparables**			
	1 **21,047 sq.m.** **Php900/sq.m.**	**2** **20,000 sq.m.** **Php900/sq.m.**	**3** **71,000 sq.m.** **Php1,100/sq.m.**	**4** **100,000 sq.m.** **Php1,000/sq.m.**
External Factor	-10%	-10%	-10%	-10%
Net Price (Php/sq.m.)	810	810	990	900
Internal Factor				
Location (influent road frontage)	-5%	-5%	-20%	-20%
Size	-10%	-10%	-8%	-5%
Use	10%	10%	10%	10%
Time Element	0%	0%	0%	0%
Algebraic Sum of Internal Factor	-5%	-5%	-18%	-15%
Computed Value (Php/sq.m.)	770	770	812	765

Market Value = (Php770/sq.m. + Php770/sq.m. + Php812/sq.m. + Php765/sq.m.)/4 = 779.00 per sq.m.
Say – Php800/sq. m.

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the ***market value*** of the appraised land is estimated at **Php800 per square meter**, or a total value of say, **Php203,104,000** for the **253,880 -square meter** subject land.

Present worth of the unexpired annual rent is computed on the next page:

Contract Period	Year	Unexpired Period	Fixed Lease	Variable Lease	Annual Rent	Present Worth Factor	Present Worth of Unexpired Annual Rent
1	2022	0.5	176,564,861	7,554,644	184,119,505	0.9663	177,911,927
2	2023	1.5	174,700,620	7,513,711	182,214,331	0.9022	164,398,679
3	2024	2.5	177,876,945	7,918,487	185,795,432	0.8424	156,516,942
4	2025	3.5	181,297,299	7,727,247	189,024,546	0.7866	148,680,857
5	2026	4.5	184,784,272	7,838,084	192,622,356	0.7344	141,466,651
6	2027	5.5	188,339,650	7,949,172	196,288,822	0.6857	134,602,609
7	2028	6.5	191,965,269	8,382,554	200,347,822	0.6403	128,278,262
8	2029	7.5	195,663,019	8,171,856	203,834,875	0.5978	121,858,958
9	2030	8.5	199,434,845	8,283,316	207,718,161	0.5582	115,948,188
10	2031	9.5	203,282,748	8,394,759	211,677,506	0.5212	110,325,204
11	2032	10.5	207,208,786	8,850,308	216,059,094	0.4866	105,143,664
12	2033	11.5	211,215,079	8,617,268	219,832,347	0.4544	99,887,854
13	2034	12.5	215,303,807	8,728,160	224,031,967	0.4243	95,047,699
14	2035	13.5	219,477,212	8,838,685	228,315,897	0.3961	90,443,695
15	2036	14.5	218,806,020	8,759,854	227,565,874	0.3699	84,170,481
16	2037	15.5	218,135,524	8,679,049	226,814,573	0.3454	78,331,088
17	2038	16.5	217,465,662	8,596,279	226,061,941	0.3225	72,895,578
18	2039	17.5	216,796,371	8,511,552	225,307,923	0.3011	67,836,077
19	2040	18.5	216,127,587	8,424,876	224,552,463	0.2811	63,126,631
20	2041	19.5	215,459,248	8,336,258	223,795,506	0.2625	58,743,076
21	2042	20.5	208,772,134	8,245,706	217,017,841	0.2451	53,187,709
22	2043	21.5	207,706,567	8,153,229	215,859,796	0.2288	49,396,723
23	2044	22.5	206,641,248	8,058,833	214,700,080	0.2137	45,874,264
24	2045	23.5	205,576,108	7,962,526	213,538,634	0.1995	42,601,402
25	2046	24.5	204,511,082	7,864,316	212,375,398	0.1863	39,560,536
							Php2,446,234,754

Indicated Value on the Leased Fee Estate is computed as follows:

Leased Fee Estate:

Present Worth of the Unexpired Contract Rent	Php2,446,234,754
Plus: Reversionary Value of the Land Market Value of the Land x Present Worth Factor 253,880 sq.m. x Php800/sq.m. x 0.1863	Php 37,838,275
Total -	***Php2,484,073,029***
Say -	***Php2,484,073,000***

B. DIRECT CAPITALIZATION METHOD

Direct capitalization typically involves the analysis of a single year's net income (or average of several years' income). The resultant "NOI" is capitalized by an overall capitalization rate to derive value.

In line with the valuation procedure, the following investigations, assumptions and estimates were made:

1. The estimated income from lease which consists of fixed and variable lease were based on the signed lease contracts provided by the client; and

2. Capitalization Rate was estimated at 5.63% based on the weight average yield of initial public offerings from 13 August 13, 2020 to 30 September 2021 in the Philippines.

On the basis of the aforementioned assumptions and estimates, the market value of the appraised property, using the direct capitalization method, is reasonably presented as under:

INCOME APPROACH TO VALUE
DIRECT CAPITALIZATION METHOD

Land Area 253,880 sq.m.

Rental Income on Year 1		
Fixed Lease	Php	176,564,861
Variable Lease	Php	7,554,644
	Net Income - Php	**184,119,505**
	Capitalized @ 5.63%	**Php3,270,328,684**
	Leased Fee Estate (land and solar power plant)- say	**Php3,270,329,000**

X. CONCLUSION OF VALUATION

We did not use current market value of the property due to lack of market benchmark. Unlike traditional residential, commercial and industrial properties which has wider market forces or participants in terms of supply and demand, hence, more reliable market driven benchmark, the renewable energy properties (though classified as industrial) is an emerging class or new category of real estate property. Since it's relatively new, asset class and market forces are not as deep as traditional properties, the market value approach can be erratic which is typical of any new asset class. Due to lack of appropriate market reference, we used other valuation methods available. We used the Discounted Cash Flow and Direct Capitalization methods in computing for the fair value of the subject properties. In our opinion, the Discounted Cash Flow provides a reasonable estimation of the fair values given that:

(1) the said approach captures the stream of cash flow from the long term guaranteed contract entered into by the parties while direct capitalization method captures one year of income only;

(2) the discount rate used is specific to the Company as it is benchmarked to comparable power industry while the cap rate pertains to average rate of recently listed REIT companies; and

(3) the said approach provides a lower figure and is considered conservative.

Independent Market Research (IMR) on the

Power Generation Industry in the Philippines with a Focus on Solar Power Generation

20 October 2021

The market research process for this study has been undertaken through secondary/desktop research as well as primary research, which involves discussing the status of the industry with leading participants and experts. The research methodology used is the Expert Opinion Consensus Methodology.

Quantitative market information is subject to fluctuations due to possible changes in the business and industry climate. Frost & Sullivan's estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

This study has been prepared for inclusion as part of the Transaction documents required to be submitted to the Philippine's Stock Exchange.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the Power Generation Industry in the Philippines and spesifically on Solar Power Generation within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares/securities of any company or companies as mentioned in it or otherwise.

Authorised Signatory

Sanjay Singh

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ABBREVIATIONS

General Definitions

AI	:	Artificial Intelligence
BESS	:	Battery energy project system
BOT	:	Build-Operate-Transfer
CAGR	:	Compound annual growth rate
CCGT	:	Combined Cycle Gas Turbines
COD	:	Cash-on-delivery
COVID-19	:	Coronavirus disease 2019
CSP	:	Competitive Selection Process
DU	:	Distribution Utilities
DSM	:	Demand-side management
GDP	:	Gross Domestic Product
GW	:	Gigawatt
GWh	:	Gigawatt Hour
ECA	:	Energy Conversion Agreement
EPC	:	Engineering, Procurement and Construction
EPNS	:	Energy Project of National Significance
EVOSS	:	Energy Virtual One-Stop Shop
FINL	:	Foreign investment negative list
FiT	:	Feed-in Tariff
IPP	:	Independent Power Producer
IPPA	:	Independent Power Producer Administrator
ITH	:	Income tax holiday
Kw	:	Kilowatt
LGU	:	Local and government unit
LNG	:	Liquefied Natural Gas
ML	:	Machine Learning
MoI	:	Memorandum of intent
MSME	:	Micro, Small and Medium Enterprises
MW	:	Megawatt
MWdc	:	Megawatt direct current
MWh	:	Megawatt Hour
MT	:	Metric Ton
MW	:	Megawatt
NEM	:	Net-metering
NOLCO	:	Net operating loss carry-over
ODA	:	Official Development Assistance
O&M	:	Operation and Maintenance
PPA	:	Purchasing Power Agreement
PPP	:	Public Private Partnership
PSA	:	Power Sales Agreement
PV	:	Photovoltaic
RCOA	:	Retail Competition Open Access

RE	:	Renewable energy
REM	:	Renewable energy market
ROR	:	Run-of-the-river
RPS	:	Renewable portfolio standard
TCF	:	Trillion Cubic Feet
USD	:	United States Dollar
VAT	:	Value-added tax
WESM	:	Wholesale electricity spot market
WPP	:	Wind power project

Definition of Companies, Authorities, Regulations/Policies and Organisations

ACEN	:	AC Energy Corporation
ADB	:	Asian Development Bank
AP	:	Aboitiz Power Corporation
ASEAN	:	Member Countries of Association of Southeast Asian Nations (ASEAN)
BFI	:	Buskowitz Finance, Inc
CITICORE	:	Citicore Power Inc.
CREATE	:	Corporate Recovery and Tax Incentives for Enterprises
CREC	:	Citicore Renewable Energy Corporation
CREIT	:	Citicore Energy REIT Corporation
CSBT	:	Citicore Solar Bataan, Inc
CSBL	:	Citicore Solar Bulacan, Inc
CSCB	:	Citicore Solar Cebu, Inc
CSNO	:	Citicore Solar Negros Occidental, Inc
CSSC	:	Citicore Solar South Cotabato, Inc
CST1	:	Citicore Solar Tarlac 1, Inc
CST2	:	Citicore Solar Tarlac 2, Inc
DBP	:	Development Bank of the Philippines
DENR	:	Department of Environmental & Natural Resources of Philippines
DOE	:	Department of Energy of Philippines
EAC	:	Electricity Authority of Cambodia
EDL	:	Electricity Generation Public Company Laos
EGAT	:	Electricity Generating Authority of Thailand
EICC	:	Energy Investment Coordinating Council
ELPI	:	Energy Logics Philippines
EMA	:	Energy Market Authority Singapore
EPIRA	:	Electric Power Industry Reform Act
ERC	:	Energy Regulatory Commission of Philippines
ET-Pilipinas		ET Energy Pilipinas Holding Corporation
ET-Vivant	:	ET-Vivant Solar Corporation
EVN	:	Vietnam Electricity
EWC	:	Energy World Corporation Limited Australlia
FDC	:	Filinvest Development Corporatoin
FDCUI	:	FDC Utlities

FREE	:	Filinvest ENGIE Renewable Energy Enterprise, Inc
GEOP	:	Green Energy Option Program
GIS	:	Grid impact studies
HEDP	:	Household Electrification Development Plan
IEEFA	:	Institute for Energy Economics and Financial Analysis
IEMOP	:	Independent Market Operator of Philippines
IMEM	:	Interim Mindanao Electricity Market
IMF	:	International Monetary Fund
JCEC	:	Joint Congressional Energy Commission
LLDA	:	Laguna Lake Development Authority
MERALCO	:	MERALCO PowerGen Corporation
Miescor	:	MERALCO Industry Engineering Services Corporation
NEA	:	National Electrification Administration of Philippines
NGCP	:	National Grid Corporation of Philippines
NPC	:	National Power Corporation of Philippines
NREB	:	National Renewable Energy Board
NREP	:	National Renewable Energy Plan
PDP	:	Philippine Development Plan
PEP	:	Philippine Energy Plan
PEMC	:	Philippine Electricity Market Corporation
PSALM	:	The Power Sector Assets and Liabilities Management of Philippines
RA	:	Republic Act
RETF	:	Renewable Energy Trust Fund
SEA	:	Southeast Asia
SEC	:	Securities and Exchange Commission of Philippines
SMC	:	SMC Global Power Holdings
Spectrum	:	MSpectrum, Inc
SPCLC	:	Solar Philippines Central Luzon Corporation
SPTC	:	Solar Philippines Tarlac Corporation
SPUG	:	Small Power Utilities Group
TBEA	:	TBEA International Engineering Co., Ltd
TDP	:	Transmission Development Plan
TRANSCO	:	National Transmission Company of Philippines
VREC	:	Vivant Renewables Energy Corporation

Currency Exchange Rates to USD1.00

PHP48.50 THB32.1

Source: BSP Reference Rate quoted on June 30, 2021

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EXECUTIVE SUMMARY

The Philippines is the 3rd-largest economy among the 10 member countries that make up the Association of Southeast Asian Nations ("**ASEAN**"), representing 11.8% of the region's total gross domestic product ("**GDP**") in 2020. Following the declaration of the Corona Virus Disease ("**COVID-19**") pandemic, the economy is slowly recovering and is expected to positively contribute to its growing GDP per capita. By 2025, the Philippines' GDP will reach PHP 24,575.0 billion (USD 506.7 billion), growing at a compound annual growth rate ("**CAGR"**) of 6% between 2015 and 2025, while GDP per capita is projected to reach PHP 226,156 (USD 4,663) (+4.4% CAGR) over the same period.

In response to the pandemic second wave, the Philippine government has swiftly blunted the COVID-19 impact that took hold the economy. It enacted several financial measures and stimulus packages, such as the "Bayanihan II Act" and Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**") initiative. It also imposed strict health measures, mass testing, and mass vaccination. And, in doing so, hasten the economic recovery. Frost and Sullivan thinks that as the threat of the pandemic wanes, the economy is forecasted to improve from 2021 onwards with unemployment reduced and household financial improved.

Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent approximately 84% of ASEAN's total installed renewable energy ("**RE**") capacity among the member states. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8 megawatts ("**MW**") (inclusive of 11 MW of BESS) in 2020, with hydropower and geothermal energy as the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 27.1%, equal to 25,415 MW, by 2025.

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to come from RE. The latest National Renewable Energy Plan ("**NREP**") released by the Department of Energy ("**DOE**") indicated that the RE target is to have at least 20,000 MW of generating capacity by 2040. Of the total RE that is expected to come online by 2030, solar will make up more than half at 13,138.9 MW (54.7%).

Guided by the plans and programs outlined in the NREP, the growth of RE is expected to be primarily driven by new solar power capacity. The uptake in solar power is aided by several factors, including fiscal and non-fiscal incentives promoted by the government. The declining cost of solar power and the moratorium on coal power plants, i.e., the transition to a low-carbon, clean energy future, are also expected to strengthen RE uptake. The trend is likely to continue and accelerate as the renewables' economy improves and the fundamentals strengthen. The transition will further catalyze and support the transformation in the Philippines' energy sector going forward. Based on the current list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030.

Within the value chain of the solar power market in the Philippines, existing local solar players are typically presenting within the downstream segment of the industry value chain, i.e., project development and system integration.

The utility scale solar segment within the downstream segment comprises mainly local players, such as AC Energy Corporation ("**ACEN**"), CITICORE, Energy Logics Philippines Inc ("**ELPI**"), PetroSolar Corporation, Solar Philippines, Jobin SQM Inc, Aboitiz Power Corporation ("**AP**"), and MERALCO PowerGen Corporation ("**MERALCO**"). Notably, Citicore Renewable Energy Corporation ("**CREC**"), the sponsor of Citicore Energy REIT Corporation ("**CREIT**"), is a wholly-owned subsidiary of CITICORE.

Among the downstream solar energy players in Philippines, CITICORE has one of the largest installed capacities in terms of attributable stake at 163 MW and stands out in terms of new project pipeline with 1,500 MW. It also has a strong local presence across the value chain by offering Engineering, Procurement and Construction ("**EPC**") and Operation and Maintenance ("**O&M**") capabilities through cooperation with its affiliate company, Megawide Construction Corporation.

Accelerating the pace of solar power adoption will positively impact the economy through job creation and will reduce the cost of power generation given its growing affordability. In addition, solar power plants are a well proven 'zero emission' technology that can help a country to reduce its carbon emission targets. CITICORE, as one of the prominent players in the renewable energy industry, stands to play an active role in Philippines' energy transition journey.

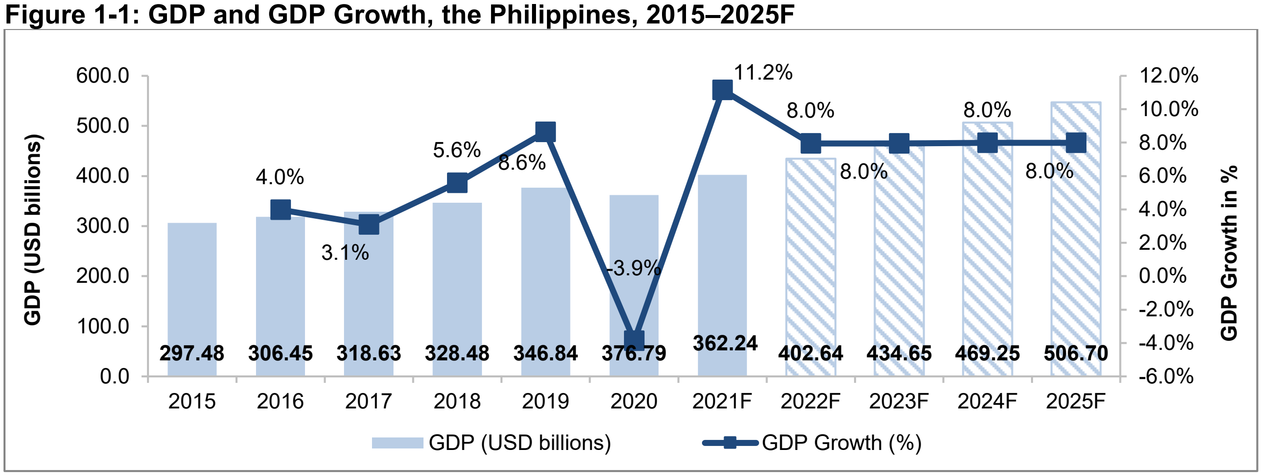
1. MACROECONOMIC OVERVIEW

1.1 SELECTED ECONOMIC INDICATORS

1.1.1 GDP and GDP Per Capita Trends

As the world slowly recovers from COVID-19, the Philippines' economic outlook is expected to be positive, contributing to a growing GDP and GDP per capita. In 2021, the Philippines' GDP is expected to reach PHP 17,568.64 billion (USD 362.24 billion) at current prices, growing at a CAGR of 6% between 2015 and 2025. This growth is expected to be driven by sustained public projects, especially under the government's "Build, Build, Build" initiative, a comprehensive infrastructure development program; private consumption and spending; and innovative projects, such as climate-friendly intra-city transit systems.

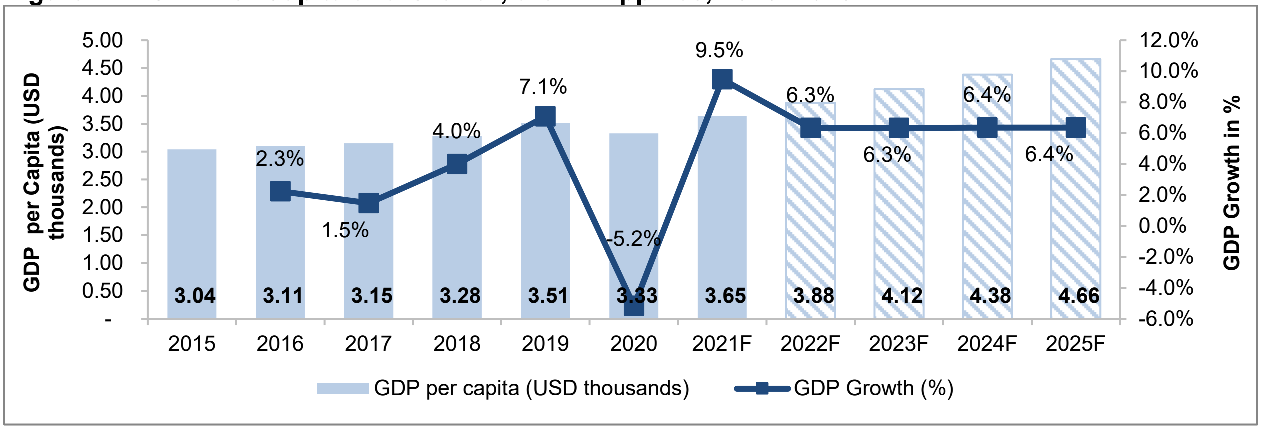
Figure 1-1: GDP and GDP Growth, the Philippines, 2015–2025F



*Source: International Monetary Fund ("**IMF**") World Economic Outlook; Frost & Sullivan*

The GDP per capita of the Philippines was PHP 161,505 (USD 3,330) in 2020. It is expected to reach PHP 266,156 (USD 4,663) by 2025, growing at a CAGR of 4.4% between 2015 and 2025. This growth is expected to be driven by higher spending likely to occur in the post-pandemic period.

Figure 1-2: GDP Per Capita and Growth, the Philippines, 2015–2025F



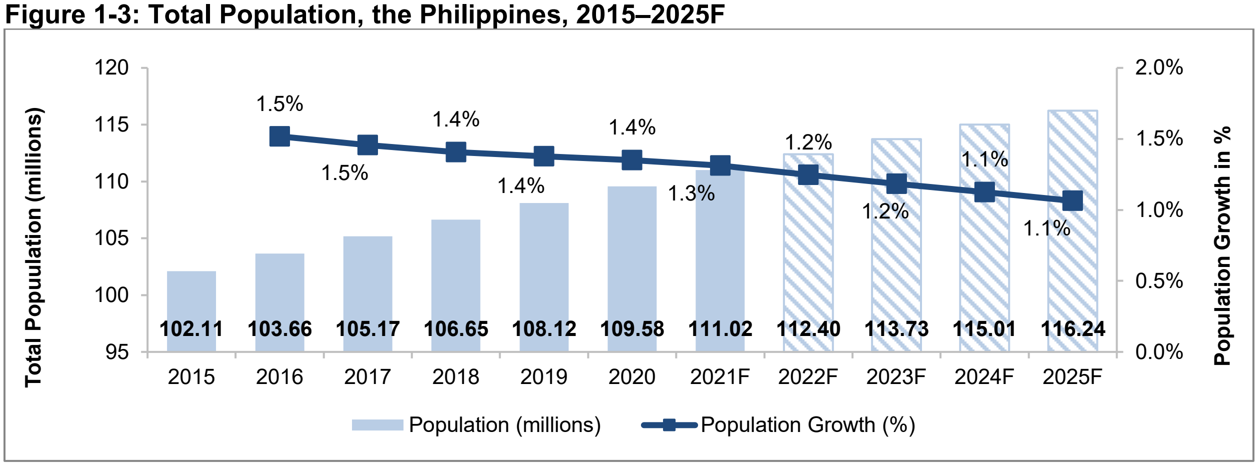
Source: IMF World Economic Outlook, Frost & Sullivan

1.2 POPULATION

1.2.1 Growth Trends

It is estimated that the country's population will grow to 111 million by the end of 2021. This growth is expected to continue until 2025 and then decline due to the increasing preference for smaller family sizes and various government health programs.

Figure 1-3: Total Population, the Philippines, 2015–2025F



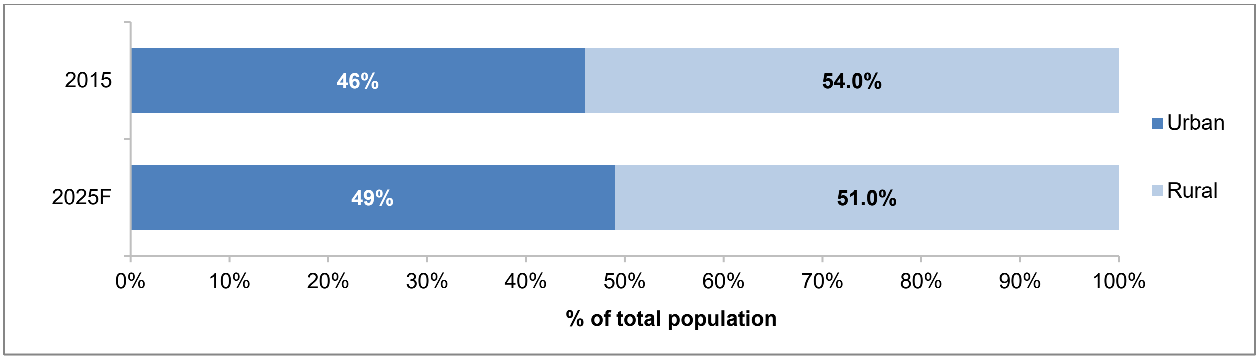
Source: World Bank, Philippine Statistics Authority; Frost & Sullivan

The working-age population is expected to grow by 1 million in 2021, reaching 71.83 million, or 64.7%, of Filipinos between 15 and 64 years old. This increase in the working-age population implies a demographic precondition for greater productivity, given its potential to support the dependent population. However, this creates a need for the country to create new jobs, a challenging proposition during the pandemic.

1.2.2 Urban–Rural Classification

The urban population is expected to grow from 46% of the total population (~47 million) in 2015 to 49% (~57 million) in 2025. Economic growth is increasingly around the central city hubs, such as Metro Manila and middleweight regions, including cross-border areas for trade-in logistics, such as Cebu; designated economic zones; and satellite regions within commutable distance from the mega cities.

Figure 1-4: Urban and Rural Population, the Philippines, 2015 and 2025F



Source: ASEAN Sustainable Urbanisation Strategy Report; Frost & Sullivan

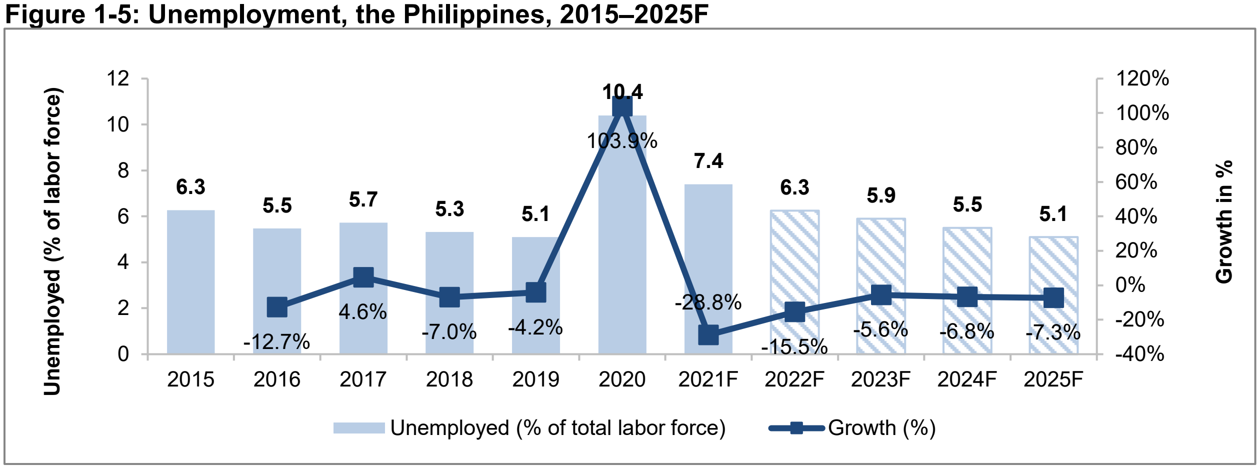
1.3 COVID-19 IMPLICATION

1.3.1 Impact on Businesses and Households

A strict lockdown, "Enhanced Community Quarantine," to control the spread of the virus was imposed starting in August 2021. Only essential businesses and services were allowed to open, and only 1 family member was permitted to step out to buy necessities. The lockdown negatively impacted retail sales for manufacturers, transportation, and services. In a recent study by the Asian Development Bank ("**ADB**"), approximately 70% of the Philippines' micro, small, and medium enterprises ("**MSME**") were also forced to temporarily close due to the pandemic. With almost 13% of MSMEs opting to work from home, the remote working setup was not considered a viable option, resulting in temporary layoffs.

Consequently, household income was negatively affected. The ADB reported that 85% of Philippine households experienced financial difficulty during the pandemic. It was also observed that lower-income households were more likely to face income decline than higher-income households. The disparity of the impact of the lockdown will likely result in broader income inequality post-pandemic. The unemployed population grew by approximately 104% in 2020, amounting to 10.4% of the labor force. Unemployment is expected to decrease gradually in 2021, as the threat of the pandemic decreases, and economic recovery begins.

Figure 1-5: Unemployment, the Philippines, 2015–2025F



Source: IMF World Economic Outlook; Frost & Sullivan

1.3.2 Government Response

To help alleviate the pandemic's adverse economic impact, the government enacted the Republic Act No.11469 or the "Bayanihan to Heal as One Act." The Act allowed the president to reallocate almost PHP 275 billion (USD 5.67 billion) for the pandemic response, from the estimated PHP 438 billion (USD 9.03 billion) 2020 national budget and mandated economic assistance for disadvantaged families and displaced workers.

As the pandemic persisted, Republic Act No. 11494 or the "Bayanihan II Act" was subsequently signed into law. The PHP 165.5 billion (USD 3.4 billion) package allocated PHP 39.5 billion (USD 814 million) for loans for small businesses; PHP 24 billion (USD 495 million) for the agriculture sector; and PHP 13 billion (USD 268 million) for the displaced workers. It extended grace periods and allowed zero-interest instalments for rental payments and utility bills incurred by residential occupants and small businesses. The net operating losses of the companies for 2020 and 2021 were also allowed to be carried over as a deduction from gross income for the next 5 consecutive taxable years. The percentage tax on shares of stock sold or exchanged through Initial Public Offering was also removed.

Other enacted reform measures include the CREATE initiative, which immediately reduced the corporate income tax rate from 30% to 25%, followed by a 1% annual decrease from 2023 to 2027. The Financial Institutions Strategic Transfer was also enacted to allow financial institutions to dispose of non-performing loans and assets to address liquidity concerns.

The Philippines' public health system struggled to cope with the continuous increase in cases, which was attributed to a shortage of health workers and poor health infrastructure. Mass testing and systematic tracking were challenging. As cases continue to rise, a "State of Calamity" declaration was extended until the end of 2021.

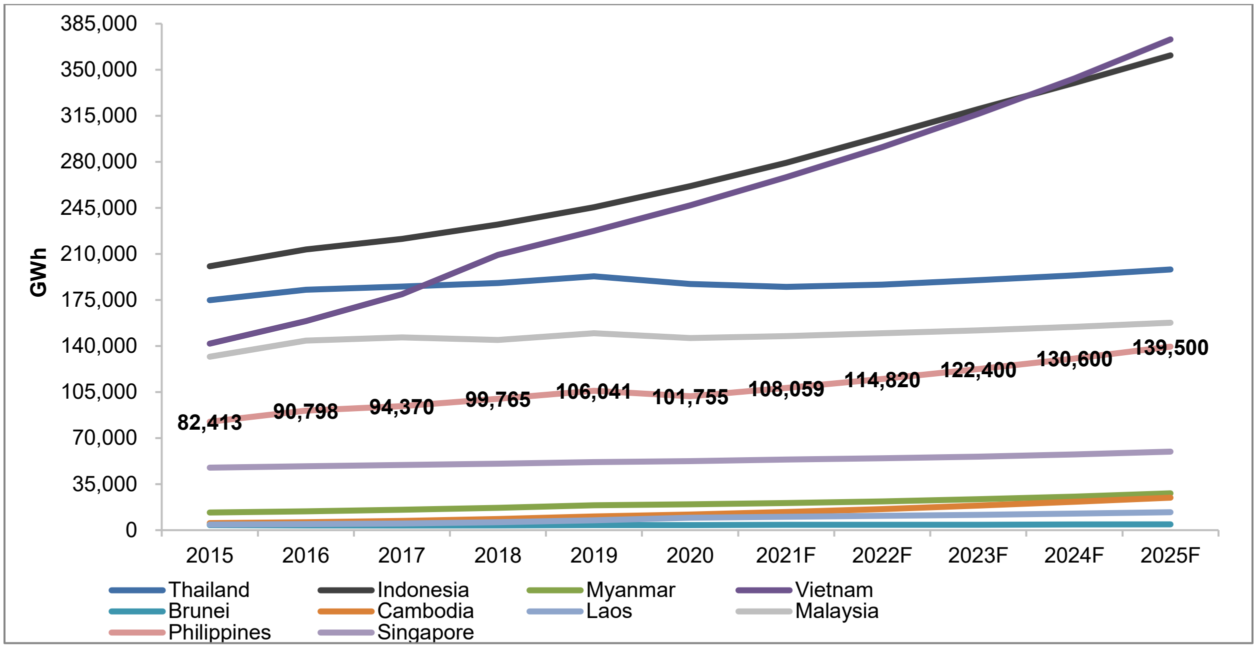
1.4 ELECTRICITY IN ASEAN

1.4.1 Demand and Consumption

ASEAN is a crucial participant in the global economy, with a cumulative GDP of over PHP 121 trillion (USD 2.5 trillion). The economic growth the region has experienced increased its energy demand by 70% compared to the energy demand in 2000. As of 2020, ASEAN accounts for 5% of the total global energy demand.

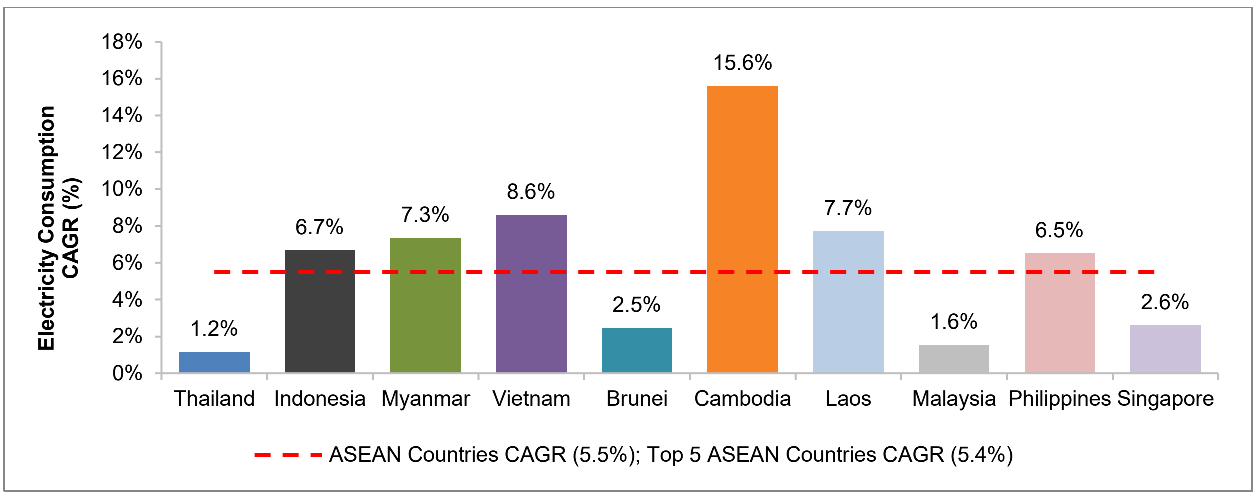
Overall, electricity consumption in ASEAN is expected to grow at a CAGR of 5.5% from 2020 to 2025, with Vietnam overtaking Indonesia as the top consumer. In the Philippines, electricity consumption is expected to grow at a CAGR of 6.5% from 2020 to 2025.

Figure 1-6: Electricity Consumption, ASEAN, 2015–2025F



*Source: Metropolitan Electricity Authority; Electricity Generating Authority of Thailand ("**EGAT**"); Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; Vietnam Electricity ("**EVN**"); Electricity Authority of Cambodia ("**EAC**"); Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; Energy Market Authority ("**EMA**") Singapore; Frost & Sullivan*

Figure 1-7: Electricity Consumption CAGR, ASEAN Countries, 2020–2025F



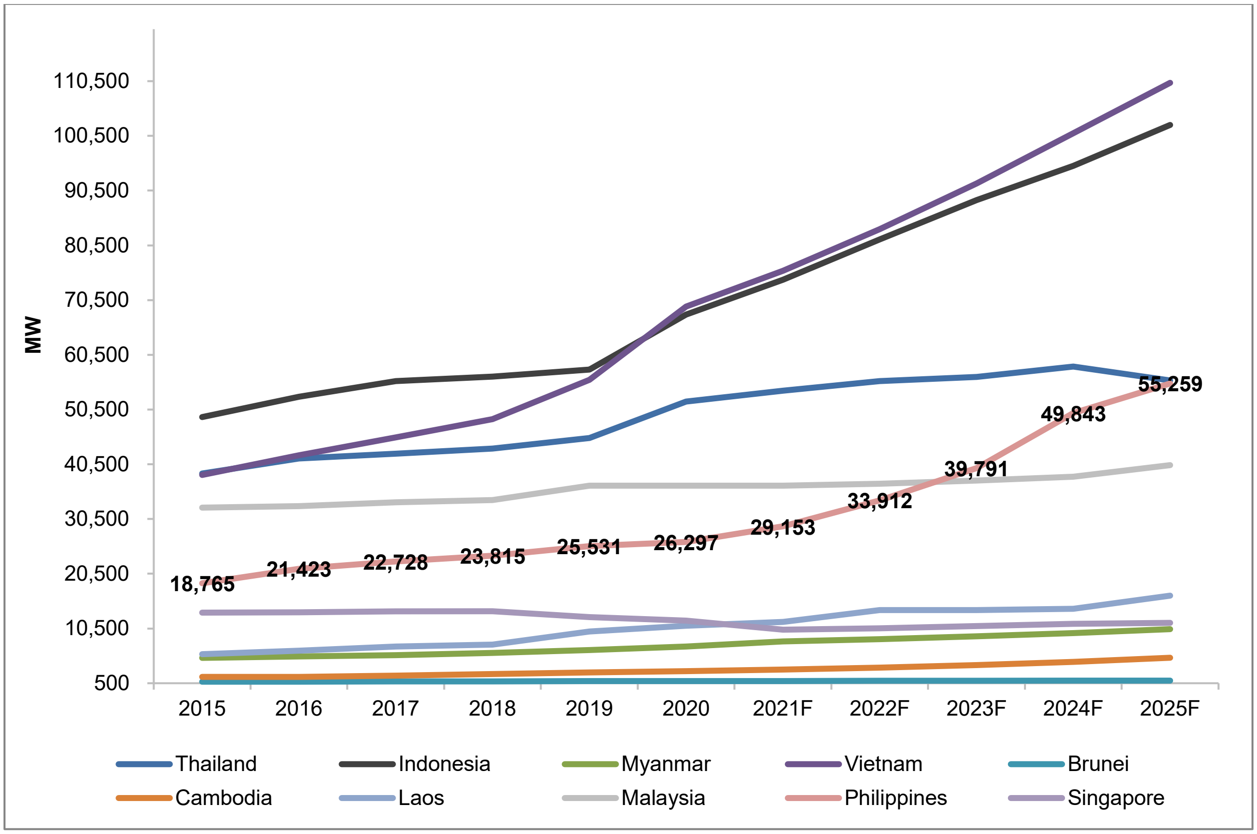
Source: Metropolitan Electricity Authority; EGAT; Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; EVN; EAC; Ministry of Energy and Mines Laos; Energy Commission Malaysia; DOE Philippines; EMA Singapore; Frost & Sullivan

1.5 INSTALLED CAPACITY IN ASEAN

1.5.1 Overall

Overall, installed capacity in ASEAN will grow at a CAGR of 7.4% from 2020 to 2025. In the Philippines, installed capacity is expected to grow from 26,297 MW in 2020 to 55,259 MW in 2025, recording a CAGR of 16% during the same period.

Figure 1-8: Total Installed Capacity, ASEAN, 2015–2025F



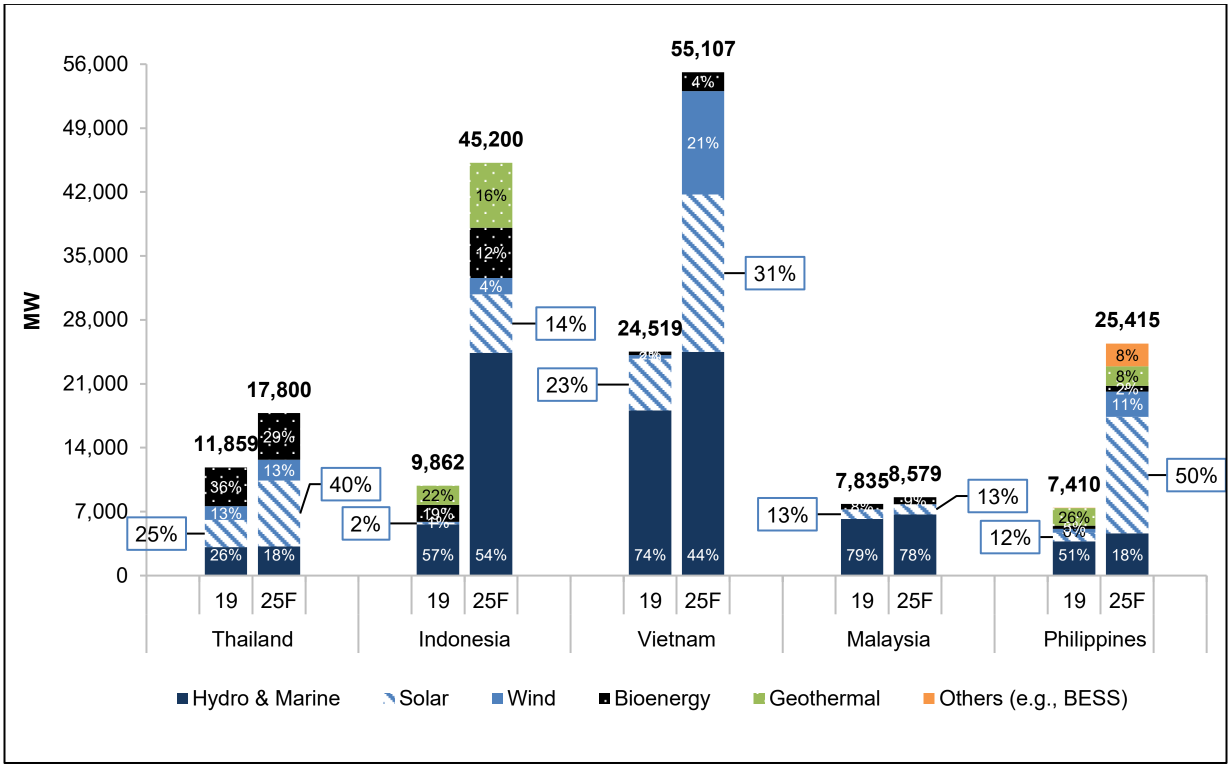
*Source: EGAT; RUPTL 2019–2038; Ministry of Electricity and Energy Myanmar; EVN; EAC; EDL Generation Public Company ("**EDL**") Laos ; Energy Commission Malaysia; DOE Philippines; CEIC Data; EMA Singapore; Frost & Sullivan*

1.5.2 Renewable Energy

Among the ASEAN member states, Vietnam, Thailand, the Philippines, Malaysia, and Indonesia represent a share of approximately 84% of ASEAN's total installed RE capacity. Vietnam leads substantially with a 34% share, followed by Thailand (17%), Indonesia (13%), Malaysia (10%), and the Philippines (10%). As a region, ASEAN established an ambitious target of integrating at least 23% RE by 2025 to support economic growth and sustainability.

In the Philippines, total RE installed capacity reached 7,663.8MW in 2020 (inclusive of 11MW of BESS) with hydropower and geothermal energy the most significant contributors at 49% and 25%, respectively. Total RE capacity is expected to grow at a CAGR of 22.8%, equal to 25,415 MW, by 2025.

Figure 1-9: RE Installed Capacity by Type, Key ASEAN Countries, 2019 and 2025F



Source: International Renewable Energy Agency; Energy Commission Malaysia; DOE; Philippine Energy Plan 2018–2040; Ministry of Energy and Mineral Resources Revised Kebijakan Energi Nasional 2025; National Power Development Plan (PDP) 2021–2030 (Draft PDP8); Frost & Sullivan

2. OVERVIEW OF THE POWER GENERATION INDUSTRY IN THE PHILIPPINES

2.1 INTRODUCTION

The Philippines consists of 3 main regions: Luzon, Visayas, and Mindanao. Separate transmission grids exist for each region, but the grid in Mindanao does not have an interconnection. A critical transmission project to link the power grids in Visayas and Mindanao is currently under construction.

The Philippines relies heavily on imported fuels for power generation. According to the DOE, the country's dependence on coal was met by total imports of 27.7 million metric tons ("**MT**") and local production amounting to 15.2 million MT in 2019, which totaled 33.1 million MT. Of the total coal demand, the power generation industry consumed 28.7 million MT, equivalent to 86.7% of the total consumption in 2019.[1]

In 1973, the Philippine National Oil Company was formed as the country's custodian of the national oil and gas reserves, which led to the development of indigenous gas reserves supplying gas to the combined cycled gas turbine ("**CCGT**") power plants, notably from the Malampaya gas field (expected depletion by 2027).[2]

As an alternative to fossil fuels being used in power generation, a 621 MW nuclear power plant was built at Bataan in 1984 but was never commissioned.[3]

The power sector went through a massive privatization exercise with the introduction of the Electric Power Industry Reform Act ("**EPIRA**") in 2001, which led to the liberalization of the market and growth of the RE sector. With the enforcement of the RE Act in 2008, the Philippines has since made significant progress in developing its indigenous RE resources. By the end of 2020, 29.1% of the 26.3 Gigawatt ("**GW**") national installed capacity consisted of RE, primarily in the form of hydropower, geothermal, and solar, which was equivalent to 7.7 GW,[4] surpassing the contribution of natural gas-based (13.1%) and oil-fired power plants (13%).

Generally, coal-fired and geothermal power plants have served as baseload generators, whereas natural gas-fired power plants served as both mid-merit and peaking plants. Additionally, oil-based and hydropower plants are classified as peaking plants. As the Malampaya gas field is expected to deplete soon, the San Gabriel and Avion plants were both built to achieve commercial operations by 2016, with the intention of switching to re-gasified imported liquefied natural gas ("**LNG**") once the infrastructure for it is readily available. Australia-based Energy World Corporation Limited ("**EWC**") is currently developing the country's first LNG import terminal in Pagbilao, which is due to be complete by 2022.[5] There was also a discussion on the trans-ASEAN gas pipeline, although the country has not moved toward developing cross-border pipelines with any of its neighboring countries to date.

Under EPIRA (Republic Act 9136), several permits and approvals are required prior to developing private power projects. These permits and approvals need to be acquired from government-owned entities, such as the DOE, Department of Environmental & Natural Resources ("**DENR**"), and Energy Regulatory Commission ("**ERC**"), and the Department of Agrarian Reform. Additionally, connection approval to the transmission grid is required from the National Grid Corporation of the Philippines ("**NGCP**"). Below are some of the required permits/approvals to be obtained from government-owned entities:

[1] DOE, "2019 Coal Statistics", (Accessed: July 2021)
[2] BusinessWorld, "Malampaya depletion is expected by 1st quarter of 2027", March 2021
[3] Reuters, "In power hungry Philippines, some advocate a nuclear revival," May 2018
[4] Statistics of total installed capacity available on the DOE
[5] EWC, "Investor Presentation", March 2021

Table 2-1: Necessary Approvals/Permits to be Obtained

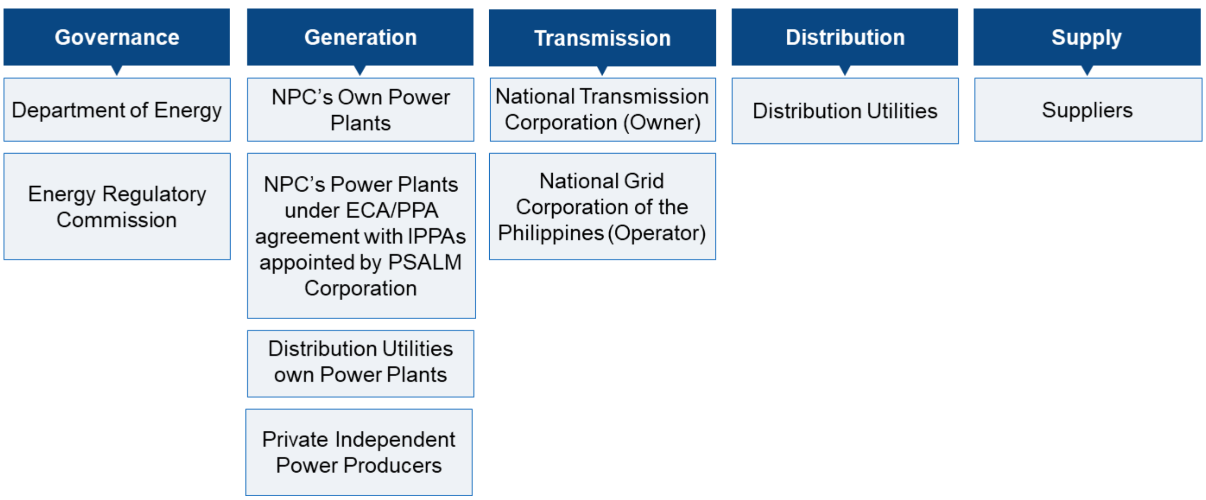
Government Agency	Required Approval/Permits
DOE	Certificate of Endorsement for Power Generation Project
DENR	Environmental Compliance Certificate, Wastewater Discharge Permit, Permit to Operate (Air Pollution Source and Control Installation), Special Land Use Permit, Forest Land Use Agreement
ERC	Certificate of Compliance, Power Sales Agreement ("**PSA**")
Department of Agrarian Reform	Land Use Conversion Permit

Source: DOE

***Note**: Non-exhaustive list. The full list may be referred to on the DOE website.*[6]

2.2 POWER MARKET STRUCTURE AND KEY INDUSTRY STAKEHOLDERS

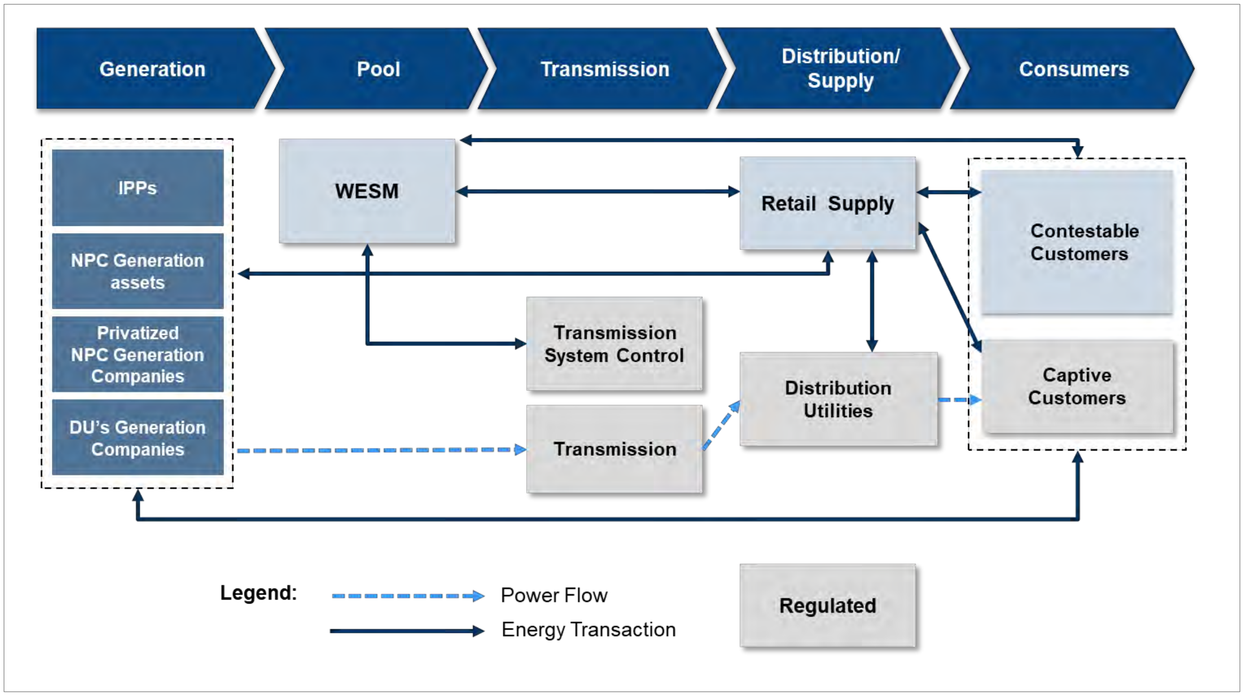
Figure 2-1: Electricity Industry Structure, the Philippines



Source: Frost & Sullivan

[6] Energy Investors' Guidebook, DOE (Accessed: July 2021)

Figure 2-2: Electricity Market Structure, the Philippines



Source: Frost & Sullivan

With the push for restructuring within the power sector, under the purview of EPIRA 2001, one objective was to promote the utilization of RE sources and enhance the competitive operations of the electricity market.[7] As a result, the Wholesale Electricity Spot Market ("**WESM**"), was established and started commercial operation in Luzon in June 2006, with the Visayas grid subsequently integrated into it in December 2010. Prior to the implementation of the Retail Competition Open Access ("**RCOA**") in December 2012, ERC had set aside 4 other pre-conditions that would have enabled the implementation of the RCOA: the approval of unbundled transmission and distribution wheeling charges, initial implementation of the cross-subsidy removal scheme, achieving at least 70% privatization of National Power Corporation's ("**NPC**") generation assets in Luzon and Visayas, and transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to independent power producer administrators ("**IPPA**").[8]

Table 2-2: Wholesale Membership, the Philippines, Q1 2021

Wholesale Membership (Q1 2021)	Registered
Generation companies	136
Private distribution utilities ("DU") and local government utilities	20
Electric cooperatives	71
Directly connected customers	48

Source: IEMOP Quarterly Report Q1 2021

[7] NPC, "Republic Act No. 9136", (Accessed: July 2021)
[8] DOE, "Schedule of Public Consultations on RCOA Rules", October 2012

The DOE and the Philippine Electricity Market Corporation ("**PEMC**") have been trying to pursue an operational WESM in Mindanao and as such had introduced the Interim Mindanao Electricity Market ("**IMEM**") in November 2013. The ambition of the IMEM was to ultimately transition Mindanao into the WESM; however, the program was suspended in the following year due to various factors, such as the lack of liquidity, payment issues, and grid interruptions.[9] The WESM in Mindanao was previously slated to be launched in June 2017 but was expected to commence in June 2021, ahead of the completion of the grid interconnection between Visayas and Mindanao.[10] However, as of July 2021, DOE reported that the commercial operation of the WESM in Mindanao has not yet been achieved[11].

Table 2-3: RCOA Membership, the Philippines, Q1 2021

Retail Membership	Registered
Retail electricity supplier	35
Local retail electricity supplier	14
Retail metering service provider	56
Contestable customer	1553
Supplier of last resort	25

Source: IEMOP Quarterly Report Q1 2021; Quarterly Retail Market Assessment Report (26 December 2020–25 March 2021)

2.3 EXISTING LAWS AND REGULATIONS

Table 2-4: Electricity Sector Legal Framework

EPIRA 2001 (Republic Act No. 9136)	The Renewable Energy Act of 2008 (Republic Act No.9513)
• Accelerates electrification • **Ensures quality, reliability, security, and affordability of electricity supply** • **Provides transparency and reasonable price of electricity** • **Diversifies ownership of generation, transmission, and distribution sectors** • **Protects public interests** • **Promotes utilization of indigenous and RE** • **Privatizes the NPC** • **Establishes independent regulator** • **Encourages energy efficiency and demand-side management ("DSM**")	• Accelerates the exploration and development of RE to achieve self-reliance and reduce dependency on fossil fuels • Increases the utilization of RE via structured supporting policies and promotion via providing fiscal and non-fiscal incentives • Encourages the development and utilization of RE resources to reduce harmful emissions • Establishes the necessary infrastructure and mechanism to carry out aforementioned policies

Source: Government of Philippines

Through the RE Act of 2008, NREP 2011–2030 was formulated as the policy framework for achieving the Philippines' RE targets. In detail, it outlined an additional capacity of RE of approximately 15.3 GW by 2030, which included the development of the first ocean energy facility in the Philippines, although the project has been delayed due to not having received feed-in tariff ("**FiT**") approval from ERC.[12] The DOE has established a revised RE roadmap, NREP 2017–2040, which was set out in the Philippine Energy Plan 2018–2040. The new plan hopes to include at least 20 GW of RE installed capacity by 2040.

[9] ADB, "Philippines: Energy Sector Assessment, Strategy and Roadmap", October 2018
[10] Philstar, "Launch of WESM in Mindanao to push through", March 2021
[11] BusinessWorld, "WESM central scheduling to continue in Mindanao – DoE", July 2021
[12] Offshore Energy, "Philippines' ERC denies feed-in-tariff for ocean energy", January 2021

Table 2-5: Foreign Investment for Infrastructure Sector Legal Framework

The Foreign Investments Act of 1991 (Republic Act No. 7042) (As amended by RA 8179)	The Build–Operate–Transfer (BOT) Law (Republic Act No.6957) (As amended by RA 7718)	The Government Procurement Reform Act of 2003 (Republic Act No. 9184)
• The Act attracts, promotes, and welcomes **productive investments from foreign sources.** • **Foreign investments will be encouraged in enterprises that significantly benefit Filipinos.** • **Foreign investments will be welcome as a supplement to domestic capital and technology in those enterprises serving the domestic market.**	• The law recognizes the indispensable role of the private sector as the main engine for national growth and development and provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation, and maintenance of infrastructure and development projects normally financed and undertaken by the government. • Such incentives, aside from legally required financial incentives, will include providing a climate of minimum government regulations and procedures.	• The Act promotes the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or controlled corporations and local government units (“**LGU**”).

Source: Government of Philippines

Table 2-6: Electricity Generation Policy Framework

PDP 2017–2040	Philippines Energy Plan 2018–2040 Volume 2: Sectoral Plans and Roadmaps
• Provides the long-term outlook on the demand and supply requirements in the **3 major grids: Luzon, Visayas, and Mindanao.** • **The PDP also presents the holistic power sector roadmaps for short-, medium-, and long-term planning horizons.**	• The plan comprises 8 energy sector strategic directions: ensure energy security; expand energy access; promote a low carbon future; strengthen collaboration among all government agencies involved in energy; implement, monitor, and integrate sectoral and technological roadmaps and action plans; advocate the passage of the department’s legislative agenda; strengthen consumer welfare and protection; and foster stronger international relations and partnerships.

Source: Government of Philippines

Table 2-7: Key Elements of the Electricity Sector Legal Framework (EPIRA 2001)

Section	Heading	Content	Remarks
6	Generation	Generation of electric power, an industry that affects public interest, will be competitive and open.	The generation sector is competitive and open for investment.
		Any law to the contrary notwithstanding, power generation will not be considered a public utility operation. For this purpose, any person or entity engaged, or that will engage, in power generation and supply of electricity will not be required to secure a national franchise.	The generation sector is not considered a public utility and not subjected to constitutional restrictions of public utilities.

		Upon implementation of retail competition and open access, the prices charged by a generation company for the supply of electricity will not be subject to regulation by ERC, except as otherwise provided in this Act.	Unregulated electricity prices ensure cost recovery and profit for the generation sector.
8	Creation of the National Transmission Company ("**TRANSCO**")	Except as provided herein, no person, company or entity other than TRANSCO will own any transmission facilities.	Transmission remains in the public sector.
9	Functions and responsibilities	Upon the effective implementation of this Act, TRANSCO will have the responsibility to provide open and non-discriminatory access to its transmission system to all electricity users.	Non-discriminatory access to the transmission grid is mandated by law.
		A generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan ("**TDP**"), provided that such facilities are required only for the purpose of connecting to the transmission system and are used solely by the generating facility, subject to prior authorization by ERC. In the event that such assets are required for competitive purposes, ownership of the same will be transferred to TRANSCO at a fair market price. Finally, in the case of disagreement on the fair market price, ERC will determine the fair market value of the asset.	Generation companies may develop their own evacuation lines and might even be required for timely cash on delivery ("**COD**") but are vulnerable to nationalization at the price set by ERC.
25	Retail rate	The retail rates charged by DUs for the supply of electricity in their captive market will be subject to regulation by ERC based on the principle of full recovery of prudent and reasonable economic costs incurred or other such principles that will promote efficiency as may be determined by ERC.	Full cost recovery of retail rates to the captive market is guaranteed. The distribution is likely to provide credit-worthy counterparties.
29	Supply sector	Any law to the contrary notwithstanding, supply of electricity to the contestable market will not be considered a public utility operation. For this purpose, any person or entity that will engage in the supply of electricity to the contestable market will not be required to secure a national franchise.	The supply sector is not considered a public utility and is not subjected to constitutional restrictions of public utilities.
		The prices to be charged by suppliers for the supply of electricity to the contestable market will not be subject to regulation by ERC.	Retail competition in effect and the market structure involve bilateral over the counter and wholesale pools. The off-takers have to be

			selected carefully on the basis of creditworthiness.
30	WESM	The DOE will establish a WESM, which will provide the mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.	The WESM is already established and in operation. Revenue fluctuation is based on the market determined price for untied volumes.
45	Cross-ownership, market power abuse, and anti-competitive behavior	No generation company, distribution utility, or its respective subsidiary, affiliate, stockholder, or official of a generation company or distribution utility, or other entity engaged in generating and supplying electricity specified by ERC within the 4th civil degree of consanguinity or affinity, will be allowed to hold any interest, directly or indirectly, in TRANSCO or its concessionaire. Likewise, TRANSCO or its concessionaire or any of its stockholders or officials or any of their relatives within the 4th civil degree of consanguinity or affinity, will not hold any interest, whether directly or indirectly, in any generation company or distribution utility.	Distribution companies and generation companies cannot own TRANSCO and vice versa.
		To promote true market competition and prevent harmful monopoly and market power abuse, ERC safeguards, including that no company or related group can own, operate, or control more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity.	Ownership and operating rights in generation companies are limited to 30% generation capacity of the grid or 25% generation capacity of the whole country.
		To prevent market power abuse between associated firms engaged in generation and distribution, no distribution utility will be allowed to source from bilateral power supply contracts more than 50% of its total demand from an associated firm engaged in generation but such limitation; however, it will not prejudice contracts entered into prior to the effectivity of this Act.	For distribution companies, sourcing electricity via bilateral power supply contracts from generation companies is limited to 50% of total electricity demand of distribution companies.

Source: Government of Philippines; Frost & Sullivan

Table 2-8: Key Elements of the Electricity Sector Legal Framework (The Renewable Energy Act 2008)

Section	Heading	Content	Remarks
6	Renewable portfolio standard ("**RPS**")	The content was covered in section 1.2 of this report.	-
7	FiT system	(a) The system comprises priority connections to the grid for electricity generated from emerging RE resources, such as wind, solar, ocean, run-of-river	There is priority connection to the grid for electricity generated from RE.

		(ROR) hydropower, and biomass power plants, within the Philippines.	
		(b) This also includes priority purchase and transmission of, and payment for, such electricity by the grid system operators.	There is priority dispatch for electricity generated from RE.
8	RE market ("**REM**")	The DOE will establish the REM and direct PEMC to implement changes to the WESM rules to incorporate the rules specific to the operation of the REM under the WESM.	This was planned for implementation in January 2019 but delayed further. Currently, REM is said to be implemented in June 2021.
9	Green Energy Option	End users may directly contract from RE facilities their energy requirements distributed through their respective DUs. Consistent herewith, TRANSCO or its successors-in-interest, DUs, PEMC, and all relevant parties are hereby mandated to provide the mechanisms for the physical connection and commercial arrangements necessary to ensure the success of the Green Energy Option.	End users are allowed to source for RE. TRANSCO, DUs, and PEMC are mandated to facilitate necessary connections. There is an option for direct sales to large-end consumers for RE.
15	Incentives for RE projects and activities	(a) Income tax holiday ("**ITH**")—For the first 7 years of commercial operations, the duly registered RE developer will be exempt from income taxes levied by the national government. Additional investments in the project will be entitled to additional income tax exemption on the income attributable to the investment, provided that the discovery and development of new RE resources will be treated as a new investment and will therefore be entitled to a fresh package of incentives and provided further that the entitlement period for additional investments will not be more than 3 times the period of the initial ITH.	RE developers are entitled to a 7-year ITH. Additional investments are entitled to additional tax holidays but are not to exceed 21 years.
		b) Duty-free importation of RE machinery, equipment and materials—Within the first 10 years upon the issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, will not be subject to tariff duties, provided that the said machinery, equipment, materials, and parts are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the	RE developers are entitled to import duty exemption on RE machinery, equipment, and materials. DOE endorsement is required.

	shipment will be directly delivered by customs authorities, and provided further that the endorsement of the DOE is obtained before the importation of such machinery, equipment, materials, and parts are made.	
	(d) Net operating loss carry-over ("**NOLCO**")—The NOLCO of the RE developer during the first 3 years from the start of commercial operation will now be carried over as a deduction from gross income for the next 7 consecutive taxable years immediately following the year of such loss, provided that operating loss resulting from the eligibility of incentives provided for in this Act will not be entitled to NOLCO.	RE developers are entitled to carry over net operating loss from the first 3 years to the next 7, including tax shielding and free cash flow enhancement.
	(f) Accelerated depreciation—If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on this, provided that the project or its expansions will no longer be eligible for an ITH.	RE projects that failed to receive an ITH can apply for accelerated depreciation, but those that received accelerated depreciation are not eligible for an ITH.
	(g) 0% value-added tax ("**VAT**") rate—The sale of fuel or power generated from renewable sources of energy, such as biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources, using technologies, such as fuel cells and hydrogen fuels, will be subject to 0% VAT, pursuant to the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337. All RE developers will be entitled to zero-rated VAT on its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities. This provision will also apply to the whole process of exploring and developing RE sources up to its conversion into power, including but not limited to the services performed by subcontractors and/or contractors.	Sales of electricity generated from RE are entitled to 0% VAT. Purchase of goods and services for the purpose of RE projects' exploration and development are entitled to 0% VAT, including contractors.
	(h) Cash incentive of RE developers for missionary electrification—An RE developer, established after the effectivity of this Act, will be entitled to a cash generation-based incentive per kWh rate generated, equivalent to 50% of the universal charge for power needed to service missionary areas where it operates the same, to be	RE developers are entitled to a cash incentive equal to 50% of universal charge for missionary electrification.

		chargeable against the universal charge for missionary electrification.	
		(i) Tax exemption of carbon credits—All proceeds from the sale of carbon emission credits will be exempt from any and all taxes.	Sales of carbon credits generated from operating RE projects are exempt from all taxes.
		(j) Tax credit on domestic capital equipment and services—A tax credit equivalent to 100% of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials, and parts had these items been imported will be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in this Act, provided that prior approval by the DOE was obtained by the local manufacturer and that the acquisition of such machinery, equipment, materials, and parts, will be made within the validity of the RE operating contract.	Purchases of capital equipment and services from domestic manufacturers for the purpose of RE projects exploration and development are entitled to 100% tax credit. Purchases must be made within the duration of the RE operating contract. Manufacturers need to be approved by the DOE.
19	Hybrid and cogeneration systems	The tax exemptions and/or incentives provided for in Section 15 of this Act will be availed of by registered RE developers of hybrid and cogeneration systems utilizing both RE sources and conventional energy, provided that the tax exemptions and incentives will apply only to the equipment, machinery, and/or devices utilizing RE resources.	Incentives in section 15 are only applicable to RE parts for hybrid and cogeneration systems.

Source: Government of Philippines; Frost & Sullivan

Table 2-9: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Foreign Investment Act of 1991)

Section	Heading	Content
3	Definitions	g) The terms, "Foreign Investments Negative List" ("**FINL**" or "**Negative List**"), will refer to a list of areas of economic activity whose foreign ownership is limited to a maximum of 40% of the equity capital of the enterprises engaged therein.
8	List of Investment Areas Reserved to Philippines Nationals	List A will enumerate the areas of activities reserved to Philippine nationals by mandate of the Constitution and specific laws.

Source: Government of Philippines; Frost & Sullivan

Table 2-10: Key Elements of the Current FINL (Executive Order [EO] No. 65 Eleventh Regular FINL)

Section	Heading	Content	Remarks
List A	Up to 40% foreign equity	This refers to the operation of public utilities except power generation and the supply of electricity to the contestable market.	Complete (100%) foreign ownership is allowed for generation and supply companies (to the contestable market).

Source: Government of Philippines; Frost & Sullivan

Table 2-11: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The BOT Law)

Section	Heading	Content	Remarks
1.3	Definition of terms	BOT—In case of an infrastructure or development facility whose operation requires a public utility franchise, the proponent must be Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission ("**SEC**") and owned up to at least 60% by Filipinos.	In the BOT scheme, for licensed businesses, foreign ownership is limited to 40% for project proponents of public utility projects.
		Private sector infrastructure or development projects—For the construction stage of these infrastructure projects, the project proponent may obtain financing from foreign and/or domestic sources and/or engage the services of a foreign and/or Filipino contractor, provided that in case an infrastructure or a development facility's operation requires a public utility franchise, the facility operator must be a Filipino, or if a corporation, must be duly registered with the SEC and owned at least 60% by Filipinos.	During construction, foreign financing sources and foreign contractors are allowed, but foreign ownership is limited to 40% for facility operators of public utility projects.
5.4	Pre-qualification requirements	For projects to be implemented under a contractual arrangement which requires a public utility franchise for its operation, and where the project proponent and facility operator are one and the same entity, the prospective project proponent must be Filipinos or, if corporations, must be duly registered with the SEC and owned up to at least 60% by Filipinos, or, if a consortium of local, foreign, or local and foreign firms, Filipinos must have at least 60% interest in said consortium.	If the project proponent and the facility operator is the same entity, foreign ownership is limited to 40% for facility operators of public utility projects.

		For projects to be implemented through a contractual arrangement requiring a public utility franchise for their operation but where the project proponent and facility operator could be 2 separate and independent entities, the facility operator must be a Filipino or, if a corporation, must be duly registered with the SEC and owned up to at least 60% by Filipinos.	If the project proponent and the facility operator are different entities, foreign ownership is limited to 40% for facility operators of public utility projects.
		For projects that do not require a public utility franchise for their operation, the prospective project proponent or the facility operator may be Filipino or foreign owned.	There is no limit on foreign ownership for non-public utility projects.

Source: Government of Philippines; Frost & Sullivan

Table 2-12: Key Elements of the Foreign Investment for Infrastructure Sector Legal Framework (The Government Procurement Reform Act of 2003)

Section	Heading	Content	Remarks
3	Governing principles on government procurement	Procurement of the national government, its departments, bureaus, offices, and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and LGUs, will, in all cases, be governed by principles, such as competitiveness by extending equal opportunities to enable private contracting parties who are eligible and qualified to participate in public bidding.	Private participation in government procurement is ensured via equal opportunity in public bidding.
4	Scope and application	This Act will apply to the procurement of infrastructure projects, goods, and consulting services, regardless of source of funds, whether local or foreign, by all branches and instrumentalities of government, its department, offices, and agencies, including government-owned and/or controlled corporations and LGUs, subject to the provisions of the Commonwealth Act No. 138.	This Act is applied to infrastructure projects and foreign funding.

Source: Government of Philippines; Frost & Sullivan

Table 2-13: Key Elements of the Electricity Generation Policy Framework (PDP 2017–2040)

Section	Heading	Content	Remarks
Generation	Power Sector Roadmap, Medium	The entry of new and emerging technologies for power generation (e.g.,	The DOE encourages the development of new and

	Term (2019–2022) to Long Term (2023–2040)	ocean, fuel cells, and nuclear) consistent with the power mix policy is pursued.	emerging power generation technologies.
		The plant performance assessment/benchmarking should be led in to review and develop policies to improve power generation.	The DOE encourages the deployment of state-of-the-art technologies to achieve high performance power generation.
		Compliance to international standards for constructing power plants and accreditation of contractors should be encouraged.	International standards and contractor's accreditation in power plants construction are adopted by the DOE.
		Power generation projects should be monitored periodically.	Power plant construction and operations will be monitored by the DOE.
		Technical support should be provided.	Technical assistance from the DOE is available.
		Investments in power generation should be promoted, including merchant power plants.	Merchant power plants (non-utility power generation) are included in investment promotion.

Source: Government of Philippines; Frost & Sullivan

Table 2-14: Key Elements of the Electricity Generation Policy Framework (Philippines Energy Plan 2018–2040)

Section	Heading	Content	Remarks
RE for a Clean Future	Roadmap of the Sector, Medium Term (2019–2022)	The development of off-grid areas should be intensified for wider populace access to energy.	The DOE encourages RE developments in off-grid areas.
	Roadmap of the Sector, Long Term (2023–2040)	Implementation of RE projects should be continued and accelerated.	-
		The administration processes of Renewable Energy Service Contract (RESC) applications should be streamlined.	RESC application will be simpler than in the past.
		Technical assistance should be provided to lower investment costs.	Technical assistance from the DOE is available and may help reduce investment costs.
		Local technology producers should be promoted and incentivized.	The purchase of local technologies is promoted.
		An initiative should be explored on the harmonization of LGUs and national government related programs and policy.	Resistance to RE project development from local governments is expected to be minimum.

		Transmission development plans should be harmonized with RE targets.	RE project development should have minimum or no transmission constraint.
		The conduct of information, education, and communication should be continued to attain social acceptability.	Resistance to RE project developments is expected to be minimal.
Harnessing Conventional Fuels	Upstream Oil and Gas, Roadmap of the Sector, Medium Term (2019–2022)	Three gas fields (Malampaya, San Martin, and Polyard A8 with 0.645 TCF) should be produced.	Domestic natural gas supply is in both medium- and long-term roadmaps. There is a small increase in confidence in gas supply continuity to natural gas power plants.
		Three service contracts (SCs) for gas should be administered.	
	Upstream Oil and Gas, Roadmap of the Sector, Long Term (2023–2040)	Seven gas fields (Malampaya, San Martin, Sampaguita, Polyard A8, Mangosteen, Progres, and Sta.Monica 1 with 4.04 TCF) should be produced.	
		Seven SCs for gas should be administered.	
Advocating Infrastructure Development in the Downstream Industry	Downstream Natural Gas Roadmap of the Sector, Medium Term (2019–2022)	The development of the upstream activities should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional projected LNG imports in Quezon and Batangas should be monitored.	
		New and emerging technologies in LNG storage and transport should be monitored.	
		The consumption of LNG in off-grid islands should be monitored.	
		The development and status of various natural gas projects (e.g., FSRU, FSU, LNG, CNG, and pipeline) should continue to be monitored.	
		New and existing natural gas power plants should be monitored.	
		The passage of the Natural Gas Bill should be advocated.	As the Natural Gas Bill will require off-takers, it will help support the development of LNG terminals and increase confidence in the gas supply's continuity to natural gas power plants.

	Downstream Natural Gas Roadmap of the Sector, Long Term (2023–2040)	The activities of the upstream developments, including drillings of Malampaya East, should continue to be monitored.	While monitoring is important to track the development, it provides no support to the development of infrastructure.
		Additional LNG imports should be monitored.	
		The operations of the pipeline, LNG terminals, satellite terminals, and distribution lines should be monitored.	
		New and existing natural gas power plants should continue to be monitored.	
		The commissioning of additional natural gas-based power plants should be espoused.	The development of additional natural gas power plants is supported.

Source: Government of Philippines; Frost & Sullivan

2.4 VALUE CHAIN ANALYSIS

Table 2-15: Key Entities in the Electricity Sector

Entities	Acronyms	Brief Description
Department of Energy	DOE	The establishment of the DOE was mandated by RA 7638 (Department of Energy Act of 1992). The DOE is responsible for preparing, integrating, coordinating, supervising, and controlling all plans, programs, projects, and activities of the government related to energy exploration, development, utilization, distribution, and conservation.
Energy Regulatory Commission	ERC	ERC was created under section 38 of EPIRA as an independent, quasi-judicial regulatory body.
National Power Corporation	NPC	NPC was established in 1936 to construct, operate, and maintain facilities for the production of electricity. EPIRA mandated the privatization of NPC's generation and transmission assets save for those necessary for missionary electrification. This has effectively reduced NPC's participation in the generation business through its small power utilities groups (SPUGs) across the country.
Power Sector Assets and Liabilities Management Corporation	PSALM Corporation	PSALM Corporation is government owned and controlled and was created in 2001. It manages the orderly sale, disposition, and privatization of NPC generation assets, real estate, and other disposable assets, and IPP contracts with the objective of liquidating NPC debts and stranded contract costs.
National Transmission Corporation	TRANSCO	TRANSCO is a government agency created per EPIRA to own and operate a nationwide transmission system. In 2009, TRANSCO turned over the management and operation of its transmission system to NGCP via concession agreements but retain ownership of transmission assets.
National Grid Corporation of the Philippines	NGCP	NGCP is a private corporation in charge of operating, maintaining, and developing transmission systems under concession agreement from TRANSCO. The shareholders of NGCP consist of Monte Oro Grid Resources, Calaca high Power Corporation and State Grid Corporation of China.
Wholesale Electricity Spot Market	WESM	The wholesale market for electricity created per EPIRA is governed by PEMC and operated by IEMOP.

Independent Electricity Market Operator of the Philippines	IEMOP	IEMOP is a non-stock, non-profit corporation established in June 2018 to assume the market operator functions of PEMC for WESM.
Independent Power Producers	IPPs	IPPs are power generating entities not owned by NPC.
Independent Power Producer Administrators	IPPAs	IPPAs are qualified independent entities appointed by PSALM Corporation to administer, conserve, and manage the contracted energy output of NPC's power generation companies engaging in either an energy conversion agreement or power purchase agreement (PPA). IPPAs are essentially brokers in selling electricity from NPC's power generation companies to the market, assuming the market risk from NPC.
Distribution Utilities	DUs	DUs are any electric cooperative, private corporation, government-owned utility, or existing LGU that has an exclusive franchise to operate a distribution system.
Suppliers	-	Suppliers are any person or entity authorized by ERC to sell, broker, market, or aggregate electricity to the end users.
National Electrification Administration	NEA	NEA is a government owned and controlled corporation committed to the rural electrification program created by RA 6038 in 1969. Due to its limited role and coverage, NEA is not covered in this report.
Small Power Utilities Group	SPUG	SPUG is a subsidiary of NPC. SPUG is mandated by EPIRA to perform the missionary electrification function and will be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the main transmission system. Due to its limited role and coverage, SPUG is not covered in this report.

Source: Government of Philippines

2.5 KEY MARKET DRIVERS AND RESTRAINTS

Key Market Drivers

Increasing Rate of Urbanization

The total population of the Philippines as of 2020 stood at 109.6 million, having grown from 102.1 million in 2015 at a CAGR of 1.4%. Of the total 2020 population, the urbanization rate of the country stood at 47.4%.[13] The expansion of the total population and expected increase in urbanization rates are expected to drive the demand for more generation capacity across the 3 islands. The PEP 2018–2040 has set out the target for RE of at least 20 GW by the end of 2040 and various other initiatives, such as the utilization of imported LNG, to meet the forecast peak system demand by 2040. Increasingly due to urbanization, the Philippines government, through NEA, is striving to realize the country's target of 100% electrification by 2022.[14]

Strong Regulatory and Policy Framework

To encourage the growth of RE, the RE Act of 2008 set targets to propel the development of the country's potential in geothermal, hydropower, solar, wind, biomass, and ocean energy. The Act led to the development of the FiT program, which essentially provided a guaranteed payment to generators at the rate approved by ERC for producing power from eligible RE sources. As of May 2021, the highest uptake through the program was observed in the solar power segment, and the government has now allowed 100% foreign ownership for large-scale geothermal projects that have an initial investment of at least PHP 2,425 million (USD 50 million).[15]

Additionally, to reduce the country's reliance on coal as the primary source of electricity generation, the government has issued EO 30, which led to the formation of the Energy Investment Coordinating Council ("**EICC**") in June 2017. The EICC was created for the purpose of coordinating the nation's efforts in streamlining regulatory processes, requirements, and forms relating to the development of energy investments in the Philippines, which include projects that are classified as Energy Projects of National

[13] Data from the World Bank
[14] BusinessWorld, "DoE reaffirms 100% electrification goal", January 2019
[15] Think Geoenergy, "Philippines allows 100% foreign ownership in large-scale geothermal projects", October 2020

Significance ("**EPNS**").[16] The conditions for a project to be considered as an EPNS have been stipulated in the EO 30, and as of January 2021, the DOE has certified 149 energy projects of EPNS status totaling PhP 795.5 billion, including the Batangas Clean Energy LNG import terminal and Excelerate Energy's Luzon LNG.[17]

In 2019, the government completed the signing of the Republic Act 11234, also known as the Energy Virtual One-Stop Shop ("**EVOSS**") Act, with the expectation that it would lure more energy firms to invest in the country and thus reduce power rates. Overall, the newly enforced system is targeted to streamline the permitting process of power generation, transmission, and distribution projects. The streamlining process is expected to enable prospective developers to apply, monitor, and receive all the necessary permits and complete payment for charges and fees, all through an online centralized EVOSS platform, managed and maintained by the DOE.[18]

To promote fair competition among the generation companies across the 3 islands and ensure consumer protection, ERC had enacted the Resolution No. 26 Series of 2005, which effectively set out the market's limitation on installed capacity ownership. The said resolution enforces a market share limitation of a single generating entity to no more than 30% installed capacity across each grid and 25% installed capacity of the national grid (consisting of the total installed capacity from all 3 grids combined). ERC has been mandated to set numbers (in MW) by 15 March annually.[19]

Previously known as the Joint Congressional Power Commission, the power sector watchdog was renamed in 2019 to the Joint Congressional Energy Commission ("**JCEC**").[20] The newly rebranded energy commission was originally created to last for 10 years after the launch of EPIRA. However, JCEC's term was further extended beyond its supposed expiration on 26 June 2021.[21] Since EPIRA, JCEC provides oversight on activities of the government stakeholders in the energy sector, inclusive of PSALM, DOE, and NEA.[22] More importantly, JCEC has the statutory power to enforce amendments to EPIRA.

Liberalization of the Power Generation Industry

As the country looked into the unbundling of its previous vertically integrated structure, the power sector has progressively witnessed more significant competition across the value chain. With the enforcement of EPIRA 2001 being the foundation for the opening of the market, the government, through its stakeholders, such as DOE, ERC, IEMOP, PEMC, PSALM, and NPC, have worked collectively to realize the vision of a more competitive electricity market. A more competitive electricity market would thereby lead to a fair and non-discriminatory environment and thus attract more domestic and foreign investments into the power sector, particularly in RE. With respect to RE, some of the prominent policy mechanism that has been set out since the enactment of EPIRA in 2001 includes the net metering, RPS, the Green Energy Option Program ("**GEOP**"), Competitive Renewable Energy Zone, Renewable Energy Trust Fund ("**RETF**"), and REM. Specifically, on the RETF, the National Renewable Energy Board ("**NREB**") under the DOE is responsible for reviewing and updating the NREP to provide the necessary support for the development of RE across the Philippines.[23]

As of December 2020, private IPPs contributed to the majority of the gross power generation output across the 3 islands, although at various percentages. As Luzon has the highest number of residential, commercial, and industrial customers, the private IPPs, which are classified as non-NPC power plants, have contributed to 97.2% of the 72,386.3 GWh of gross power generation output. Comparatively, the private sector IPPs contributed to 76.1% of the 15,484.9 GWh of gross power generation output in Visayas, while Mindanao observed a marginal difference in terms of absolute contribution relative to Visayas, with 75.2% of the gross power generation output of 13,852.1 GWh coming from the non-NPC power plants.

[16] DOE, "Executive Order No. 30", (Accessed: July 2021)
[17] BusinessWorld, "DoE endorses 149 energy projects of national significance worth P795 billion", January 2021
[18] Philippine News Agency, "EVOSS law to attract more energy investors, reduce power rates", March 2019
[19] BusinessMirror, "ERC hikes capacity limits for power generation firms", May 2020
[20] INQUIRER.net, "Joint Congressional Power Commission gets new name – Gatchalian", July 2019
[21] Philippine News Agency, "Law strengthening joint energy body signed", July 2021
[22] SMC, "Final Prospectus"
[23] Eco-Business, "Govt establishing renewable energy trust fund", January 2015

As EPIRA 2001 mandated the liberalization of the industry, this has also led to the privatization of transmission operations in the country. The transfer of management of the operation of the assets from TRANSCO to privately-owned NGCP via a 25-year concession agreement took place in 2007, with NGCP officially assuming the role of Philippines power transmission service provider in 2009. The shareholders of NGCP include a consortium of Monte Oro Grid Resources (30% ownership) and Calaca High Power Corporation (30% ownership), with the remaining stakes owned by the State Grid Corporation of China.[24] Through the NGCP, among the upcoming prominent projects that have yet to be realized is the Visayas–Mindanao grid interconnection, which has been delayed further than the expected completion date of December 2021. The absence of interconnection between the Mindanao grid with the other 2 grids, namely, Luzon and Visayas (with both having a commercially operating WESM), has been a major concern that has yet to be addressed prior to the integration of Mindanao into WESM.

In the power distribution and retail market, the various strategies from the government, including the Competitive Selection Process ("**CSP**") and RCOA, have increased competition across both segments. The CSP is a requirement imposed by ERC on the DUs to procure the least-cost power through their respective PSAs with any generation company in the market.[25] As for the retail market, the IEMOP is looking into reducing the threshold level in 3 phases, enabling the lowest level of consumer category, within the 10 kW to 99 kW consumer bracket, to participate in the WESM to procure electricity by January 2023.[26] Additionally, the DOE has introduced the GEOP, which is a voluntary policy mechanism that enables consumers having an electricity consumption of at least 100 kW to source their electricity from qualified retail energy suppliers that generate power from RE. Currently, there are 12 qualified firms generating RE that are listed in the GEOP initiative, including the 2 largest private IPPs in the country: AP and First Gen.

Easy Access to Capital

- Infrastructure projects in the Philippines are financed through 3 main sources: the government's budget, Official Development Assistance ("**ODA**"), and private sector participation. Out of these, the primary source remains to be the government's/public's budget.
- Government banking institutions, such as the Land Bank of the Philippines and the Development Bank of the Philippines ("**DBP**"), also extend loans to LGUs under various financing programs for infrastructure projects covering sectors, such as transport and logistics, power generation and distribution, water supply, social infrastructure, government offices, and tourism facilities. DBP has a dedicated "Financing Utilities for Sustainable Energy Development Program" to provide financing support for power generation and distribution projects.
- At the end of 2019, the total ODA received by the country amounted to PHP 1047.6 billion (USD 21.6 billion) with major sources including Japan (39.4%), ADB (26.4%), World Bank (19.9%), Korea (2.9%), and China (2.7%).[27]
- The government's public–private partnerships ("**PPP**") program is governed by the Philippine BOT Law, Republic Act No. 6957 as amended by RA 7718. The private sector can participate in infrastructure development through joint venture (JV) arrangements, too. However, private sector financing has not been as successful in the Philippines as ODA financing of infrastructure projects.
- Recently, the government has introduced the concept of "hybrid PPPs," where the cost of constructing the facility comes out cheaper by implementing the same through ODA, while its operation and maintenance is carried out efficiently through private sector financing.
- The Philippines' capital market is also a major source of financing for infrastructure projects. Previously in 2016, the Philippine stock exchange has issued new listing and disclosure rules applicable to engage in PPP projects.

[24] Manila Bulletin, "PPC approves shares acquisition in NGCP's major stakeholders", April 2020
[25] ERC, "Resolution No. 13, Series of 2015", (Accessed: July 2021)
[26] PEMC, "Retail Market Assessment Report 2020", March 2021
[27] National Economic Development Authority, "Official Development Assistance: Portfolio Review Report 2019", August 2020

Competitive Power Market for Foreign Investors

- Profit remittance abroad is generally not regulated. However, if the foreign exchange will be purchased from AABs or AAB-forex corps, the foreign investment must have been previously registered with the BSP.
- In the Philippines, profits can be remitted abroad through either:
    - Remittance of dividends by a Philippine subsidiary to its foreign parent company
    - Remittance of profits by a branch to its head office

Key Market Restraints

Tariff Mechanism Favors the Development of Conventional Power Plants

As of August 2020, the country registered the second highest average electricity prices (average of residential, commercial, and industrial rates combined) in Southeast Asia ("**SEA**"), with Cambodia having the highest cost of electricity.[28] The trend in prices can be explained, as the country imports a significant amount of coal to meet the local demand of the power generation industry. Presently, the generation cost (which is predominantly driven by fuel cost) of electricity, as detailed in the latest EPIRA Implementation report, is more than 50% of the electricity tariff across all 3 islands.

The Philippines still practices an automatic pass-through fuel cost mechanism, which is expected to impede the energy transition in the country, as generators are not incentivized to switch to RE.[29] Additionally, fossil fuel subsidies have not been entirely removed, and estimates from the Institute for Energy Economics and Financial Analysis ("**IEEFA"**) suggest that the Department of Finance could save over PHP 9,700 million (USD 200 million) per year on diesel subsidies by switching to RE.[30]

High Reliance on Fossil Fuels

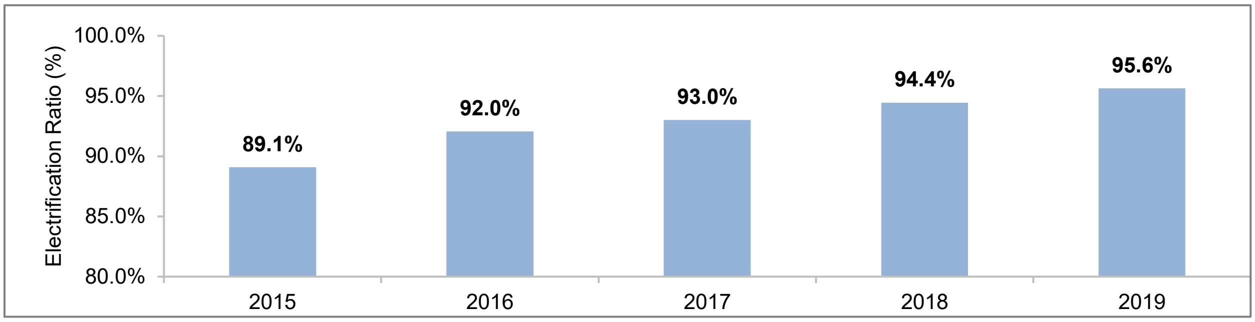
By 2030, the Philippines will still rely heavily on fossil fuels as the major source of power generation. Based on the list of committed private sector-initiated projects from the DOE, coal and natural gas will represent nearly 50% of the additional total installed capacity of 26.5 GW by then. As coal power plants serve as baseload generators, and the automatic cost pass-through policy is still in practice, it is not possible to entirely move away from coal. In addition, the country is currently looking into the development of a number of LNG import terminals to mitigate the expected depletion of its Malampaya gas field.

[28] Cost comparison on electricity rates in ASEAN countries as of August 2020 available in the Philippine Energy Development Plan 2018–2040
[29] ABS-CBN News, "Renewable player wants 'automatic pass through' removed in power supply deals", May 2019
[30] IEEFA, "The Philippine Energy Transition, Building a Robust Power Market", March 2019

2.6 INDUSTRY SIZE AND GROWTH

Electricity Access

Figure 2-3: Electricity Access in the Philippines, 2015–2019



Source: The World Bank

Note: *Data availability up to 2019 only.*

The percentage of the population that has access to electricity grew from 89.1% from 2015 to 95.6% in 2019. This means that a total population of 103.4 million had access to electricity, with the remaining population that are not electrified mainly residing in the rural parts of the Philippines, particularly Mindanao, where electrification rates on the island are relatively lower than Luzon and Visayas. Previously, the DOE had developed the Household Electrification Development Plan ("**HEDP**") 2013–2017 to promote both grid and off-grid electrification programs, which included various stakeholders, such as the NEA and NPC, through its SPUG power plants.[31] Based on the Electric Power Industry Roadmap 2017–2040, the DOE has targeted to achieve an 100% electrification ratio through the HEDP across the country by 2022.

Table 2-16: Long-Term Load/Power Demand Forecast, the Philippines, 2019–2030

Country	Power demand (peak load) forecast	CAGR (time period)
The Philippines	From 15,817 MW in 2019 to 31,851 MW in 2030 (reference scenario)	6.6% (2019 to 2030)

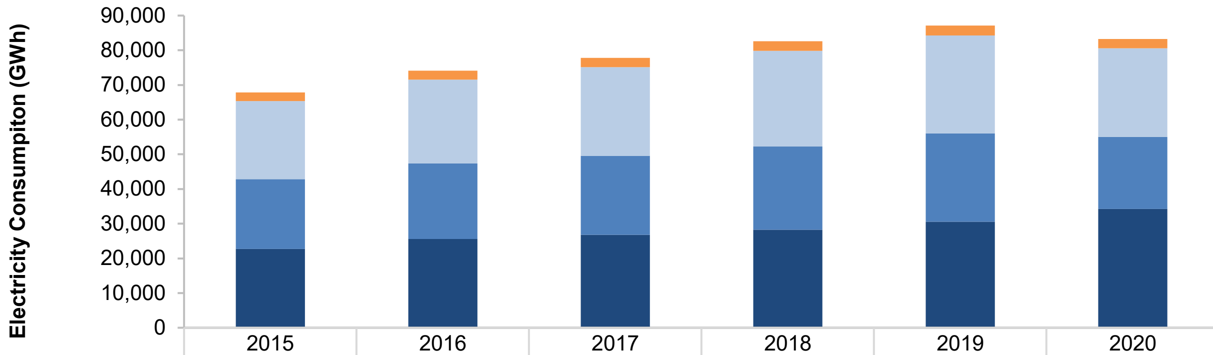
Source: Philippine Energy Plan 2018–2040

The peak demand for electricity is forecast to grow from 15,817 MW in 2019 to 31,851 MW in 2030 at a CAGR of 6.6%. In terms of comparison of the 3 grids, the peak demand is expected to grow from 11,476 MW in 2019 to 22,177 MW in 2030 at a CAGR of 6.2%, while peak demand in Visayas is expected to grow from 2,211 MW in 2019 to 4,801 MW in 2030 at a CAGR of 7.3%. Interestingly, the peak demand in Mindanao is expected to grow at the highest rate, from 2,130 MW in 2019 to 4,874 MW in 2030 at a CAGR of 7.8%. This could potentially be explained by the anticipated increase in electrification and urbanization rates, which would then significantly drive the demand for power consumption.

[31] DOE, "Total Electrification by 2020 and its Support Program", June 2018

Electricity Consumption

Figure 2-4: Total Electricity Consumption in Gigawatt Hour ("GWh") by Customer Segments, the Philippines, 2015–2020



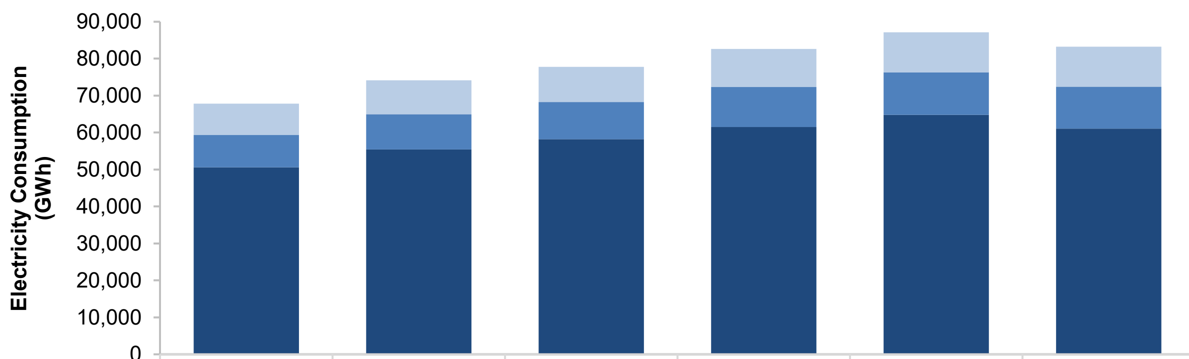
	2015	2016	2017	2018	2019	2020
Others	2,462.0	2,634.3	2,669.5	2,752.7	2,896.6	2,657.8
Industrial	22,513.9	24,116.8	25,573.3	27,587.3	28,194.0	25,566.3
Commercial	20,084.8	21,770.2	22,768.0	24,016.3	25,475.9	20,727.1
Residential	22,747.0	25,631.3	26,782.0	28,260.8	30,551.6	34,291.6

Source: DOE

Note: *"Others" refers to public buildings and streetlights.*

The total electricity consumption in the Philippines grew from 65,345.7 GWh in 2015 to 80,585 GWh in 2020 at a CAGR of 4.3%. Of the total electricity consumption in 2020, residential customers comprised 42.6% of the total electricity consumption equivalent to 34,291.6 GWh, followed by the industrial customers at 31.7% (25,566.3 GWh) and commercial customers at 25.7% (20,727.1 GWh). The government through DOE has introduced DSM programs to encourage lower consumption of electricity, including the adoption of energy efficient appliances.

Figure 2-5: Total Electricity Consumption (GWh) by Region, the Philippines, 2015–2020

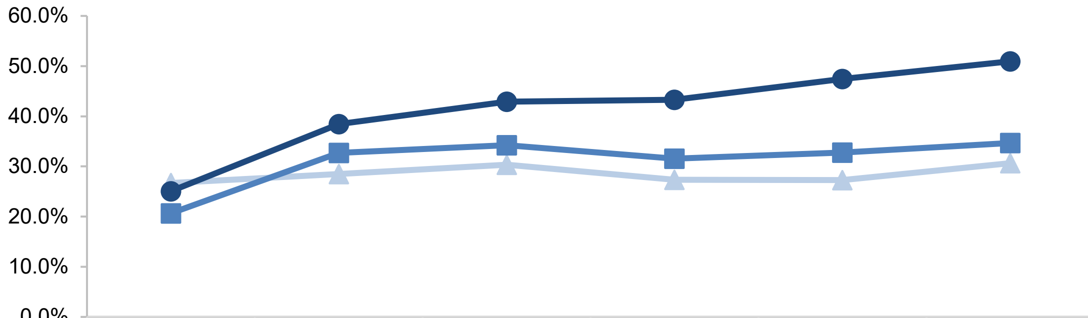


	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

Source: DOE

Reserve Margin

Figure 2-6: Reserve Margin by Grid, the Philippines, 2015–2020



	2015	2016	2017	2018	2019	2020
Luzon	26.7%	28.5%	30.3%	27.4%	27.3%	30.6%
Visayas	20.7%	32.7%	34.2%	31.6%	32.7%	34.7%
Mindanao	25.1%	38.4%	42.9%	43.3%	47.5%	50.9%

Source: DOE; Frost & Sullivan Analysis

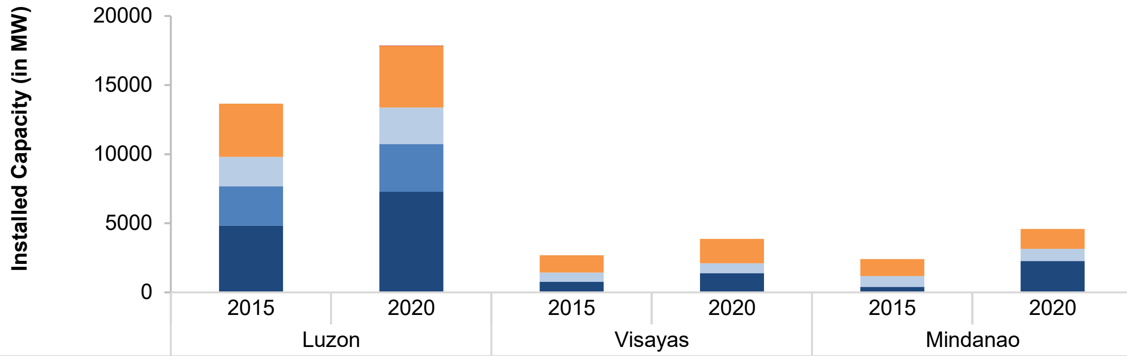
Note: *Reserve margin taken as the total dependable installed capacity minus the peak demand.*

From 2015 to 2020, the reserve margins across each grid have grown relatively steadily at various rates. The reserve margin in Luzon has grown from 26.7% in 2015 to 30.6% in 2020, while Visayas witnessed an increase from 20.7% in 2015 to 34.7% in 2020. Nonetheless, Mindanao saw the largest excess of dependable capacity, having grown from a reserve margin of 25.1% in 2015 to 50.9% in 2020. Previously, DOE had institutionalized a minimum of 25% reserve margin across grids to ensure the country's reliability in electricity supply.[32] Once the Visayas–Mindanao grid interconnection is complete, the excess power generated in the Mindanao grid could be utilized elsewhere.

[32] BusinessWorld, "DoE targets 25% of reserve power buffer", December 2017

Installed Capacity

Figure 2-7: Total Installed Capacity (in MW) by Region and Fuel Type, the Philippines, 2015 and 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Renewble Energy	3,863	4466	1,242	1,757	1,225	1,430
Oil	2,133	2,642	670	705	807	889
Natural Gas	2,861	3,452	1	1	-	-
Coal	4,812	7,280	769	1,399	382	2,264

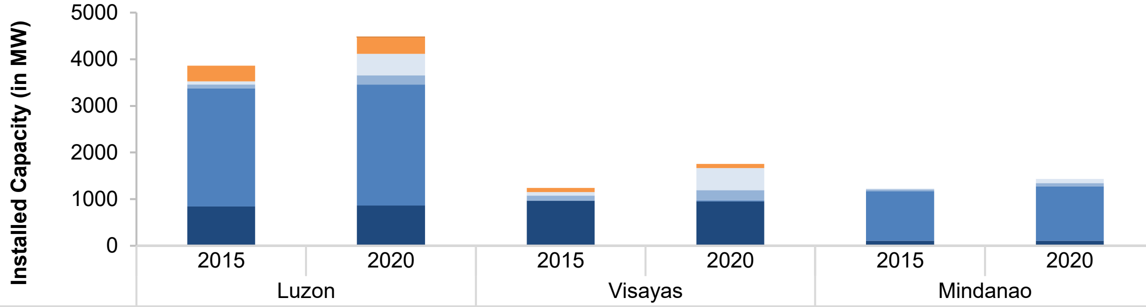
Source: DOE

Due to the distinctive resource development policies in the Philippines, the 3 island regions are characterized by different fuel mixes in power generation:

- **Luzon**—Natural gas sourced from the Malampaya gas field has been a prominent feature in the development of natural gas-based generating assets in Luzon, with 5 operational plants on the island to date. With the expected boom in LNG imports, the number of natural gas-based power plants will observe a sharp increase in the next 10 years.
- **Visayas**—Historically, until 2016, geothermal energy was the main source of power generation, with major reserves found in Negros and Leyte. Since 2016, coal-fired power plants have surpassed geothermal capacity.
- **Mindanao**—RE, in particular, hydropower, was the key source of power generation until 2015. However, due to power outages on the island, the government has pushed for developing coal-fired power plants for baseload generation. As a result, coal-based capacity increased substantially between 2015 and 2020.[33] This includes new coal-fired power plants owned and operated by Filinvest Development Corporation (**FDC**), SMC Global Power Holdings ("**SMC**"), AP, and GNPower Kausawagan Ltd Co.

[33] ABS-CBN News, "Aquino vows no more power outages in Mindanao by 2015", April 2013

Figure 2-8: RE Installed Capacity Mix (in MW) by Region, the Philippines, 2015 & 2020



	Luzon 2015	Luzon 2020	Visayas 2015	Visayas 2020	Mindanao 2015	Mindanao 2020
BESS	-	11	-	-	-	-
Wind	337	353	90	90	-	-
Solar	70	460	75	476	20	84
Biomass	83	195	101	216	36	73
Hydropower	2,528	2,593	11	21	1,061	1,165
Geothermal	844	865	965	955	108	108

Source: DOE

Through the Republic Act 9513, known as the RE Act of 2008, the government introduced fiscal and non-fiscal incentives to promote the utilization of RE in the power generation industry. The non-fiscal policies include the RPS, net-metering ("**NEM**"), FiT system, and GEOP.[34] As seen above, the growth of RE has been relatively robust.

First, the development of hydropower has been the most significant contributor to the promotion of RE as an alternative source of generation since EPIRA 2001. Luzon has the highest hydropower-based installed capacity, having marginally grown from 2,528 MW in 2015 to 2,592 MW in 2020 at a CAGR of 0.5%. Nonetheless, hydropower in Mindanao is more prevalent in Mindanao with a generating capacity of 1,165 MW by 2020, representing the majority RE that is found on the island.

The overall push for RE was more notable within the Visayas island, as coal-based power plants were no longer the main sources of power generation. Specifically, on the RE development, geothermal and solar have been the 2 main sources of green energy, with a total installed capacity of 955 MW and 476 MW, respectively. By 2020, Luzon's grid observed the completion of the only battery energy storage system ("**BESS**") project in the Philippines. The BESS system, owned and operated by Masinloc Power Partners Co. Ltd., came online in June 2018.

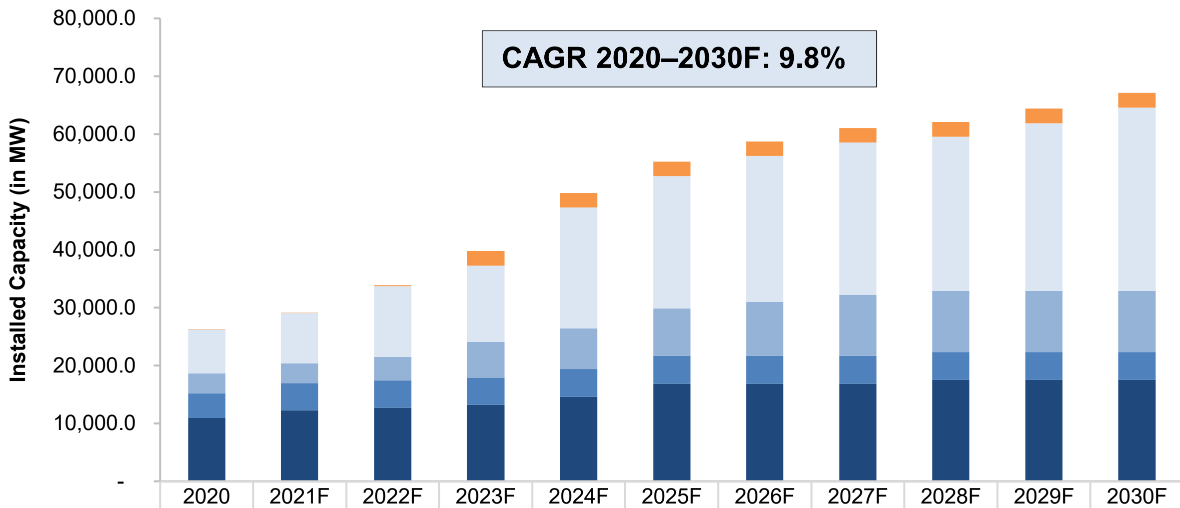
Table 2-17: Fiscal Policies to Promote RE, The Philippines, 2021

Incentive	Description
Duty-Free Importation	10-year exemption from tariff duties
Tax Credit on Domestic Capital Equipment and Services	Equivalent to 100% of custom duties and VAT
Tax Credit on Domestic Capital Components, Parts, and Materials	100% equivalent of custom duties and VAT
ITH	7-year tax exemption
Zero-rated VAT Transactions	0% VAT on transactions
Tax Rebate for Purchase of RE Components	RE equipment for residential, industrial, and community use

Source: DOE

Figure 2-9: Installed Capacity Forecast, the Philippines, 2020–2030F

[34] DOE, "Status of Renewable Energy (RE) Policy Mechanisms", (Accessed: July 2021)



	2020	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BESS	11.0	91.0	200.0	2,500.	2,500.	2,500.	2,500.	2,500.	2,530.	2,530.	2,530.
RE	7,652.	8,654.	12,205	13,208	20,886	22,914	25,179	26,314	26,626	28,980	31,680
Natural Gas	3,452.	3,452.	4,102.	6,177.	7,052.	8,152.	9,352.	10,552	10,552	10,552	10,552
Oil	4,236.	4,674.	4,674.	4,674.	4,824.	4,824.	4,824.	4,824.	4,824.	4,824.	4,824.
Coal	10,943	12,279	12,729	13,229	14,579	16,867	16,867	16,867	17,535	17,535	17,535

Source: DOE; Frost & Sullivan

Note:
1) *The forecast installed capacity up to 2030 is based on DOE's list of committed and indicative private sector-initiated power plants as of March 2021 in the country.*
2) *Decommissioning plans of older generating plants have not been considered in the forecast, as there are no published plans from the DOE.*
3) *Based on the list of committed private sector-initiated power projects, additional capacity with a "to be determined" timeline is expected to come online by 2028 as per DOE's estimates.*

The total installed capacity in the Philippines is expected to grow from 26,296.8 MW in 2020 to 67,122.9 MW in 2030 at a CAGR of 9.8%. Of the latter, 47.2% is expected to be coming from RE, 26.1% from coal, 15.7% from natural gas, 7.2% from oil, and 3.8% from BESS. From an estimated additional installed capacity equivalent to 40,826.1 MW from 2021 to 2030, 85.6% will be coming from Luzon, 10.7% from Visayas, and the remaining 3.7% from Mindanao. Based on the latest NREP released by the DOE, the RE target is to have least 20,000 MW generating capacity by 2040, which has been detailed in the PEP 2018–2040 in support of the government's "AmBisyon Natin 2040" master plan.

The expected addition of RE will total to 24,027.5 MW by the end of the forecast period, which is already 20.1% above the target that is being planned for 2040. Of the total RE that is expected to come online by 2030, 13,138.9 MW (54.7%) is expected to be coming from solar, followed by 5,597.2 MW (23.3%) from hydropower, 4,763.8 MW (19.8%) from wind, 371.6 MW (1.5%) from geothermal, and 154 MW (0.6%) from biomass. The existing RE roadmap does not include nuclear power into its policy development plans; however, the government created the Nuclear Energy Programme Implementing Organisation in 2016. In 2019, the DOE signed a memorandum of intent ("**MoI**") with Russia's Rusatom Overseas to explore a prefeasibility study on the construction of nuclear power plants based on small nuclear reactor technology.[35]

The growth in natural gas-based generating capacity is expected to grow with the second highest CAGR, behind RE, from 3,452.5 MW in 2020 to 10,552.5 MW in 2030 at a CAGR of 11.8%. The development of natural gas-generating assets, primarily CCGT power plants, will mainly be observed in Luzon. The growth of natural gas comes at the backdrop of the expected completion of EWC's LNG import terminal and 2 other import terminals that have been included under the EPNS. As for the forecast oil-fired based installed

[35] World Nuclear News, "Philippines progresses with plan for nuclear energy", October 2019

capacity, the growth is very marginal, peaking at 4,824.7 MW by 2030. The expected marginal growth in oil-based generating capacity is probably due to the commitment of the DOE and other government stakeholders to reduce the importation of diesel, with the enforcement of the Tax Reform for Acceleration and Inclusion Law, which includes excise tax on oil products from 2018.

2.7 INDUSTRY THREATS

Lack of Gas
The Philippines is expected to face a shortage of domestic gas by 2024, as the Malampaya gas field will produce less natural gas. Unless new production and LNG import infrastructure comes on stream as planned, there will be a shortage of gas for power generation.
Mitigation: The location of gas-fired power plants should be near the source of gas, such as LNG terminals. Investment in LNG terminals and power plants is also conventional risk mitigation.

Restrictive Price Cap
Price caps and offer price ceilings are implemented to safeguard against anti-competitive behavior. Price caps are highly likely to remain restrictive, which reduces the revenue upside from the spot market.
Mitigation: There is no mitigation, except lobbying the market operator and regulator.

Development Delays
There have been several delays in infrastructure development, transmission access, and market development.
Mitigation: Projects should be located close to existing/near-completion networks of suitable voltage, and airtight connectivity agreements should be negotiated as part of project development.

Terrorism and Natural Disasters
Natural disasters, such as annual typhoons, impact transmission and distribution grids. The Philippines has also been experiencing terrorism in the form of transmission tower sabotage**.**
Mitigation: There is no mitigation.

2.8 COMPETITIVE LANDSCAPE AND STRUCTURE

The 3 largest private IPPs in the Philippines as of 31 December 2020 are SMC Global Power Holdings, AP, and First Gen. These 3 generation companies have a significant market share in each grid; however, their expansion in capacity development is limited by Resolution No. 26 Series of 2005, which calls out the limitation of no more than 30% in each grid and 25% in the national grid mix, respective to the installed capacity ownership by a single entity. Out of the 6 players in table 2-18, FDC Utilities ("**FDCUI**") do not have a strong footing in the RE segment, as the company currently only owns 1 RE asset (a geothermal power plant) in its portfolio.

Singapore-based Vena Energy emerged as the leading player with respect to solar capacity in the country as of December 2020. To date, it holds a total portfolio of 193.5 MW of solar power, consisting of 2 solar farms in Visayas and 1 each in Luzon and Mindanao. Interestingly, ACEN is looking to add 2,500 MW of solar and wind power across the Philippines by 2025, which would then effectively position the company to be among the leading players in RE.[36] As the adoption of emerging technologies, such as BESS, is increasingly being focused on to supply more flexible generation, companies that have announced plans to pursue BESS projects include SMC, AP, and ACEN. SMC, through its subsidiary Universal Power Solutions Inc., is expected to commission a total of 1,660 MW-worth of BESS projects in 2023 alone.[37] Upon completion, SMC will be the leading owner and developer of BESS in the Philippines.

[36] PV Magazine, "63 MW solar project completed in Philippines as part of 5GW renewables plan", July 2021
[37] Based on the list of committed private sector-initiated power projects as of March 2021 from DOE

Table 2-18: Effective Capacity of the Key IPP Players in the Philippines (excluding utility players and off-takers), as of 31 December 2020

Name of IPP	Business Focus	Fuel Type	Country of Incorporation	Countries of Operation for Power Generation as of 31 December 2020	Effective Installed Capacity (MW) as of 2020	Revenue, 2020[(1)]
SMC	Power Generation, Distribution and Retail	Natural gas, coal, hydropower	The Philippines	The Philippines	4,714	PHP 110.97 billion (USD 2.29 billion)
AP	Power Generation, Distribution and Retail	Coal, oil, geothermal, hydropower, solar	The Philippines	The Philippines	4,429	PHP 106.51 billion (USD 2.20 billion)
First Gen[(2)]	Power Generation and Retail	Natural gas, geothermal, hydropower, wind, solar	The Philippines	The Philippines	3,495.2	PHP 88.77 billion (USD 1.83 billion)
ACEN	Power Generation and Retail	Solar, wind, geothermal, coal, diesel	The Philippines	The Philippines, Indonesia, Vietnam, and Australia	730[(3)]	PHP 19.72 billion (USD 0.41 billion) [(4)]
FDCUI	Power Generation and Retail	Coal, geothermal	The Philippines	The Philippines	513.5	PHP 8.20 billion (USD 0.17 billion)
Vena Energy	Power Generation	Solar, wind	Singapore	Japan, India, Thailand, Australia, the Philippines, Taiwan, and Indonesia	301.5[(5)]	PHP 4.18 billion (USD 0.09 billion) [(6)]

Source: Company websites

Note:
(1) Includes the portfolio of Energy Development Corporation
(2) Total effective installed capacity in the Philippines
(3) Philippine revenues only
(4) Total effective installed capacity in the Philippines
(5) Philippine revenues only

2.9 FUTURE INDUSTRY OUTLOOK

Based on the present list of committed and indicative projects, the 20,000 MW RE target by 2040 is likely to be achieved by 2030. The growth of RE is expected to be primarily driven by new solar power capacity, guided by the plans and programs outlined in the NREP. However, nearly 95% of the additional capacity coming from solar is enlisted as indicative. The government introduced the EVOSS system in 2019, which is expected to be a key enabler in improving the entire application process of power sector project development, inclusive of RE.

The DOE allowed 100% foreign ownership on large-scale geothermal projects in October 2020 to promote its development in the country.[38] Presently, most geothermal generating capacity comes from the Leyte and Negros islands within Visayas. By 2030, the total additional installed capacity (based on committed and indicative projects) of geothermal is only expected to reach 371.6 MW, which explains the government's

[38] DOE, "DOE Statement on Allowing Foreign Investors 100% Ownership of Large-scale Geothermal Projects", October 2020

decision to lower the barrier to entry for foreign investors, in particular, the United States, on geothermal investments.[39]

In June 2021, the government launched the Philippine Offshore Wind Roadmap project that will be funded by the World Bank Group through its Energy Sector Management Assistance Program.[40] Presently, the DOE has awarded 5 offshore wind power projects ("**WPP**") with a combined capacity of 5 GW. These include the Guimaras Strait WPP, Aparri Bay WPP, Guimaras Strait II Wind Project, Frontera Bay WPP, and San Miguel Bay WPP.

Besides RE, another type of fuel expected to be a driver in the country's energy transition is natural gas. With the development of LNG import terminals in the country, such as those having received the EPNS status to date, natural gas-based generating capacity is expected to peak by 2027, with 100% of additional capacity forecast to be coming from the Luzon island region.

To address the energy trilemma, another possibility to ensure sufficient and reliable supply of power includes the development of nuclear power in the Philippines, as the DOE had previously signed an MoI with Russia's Rusatom Overseas on SMR technology. As the country's electricity prices are among the highest in ASEAN, the government should carefully deliberate on nuclear power as an alternative source of baseload generation. The option to start the operations of the previously built nuclear power plant in Bataan has been cited as unviable, as the facility has outdated international safety standards.

On the development of the country's transmission and distribution assets, one of the most anticipated projects is the Visayas–Mindanao interconnection. Presently, Mindanao has the highest reserve margin compared to the other 2 grids. On completion of the interconnection, excess power could be utilized efficiently via distribution across the whole country to ensure an overall reliability in electricity supply. In 2020, the DOE had finalized the national smart grid policy framework, which is expected to be a key driver facilitating the integration of more flexible generations, such as RE and BESS.

Another upcoming trend in the power generation industry includes the development of floating solar farms in the Philippines, through the utilization of hydropower dams. The first 200 kW floating solar power plant concept was developed over Magat Dam by SN Aboitiz Power Group in 2019. Due to the success of the pilot project, the company is now looking into scaling up the facility to 67 MW and is currently conducting a feasibility study to validate the initial results and thus confirm the viability of a commercial-scale project.[41] On the aspect of hybridization of power plants, AP, the JV partner in the 200 kW pilot floating solar plant, is considered to be an early adopter of BESS. The private IPP is presently working with Wartsila Corporation on the integration of BESS to its existing floating thermal power plant in Mindanao.[42] With its completion expected by the end of 2021, the project will be the first floating energy storage system in SEA, with several other BESS projects announced by the company to be developed within the next 10 years.

[39] DOE, "Cusi Invites US Firms to invest in PH Energy Development", April 2021
[40] DOE, "DOE to Draw Up Offshore Wind Roadmap for the PH", June 2021
[41] The Philippine Star, "SNAP to scale up floating solar portfolio", December 2020
[42] Power Engineering International, "Philippines to host Southeast Asia's first floating energy storage solution", March 2021

3. OVERVIEW OF RENEWABLE POWER AND SOLAR ENERGY GENERATION

3.1 INTRODUCTION

Historically, RE power in the Philippines has been largely associated with geothermal and hydropower capacity. Under the RE Act, all qualified intermittent RE sources will receive priority in dispatch. However, the government had introduced several fiscal and non-fiscal incentives to promote the utilization of other types of RE, primarily solar and wind, which have observed a significant uptake since the RE Act of 2008. The non-fiscal policies included the RPS, NEM, FiT system, and GEOP. Key highlights of the non-fiscal policies are given below:

- **RPS**
  - Applicable to all 3 grids (Visayas, Mindanao, Luzon)
  - Mandated to all DUs for their captive customers, all suppliers supplying to contestable market, and all generation companies, only for directly connected customers
  - Establish minimum RE requirement and minimum increment annually (1% of net electricity sales in previous year)
  - 1 MWh = 1 RE Certificate, which are generated for compliance with RPS

- **GEOP**
  - Voluntary RE policy mechanism to empower end users to choose RE sources
  - DUs and RE suppliers facilitate the demand of end users
  - All rates and charges to end users are unbundled, segregated, and itemized for each of the generation components, transmission charges and distribution, supply charges, and other applicable charges

- **FiT Scheme**
  - RE receives priority grid connection
  - RE receives priority purchase, transmission of, and payment for such electricity by grid system operators
  - Fixed tariff to be paid for electricity from each type of RE resources during a fixed period not less than 12 years (implemented with 20 years)
  - Compensates eligible RE plants through the FiT-Allowance allocation, which is essentially a uniform charge billed to on-grid customers to fund the projects that have been approved by the DOE
  - Fixed tariff to be paid for electricity from each type of RE resource during a fixed period not less than 12 years (implemented with 20 years)

The FiT scheme was introduced by ERC in 2012, with initial installation targets and the associated rates provided as shown below. Several additions have been made since, including the inclusion of second FiT rates for solar and wind in 2015. In December 2020, the DOE, through the request made by the NREB, had approved the extension to the ROR hydropower quota, as it was not 100% utilized.[43] However, in April 2021, the DOE announced the intention to remove the FiT scheme entirely (applicable to new capacity only), as it has been seen as a major financial burden to consumers. End users that procure power from the grid will have to bear the cost since the inclusion of the FiT-Allowance, enabling generators to partially recover the cost of developing eligible RE plants via the FiT scheme.[44]

[43] DOE, "Extension of the Feed-in Tariff (FIT) system for Run-of-River (ROR) Hydropower", December 2020
[44] BusinessWorld, "ERC sets modified feed in tariff rates for ROR hydro and biomass", May 2021

Table 3-1: RE FiT rates, December 2020

RE Sources	FIT Rates (PhP per kWh)	Installed Capacity (MW)	Installation Target Balance (in MW)
ROR hydropower	5.9	34.6	103.89
	5.87	8.5	
	TBD	103.01	
Wind	8.53	249.9	0
	7.4	1440	
Solar	9.68	108.9	0
	8.69	417.05	
Biomass	6.63	117.35	0
	6.6	14.56	
	TBD	125.13	
Ocean	Deferred	0	100

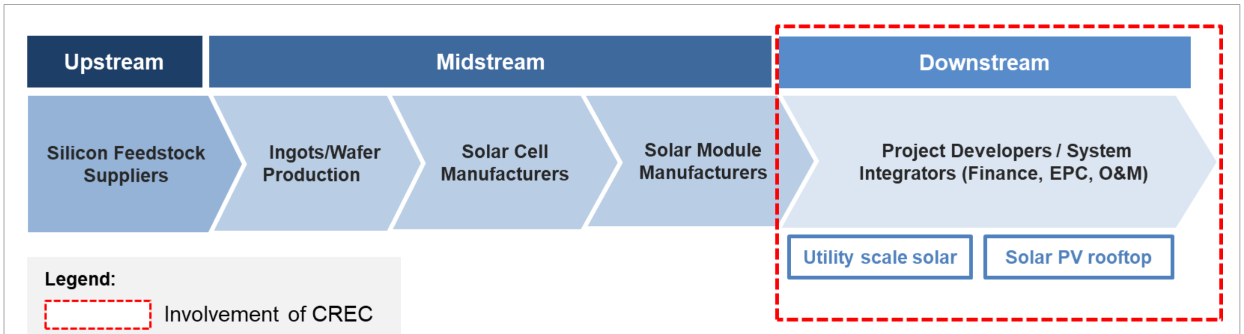
Source: DOE

Note: *With the removal of FiT that was announced in April 2021, it is unclear if the FiT rates for ROR hydropower are applicable to the remaining balance of the installation target and whether the ocean energy will remain effective.*

The above policy measures have helped the country significantly in RE capacity-building efforts since the RE Act of 2008.

3.2 VALUE CHAIN ANALYSIS

Figure 3-1: Value Chain of the Solar Power Market, the Philippines, 2021



Source: Frost & Sullivan

The existing local solar players in the country are only present within the downstream segment of the industry value chain, except Solar Philippines, which through its entity, Solar Philippines Module Manufacturing Corp, owns a production facility located at the First Philippines Industrial Park in Batangas, Luzon. However, due to the impact of the COVID-19 pandemic, the facility has been closed since July 2021 (likely indefinitely). International players, particularly from China, Korea, and Germany, have captured the solar PV module market within the utility scale solar projects. These include Jiangsu Seraphim Solar System Co. Ltd, Trina Solar, JA Solar, Hanwha,[45] Astronergy Solar Korea,[46] and Aleo Solar GmbH.[47]

The utility scale solar segment has a mix of local and international players. To date, most developers comprise local companies, such as ACEN, CITICORE, ELPI, PetroSolar Corporation, Solar Philippines, Jobin SQM Inc, AP, and MERALCO. The only foreign IPP with a strong footing in the domestic solar power

[45] Hanwha, "Hanwha Q CELLS Korea Announces Large-scale Solar Plant Deals in India and Philippines", August 2015
[46] Astronergy Solar Korea, "Projects: Chint Solar", (Accessed: August 2021)
[47] Aleo Solar GmbH, "22MW aleo modules for solar park in the Philippines/independent study attests to aleo module 'bankability'", March 2016

market is Singapore-based Vena Energy (previously Equis Energy).[48] Project developers work with either local or overseas EPC companies based on project requirements.

Since the inception of the NEM in 2013, the solar PV rooftop segment has seen an upward trend in adoption rates across the residential, commercial, and industrial sectors. However, the largest solar PV rooftop of 40 MW in size is currently owned by a manufacturing firm, Majestic Energy Corporation, which is located within the Cavite Special Economic Zone.[49] The 40 MW solar PV rooftop system was installed by the firm across 18 buildings through the FiT scheme, which was signed in 2015.[50] Presently, there are prominent players in the solar rooftop PV segment with ongoing projects in the pipeline, namely, CITICORE (a total of 6.62 MW pipeline)[51] and Green Heat Corp (at least 6 MW).[52] Additionally, MSpectrum, Inc ("**Spectrum**") and Solar Philippines are also very active players in the solar PV rooftop market. Spectrum was formed in 2016 as part of MERALCO push for more emphasis on the RE vertical, particularly in the commercial and industrial solar rooftop business, and has a total installed capacity of 39 MW-worth of solar PV rooftop installation to date.[53] Nonetheless, Solar Philippines is currently pursuing 8 projects worth PhP85.96 billion in the country through its subsidiary, Solar Philippines Commercial Rooftop Projects Inc.[54]

New market entrants in the solar PV rooftop market include:

- Vivant Corporation that entered the market in 2017 having formed ET-Vivant Solar Corporation ("**ET-Vivant**"), a JV with ET Energy Pilipinas Holding Corporation ("**ET-Pilipinas**"). Vivant Corporation and its subsidiary, Vivant Renewables Energy Corporation ("**VREC**") had previously owned 60% of the JV; however, in November 2019, the 2 entities bought out ET-Pilipinas, effectively making ET-Vivant a wholly owned subsidiary of Vivant.[55] More recently, the Cebu-based company, through VREC, had invested into Buskowitz Finance, Inc ("**BFI**") in March 2021.[56] BFI is part of The Buskowitz Group, which consists of ERA Solar, an EPC player within the residential, commercial, and industrial solar rooftop businesses, while BFI provides flexible financing options, such as solar leasing schemes, to allow easy access for systems to be installed by its customers.

- FDCUI is developing solar rooftop projects for a number of its major industrial customers with an accumulative installed capacity of 4.3 MW.[57] This company entered the market in 2018 through a JV formed with Engie Services Asia Pacific Pte Ltd, known as Filinvest ENGIE Renewable Energy Enterprise, Inc ("**FREE**").[58]

3.3 KEY MARKET DRIVERS AND RESTRAINTS

Key Market Drivers

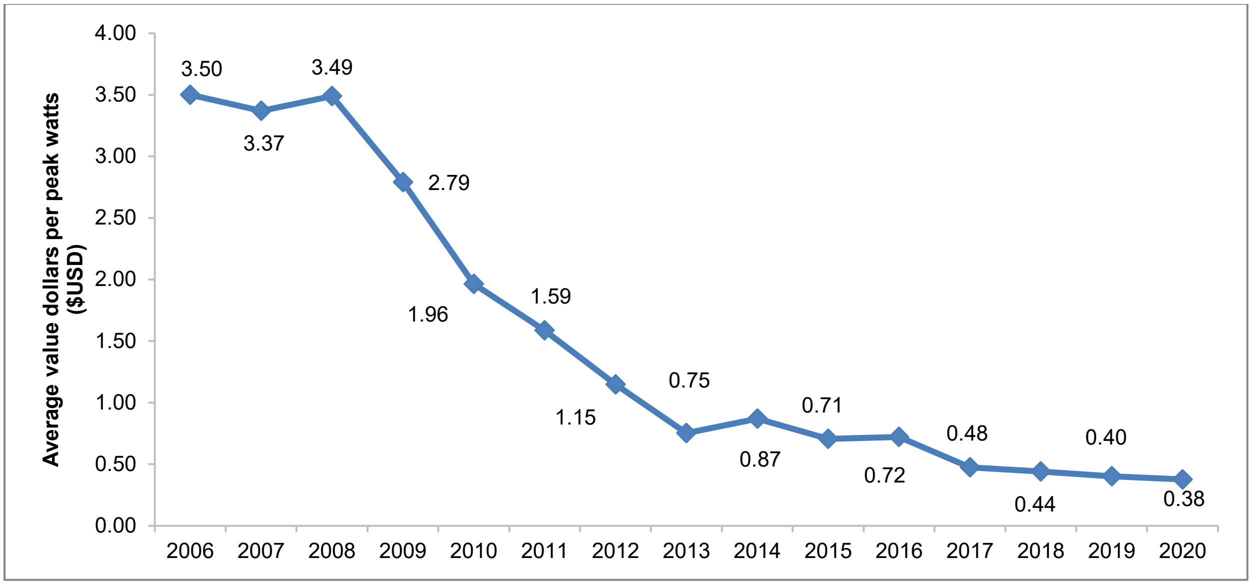
Declining Cost of Solar Power

Globally, the cost of producing 1 watt of solar power has dropped sharply by nearly 90% from approximately PHP 169.8 (USD 3.5) in 2006 to PHP 18.4 (USD 0.38) in 2020. The drop in total cost of ownership for a solar project, from solar PV modules to other necessary components in the upstream and

[48] Vena Energy, "Equis Energy Announces Corporate Name Change to Vena Energy", May 2018
[49] Yahoo! News, "New solar plant adds 40MW to supply", October 2014
[50] Based on the List of RE Plants with Certificate of Endorsement (COE) to ERC for FiT Eligibility as of 31 December 2020
[51] Inquirer.net, "Citicore rooftop solar project running ahead of schedule", July 2021
[52] BusinessMirror, "Green Heat aims to install more rooftop solar panels", May 2021
[53] MERALCO, "Annual Report 2020 (page 46)", May 2021
[54] Inquirer.net, "8 solar projects worth P86B get BOI perks", March 2018
[55] Vivant Corporation, "Annual Report 2020", April 2020
[56] Buskowitz, "Vivant to invest Php364M in solar EPC firm", March 2021
[57] Manilastandard.net, "FDC ventures into renewable energy", June 2021
[58] ENGIE, "FDC utilities and ENGIE ink joint venture agreement to spur solar development in the Philippines," October 2018

midstream of the industry value chain, has contributed to the tremendous growth in demand of greenfield utility-scale solar generating assets across regions, including the Philippines.

Figure 3-2: Average Value Dollars per Peak Watt, 2006–2020



Source: EIA's Annual Photovoltaic Module Shipments Report

Strong Policy Support

Solar PV projects—utility scale and rooftop systems have witnessed higher adoption rates across the country owing to the attractive economics via government incentives (such as the FiT scheme and NEM program). Concluded in March 2016, the FiT scheme for solar power in the Philippines observed the allocated quota of 500 MW being oversubscribed by approximately 360 MW.[59] The green energy tariff program will also accelerate solar power projects, introduced by the DOE in 2020, which will include the auctioning of clean energy between qualified suppliers with eligible customers under a competitive process.[60]

Moratorium on Coal Power Plants

Historically, the country's power supply has predominantly been based on coal and, more recently, natural gas. In the next 10 years, imported LNG is expected to play a supporting role in the country's energy transition, alongside the exponential growth of RE. By 2030, the installed capacity of coal and natural gas will be equivalent to 17,535.3 MW and 10,552.5 MW, while RE is expected to grow from 7,652.8 MW in 2020 to 31,680.4 MW in 2030 at a CAGR of 15.3%. Growth in coal power projects is likely to remain soft with the introduction of a moratorium on new coal-fired power plants in the 4th quarter of 2020. As a result, many committed and indicative coal power projects (based on the list from the DOE) are exposed to the risk of possible termination.[61] Following the enforcement of the moratorium, large funding institutions, such as the ADB, have committed to supporting the energy transition to a low-carbon future. ADB has drafted a new energy policy that includes the discontinued financing of new coal power plants moving forward.[62]

[59] BusinessWorld, "Priority sought for "stranded" projects as DoE prepares auction for green energy", January 2021
[60] The Philippine Star, "Green energy tariff program", July 2020
[61] Manila Bulletin, "DoE enforces moratorium on new coal power developments", October 2020
[62] MERCOM India, "ADB to Discontinue Financial Coal Projects", May 2021

<u>Key Market Restraints</u>

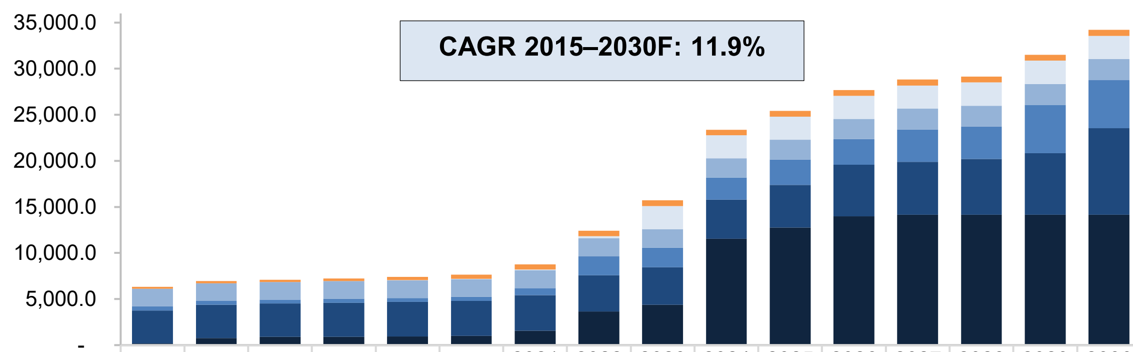
Delays in securing land, approvals, and/or interconnection permits

In the Philippines, various permits and approvals are required to be obtained from a number of relevant stakeholders prior to the construction of a utility scale RE power plant. This includes and is not limited to an RESC, which allows exploration within a pre-determined area for greenfield projects, engineering designs, grid impact studies ("**GIS**"), LGU approvals, and land-use conversions. More importantly, an environmental impact assessment is required in addition. Past difficulties contributed to the delays in the development of numerous RE projects, including:

- Astroenergy Development Gensan, Inc that operates a 25 MW solar farm in the Mindanao region came online in the 2nd quarter of 2019 and took nearly 4 years to achieve commercial operations.[63]
- The planned 50 MW solar farm in Visayas from co-developers Amatera Renewable Energy Corp and Korea-based TPC Construction.[64] As of late, the project has been placed under pre-development status by the DOE, although a GIS was reportedly approved by the DOE in 2016.

3.4 INDUSTRY SIZE (2015–2025F)

Figure 3-3: Historical (2015–2020) and Forecast (2021F–2030F) of Installed Capacity, the Philippines



	2015	2016	2017	2018	2019	2020	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
Biomass	221	233	224	258	363	483	527	594	606	620	628	634	634	637	637	637
BESS	0	0	0	0	11	11	91	200	2500	2500	2500	2500	2500	2530	2530	2530
Geothermal	1917	1916	1916	1944	1928	1928	1931	1997	2027	2068	2138	2198	2260	2260	2300	2300
Wind	427	427	427	427	427	443	765	2043	2143	2405	2764	2764	3517	3517	5209	5209
Hydropower	3600	3618	3627	3701	3760	3779	3873	3927	4048	4237	4631	5597	5745	6055	6677	9377
Solar	165	765	885	896	921	1019	1558	3644	4384	11557	12754	13987	14158	14158	14158	14158

Source: DOE

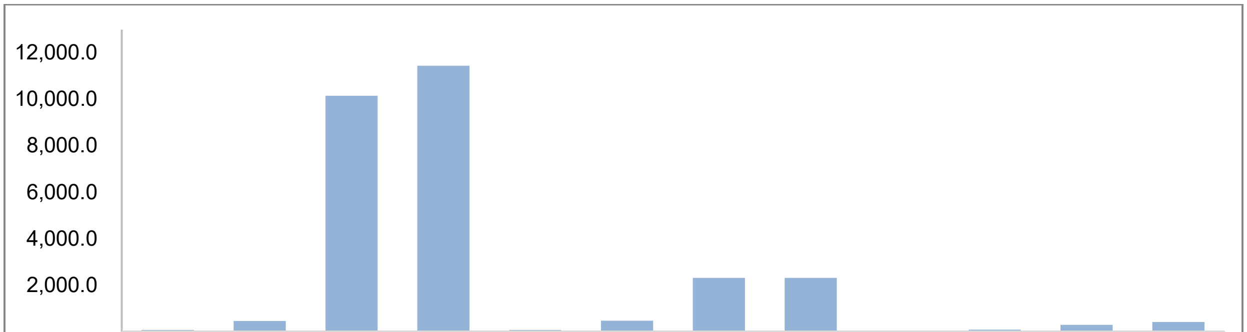
Note:
1) *The forecast of installed capacity is based on the list of committed and indicative private sector-initiated power projects as of March 2021.*
2) *Based on the list of committed private sector power projects, additional new capacity with a "to be determined" timeline is expected to come online by 2028 as per the DOE's estimates.*

The growth in RE has been rather exceptional since the establishment of fiscal and non-fiscal policies by the government. As observed above, the total installed capacity is expected to grow from merely 6,329.9 MW in 2015 to 34,210.4 MW in 2030 with a CAGR of 11.9%. With the announcement of FiT's removal as of April 2021, the scheme is unlikely to cause a setback, as the DOE was preparing the RETF as early as

[63] Philippine News Agency, "25-MW solar power plant unveiled in GenSan", April 2019
[64] List Solar, "Korean player to help deploy utility-scale PV plant in the Philippines", September 2019

2012.[65] Undoubtedly, the FiT scheme proved crucial to the growth of RE from the period of 2015 to 2020. In particular, solar and wind power has contributed immensely.[66] Additionally, hydropower and BESS projects are also expected to increase significantly by 2030, peaking at 2,530 MW and 9,377 MW, respectively.

Figure 3-4: Historical (2015 & 2020) and Forecast (2025 & 2030) Installed Capacity of Solar Power, the Philippines



	Luzon				Visayas				Mindanao			
	2015	2020	2025F	2030F	2015	2020	2025F	2030F	2015	2020	2025F	2030F
Solar	69.9	459.6	10,155	11,439	75.0	475.9	2,308.	2,308.	19.7	83.7	289.7	409.7

Source: DOE; Frost & Sullivan

Note:
1) *The forecast of installed capacity is based on the list of committed and indicative private sector-initiated power projects as of March 2021.*
2) *Based on the list of committed private sector power projects, additional new capacity with a "to be determined" timeline is expected to come online by 2028 as per the DOE's estimates.*

Figure 3-4 shows that the highest growth will be seen in Luzon. From only 69.9 MW in 2015, the solar capacity is expected to grow to 11,439.8 MW at a CAGR of 40.5%, while in Visayas, the installed capacity of solar is forecast to grow from 75 MW in 2015 to 2,308.7 MW in 2030 at a CAGR of 25.7%. Finally, Mindanao is expected to grow at the lowest rate, from 19.7 MW in 2015 to 409.7 MW in 2030 at a CAGR of 22.4%.

3.4.1 List of Solar Power Projects in the Pipeline with Project Status (as Provided by the DOE)

As of May 2021, there are 54 operational solar farms in commercial operation. Of these, 29 are located in Luzon, 19 in Visayas, and 6 in Mindanao. Since the introduction of the FiT program in 2012, there have been a total of 23 solar farms with approved FiT rates from ERC. Subsequently, there was a significant growth in solar power capacity feeding into the national grid between 2015 and 2016.

In terms of FiT status, there are 23 FiT solar farms and 31 non-FiT solar farms. The total generating capacity of FiT-based solar farms amounted to 526.3 MW as of May 2021. Interestingly, the highest installed capacity is found in Visayas with only 5 FiT-approved solar projects, Luzon comes 2nd with a total capacity of 283.7 MW from 16 FiT-approved solar farms, and Mindanao has a total capacity of 16.7 MW from 2 FiT solar generating assets.

[65] Philippine Daily Inquirer, "DoE readies renewable energy trust fund", June 2012
[66] DOE, "List of Renewable Energy with COE to ERC for FIT Eligibility as of 31st December 2020", (Accessed: July 2021)

Table 3-2: List of Commercially Operating Solar Power Plants in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing FiT
Burgos Solar Power Project Phase I	Energy Development Corporation	4.1	FiT	2015
Burgos Solar Power Project Phase 2	Energy Development Corporation	2.66	FiT	2016
Currimao Solar Power Project	Mirae Asia Energy Corporation (Vena Energy)	20	FiT	2016
Sarrat Solar Power Project	Bosung Solartec, Inc.	1	Non-FiT	
Hermosa Solar Power Project	YH Green Energy Incorporated	14.5	FiT	2016
Bataan Solar Power Project Phases 1, 2, 3a and 3b	Jobin-Sqm Inc.	32.34	Non-FiT	
Bataan Solar Power Project.	CSBT (CITICORE)	18	Non-FiT	
Morong Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	Non-FiT	
Bulacan 3 Solar Power Project	CSBU (CITICORE)	15	FiT	2016
San Rafael Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	3.82	FiT	
Cabanatuan Solar Power Project	First Cabanatuan Renewable Ventures, Inc.	10.26	FiT	2016
Concepcion 1 Solar Power Project	Solar Philippines Tarlac Corporation(1) ("**SPTC**")	100.61	Non-FiT	
Armenia Solar Power Project	CST1 (CITICORE)	8.84	Non-FiT	
Tarlac Solar Power Project Phase I	PetroSolar Corporation(2)	50.07	Yes	2016
Dalayap Solar Power Project	CST2 (CITICORE)	7.48	Non-FiT	
Clark Solar Power Project	CREIT (CITICORE)	22.33	FiT	2016
CityMall Dau Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Pampanga Solar Power Project Phase I	RASLAG Corporation	10.05	FiT	2015
Pampanga Solar Power Project Phase II	RASLAG Corporation	13.14	FiT	2016
Palauig Solar Power Project	SPARC Solar Powered Agri-Rural Communities Corporation	5.02	FiT	2016
Central Mall Biñan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.7	Non-FiT	
Calatagan Solar Power Project	Solar Philippines Calatagan Corporation(3)	63.3	FiT	2016
Lian Solar Power Project	Absolut Distillers, Inc.	2.04	FiT	2016
Cavite Economic Zone Solar Power Project	Majestics Energy Corporation	41.3	FiT	2015
Tumingad Island Solar Power Project	Suweco Tablas Energy Corporation	7.5	Non-FiT	
SM Mall of Asia Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	2.69	Non-FiT	

SM North Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1.47	Yes	2015
Valenzuela Solar Power Project	Valenzuela Solar Energy Inc.	8.5	Yes	2016
Ecopark Isla Solar Power Project	Ecopark Energy of Valenzuela Corp.	4.7	Non-FiT	

Source: DOE

Notes:
1) *In June 2020, Prime Metroline Infrastructure Holdings acquired 50% of SPTC.*
2) *PetroSolar Corporation is 56% owned by PGEC and 44% by EEI Power Corporation.*
3) *In 2018, the Philippine Competition Commission approved Korea Electric Power Corporation's (KEPCO's) 38% acquisition of Solar Philippines Calatagan Corporation.*

Table 3-3: List of Commercially Operating Solar Power Plants in Visayas, the Philippines, as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing
CityMall Mandalagan Solar Power Project	Solar Pacific Citysun Corporation	0.63	Non-FiT	
Bais Solar Power Project (SACASOL IV)	Monte Solar Energy Inc. (ACEN)	18	FiT	2016
Cadiz Solar Power Project	Helios Solar Energy Corporation (Vena Energy)	132.5	FiT	2016
Kabankalan Solar Power Project	Solar Pacific Citysun Corporation	0.61	Non-FiT	
Islasol Solar Power Project (ISLASOL II)	Negros Island Solar Power Inc.	32	Non-FiT	
Manapla Solar Power Project (ISLASOL III)/(SACASOL III)	Negros Island Solar Power Inc. (ACEN)	48	Non-FiT	
San Carlos Solar Power Project Phase I-A and I-B (SACASOL I-A&I-B)	San Carlos Solar Energy Inc. (ACEN)	22	FiT	2014
San Carlos Solar Power Project Phase I-C and I-D (SACASOL I-C&I-D)	San Carlos Solar Energy Inc. (ACEN)	23	FiT	2015
SACASUN Solar Power Project	San Carlos Sun Power Inc. (AP)	58.98	Non-FiT	
Silay Solar Power Project	CSNO (CITICORE)	25.01	Non-FiT	
Victorias Solar Power Project	Solar Pacific Citysun Corporation	0.64	Non-FiT	
Kalibo Solar Power Project	Solar Pacific Citysun Corporation	0.22	Non-FiT	
Boracay Solar Power Project	Solar Pacific Citysun Corporation	0.3	Non-FiT	
Gaisano Iloilo Solar Rooftop Project	EDC Siklab Power Corporation (EDC)	1.03	Non-FiT	
Miag-ao Solar Power Project	Cosmo Solar Energy, Inc.	5.67	Non-FiT	
Dumaguete Solar Power Project	Solar Pacific Citysun Corporation	0.24	Non-FiT	
Toledo Solar Power Project	CSCB (CITICORE)	60	Non-FiT	
Ormoc Solar Power Project	First Solar Energy Corp. (Vena Energy)	30.36	FiT	2015

Palo Solar Power Project	Sulu Electric Power and Light (Phils.), Inc.	49.81	Non-FiT	

Source: DOE

Table 3-4: List of Commercially Operating Solar Power Plants in Mindanao, the Philippines as of May 2021

PROJECT NAME	COMPANY NAME	INSTALLED CAPACITY (MW)	FiT or Non-FiT	Year of Signing
Kibawe Solar Power Project	Asian Greenenergy Corporation (Vena Energy)	10.49	FiT	2016
Kirahon Solar Power Project	Kirahon Solar Energy Corporation	12.5	Non-FiT	
Tagum Solar Power Project	Solar Pacific Citysun Corporation	1.1	Non-FiT	
Digos Solar Power Project	Alterpower Digos Solar, Inc.	28.59	Non-FiT	
Santos Solar Power Project	Astronergy Development GenSan Inc.	24.96	Non-FiT	
Centrala Solar Power Project	CSSC (CITICORE)	6.23	FiT	2016

Source: DOE

3.5 COMPETITIVE LANDSCAPE

To provide better comparison, Frost & Sullivan applies CITICORE metrics for benchmarking in the competitive landscape section.

3.5.1 Structure and Competitive Dynamics

Among the existing RE developers, home-grown company, Solar Philippines, is the only player in the market that is present both in the midstream and downstream segments of the industry value chain. The company has operated a solar PV module manufacturing facility since 2017, following the exit of US-based SunPower a year before.[67] Being a vertically integrated company, Solar Philippines is one of the fastest growing solar IPPs in the country. The company is planning to deploy a total of 1 GW solar power capacity under various PPAs that were announced in December 2020.[68] Additionally, Solar Philippines has partnerships with KEPCO and Prime Infra in 2 separate solar projects in the country. Prime Infra is one of the leading infrastructure developers in the Philippines that currently owns 50% of SPTC. In comparison, CITICORE is also a vertically integrated RE developer having robust capabilities in financing projects, EPC through its affiliate company, Megawide Construction Corporation, and O&M via its subsidiary, CREC, particularly for its RE segments.

Ayala Corp's ACEN is another local company that has strong partnerships with leading RE players. The company envisions achieving a total of 5 GW worth of RE capacity across SEA by 2025, effectively positioning the company as one of the largest listed IPPs with RE assets in the region.[69] To realize the vision, the company has implemented a few strategic initiatives, including the 96.7% stake acquisition in Solar Philippines Central Luzon Corporation ("**SPCLC**") in January 2021.[70] SPCLC is the special purpose vehicle between the 2 companies that will allow ACEN to scale up its solar capacity in the domestic market with the support of Solar Philippines. Additionally, ACEN and CITICORE started the construction of its 72MW jointly-owned solar power plant in Pampanga with completion targeted for the first quarter of 2022[71]. On a regional level, ACEN formed a JV with UPC Solar Asia Pacific in 2019 to co-develop solar power projects across Asia-Pacific, with an initial focus on India, South Korea, and Taiwan.[72] These three partnerships in particular are targeted to help the company fulfil its growth strategy in the SEA RE industry and accomplish the company's commitment to completely divest away from coal by 2030.[73]

In the EPC market, major players that have a solid track record include Singapore-based Blueleaf Energy (rebranded from Conergy in 2019),[74] Solar Philippines, Malaysian-based ERS Energy, and French-based Bouyques Construction. There has been active participation of China-based EPC companies, such as Power China, SUMEC Complete Equipment & Engineering Co. Ltd, Nani Group Corporation, and TBEA International Engineering Co., Ltd ("**TBEA**") in the solar power market. As the level of competition magnifies, partnerships have largely gained importance in the industry. Most notably, Blueleaf Energy recently announced plans to co-develop 1.25 GW-worth of solar projects in Luzon in collaboration with local developer SunAsia Energy, Inc.[75] Recognized as a major EPC player in the region, Blueleaf Energy today has been involved in a total of 250 MW-worth of solar power projects across the Philippines.

Among the critical success factors to gain competitive advantages in the solar market are firm partnerships with reputable institutions. In particular, ACEN has the backing of ThomasLloyd Group, a global investment

[67] PV Magazine, "Solar Philippines inaugurates country's first PV panel factory", August 2017
[68] PV Magazine, "Solar Philippines moves forward with 500MW solar park", June 2021
[69] The Philippine Star, "ACEN working on robust pipeline of 12GW RE projects", May 2021
[70] Manilastandard.net, "AC Energy acquires 96.7% of Leviste solar power firm", January 2021
[71] The Philippine Star, "ACEN, Citicore start construction of solar project", June 2021
[72] PV Magazine, "AC Energy, UPC Solar set up new Asia-Pacific joint venture", October 2019
[73] IEEFA, "Philippines power company Ayala to be coal-free by 2030", April 2020
[74] Blueleaf Energy, "Conergy rebrands as Blueleaf Energy", August 2019
[75] BusinessWorld, "SunAsia partners with Singapore's Blueleaf for 1.25-GW solar portfolio", June 2021

and advisory firm, which bought stakes in 2 of ACEN's recently completed solar farms in Luzon.[76] The success of Blueleaf Energy in the region could also be credited due to the strong financial backing that the company has since 2018, following the acquisition of the company by Green Investment Group, a subsidiary of Australian-based Macquarie Group.[77] As for the success demonstrated by Vena Energy, the company was quick to respond to the demand of RE projects with the inception of the recently removed FiT scheme, which saw a significant amount of solar assets come online between 2015 and 2016.

Partnerships with local firms have proven valuable in obtaining domestic technical expertise and leveraging the company's strong relations with relevant stakeholders in the energy sector. For instance, Vena Energy has worked with local infrastructure developers, such as San Lorenzo Ruiz Builders, for the construction of its 20.1 MW Garcia solar farm[78] and Gregorio Araneta for its 132.5 MW Pollo solar farm.[79] One of the previously completed solar projects in Mindanao that was developed by Sterling & Wilson of India involved MERALCO Industry Engineering Services Corporation ("**Miescor**"), which had a major impact on the completion of the project in 2016.[80] Miescor was appointed as the local EPC partner in the 28.6 MW Digos solar farm, with the work scope including securing all required statutory approval and permits from the relevant governmental agencies.[81]

Primarily, the barrier to entry into the market for new players is the level of competition that currently exists across the solar industry value chain. Due to the size and nature of companies being well-integrated, these factors have contributed tremendously to the notable success of Solar Philippines and ACEN's growth in the Philippines' solar market. Nonetheless, smaller IPPs may face difficulties in competing for market share against companies with more robust financials, as under EPIRA 2001, all private IPPs are mandated to sell a portion of at least 15% of common shares to the public within 5 years of operation.[82]

3.5.2 Key Industry Players (Emphasis on 3 Players Comparable to CITICORE): Profiles and Benchmarking (e.g., type of plant, fuel source, installed capacity, units generated)

In terms of total installed capacity, the leading solar power project developers in the Philippines are ACEN, Vena Energy, CITICORE, and ELPI. Other solar power project developers in the country with existing portfolios include Solar Philippines, PetroSolar Corporation, Jobin SQM Inc, AP, and MERALCO. The effective installed capacity of Ayala Corp's power generation arm has surpassed Vena Energy to be the top player in the domestic solar power market with the commercial operations of ACEN's 2 new solar power plants in April and June 2021. With no new solar projects in the pipeline, Vena Energy's focus seems to be on solar projects outside of the Philippines, with the company's most recent activity include the acquisition of a 162 MW solar project in Japan.[83]

As for the local presence across the value chain, only two RE firms have the capabilities beyond the role of a project developer and asset owner. Firstly, CREC is a sponsor of CREIT, with a primary purpose of engaging in power generation under the Renewable Energy Law. CREC is a wholly owned subsidiary of CITICORE. CREIT and the lessees of the leased properties are all members of the CITICORE, and the lessees operate solar power plants (including the solar power plant of Citicore Bataan) with a total combined installed capacity of 163MW. Furthermore, CITICORE introduced its first solar-agro power project in Tarlac in June 2021 and have demonstrated significant cost savings through efficient operating measures[84].

[76] BusinessWorld, "ThomasLloyd buys P3-B shares in AC Energy solar farm", May 2020
[77] Blueleaf Energy, "Green Investment Group acquires Conergy solar team and portfolio", August 2018
[78] Vena Energy, "Equis Commissions 20MW Solar Project in the Philippines", February 2016
[79] Vena Energy, "Equis commissions 132.5MW Solar Project in the Philippines", March 2016
[80] Inquirer.net, "Enfinity starts solar project in Mindanao", September 2015
[81] MIESCOR, "Digos Solar Power Plant", (Accessed: August 2021)
[82] The Philippine Star, "Removing IPO requirement seen to lure more power investments", June 2021
[83] PVTech, "Vena Energy buys 162MW Japanese solar project", December 2020
[84] PowerPhilippines, Citicore launches agro-solar project in Tarlac, "June 2021

Table 3-5: List of Key Players for Solar, the Philippines, August 2021

Name of IPP	Location	Project Name	Effective Installed Capacity (MW)	COD
ACEN	Visayas	Sacasol	45	Phase AB: 2014 Phase CD: 2015
		Islasol	48	2016
		Montesol	18	2016
	Luzon	GigaSol Palauig	63	2021
		GigaSol Alaminos	120	2021
Vena Energy	Visayas	Ironman	30.4	2015
		Pollo	132.5	2016
	Luzon	Garcia	20.1	2016
	Mindanao	Zorro	10.5	2016
CITICORE	**Mindanao**	**CSSC**	**6.2**	**2015**
	Luzon	**CSBT**	**18**	**2016**
		CREIT	**22.3**	**2016**
		CSBL	**15**	**2016**
		CST1	**8.8**	**2016**
		CST2	**7.5**	**2016**
	Visayas	**CSCB**	**60**	**2016**
		CSNO	**25**	**2016**
ELPI	Luzon	ELPI Pasuquin	100	2021
Solar Philippines	Luzon	Calatangan	39.2	2016
		Concepcion 1	50.3	2019
		Commercial rooftops	4.9	N/A
PetroSolar	Luzon	Tarlac Phase 1	50	2016
		Tarlac Phase 2	20	2019

Source: Company websites; DOE; Frost & Sullivan

Among the industry players seen above, Vena Energy is the only IPP that has developed all of its solar farms through the government's FiT scheme, with the COD of the plants in 2015 and 2016, respectively. Currently, Vena Energy's 132.5 MW Pollo solar power plant in Visayas is the largest operating solar asset in the country. The market is expected to see the emergence of new players, namely, GM Energy Construction Philippines Inc, with an upcoming 110 MW solar project in Luzon and FDCUI with a pipeline of 56 MW of solar farms as of June 2021.[85] In the next few years, Solar Philippines could potentially emerge on top of the value chain, as the company presently has the ambition to realize a total of 1 GW-worth of solar projects.

[85] The Philippine Star, "Filinvest Group to develop solar farms", June 2021

3.5.3 Company Positioning Within Specific Industry Sectors

Company Name	Installed Capacity (MW)	Project Pipeline (only solar)	Presence in Distributed Energy Generation	Integrated presence (Yes/No)
Vena Energy	193.5	0	No	No
ACEN	294	Low	Yes	No
PetroSolar	70	0	Yes	No
CITICORE	162.8	High	Yes	Yes
ELPI	100	0	No	N/A
Solar Philippines	94.4	High	Yes	Yes

Note:
(1) High: Above 100MW
(2) Low: Below 100MW
(3) Distributed generation refers to solar rooftop, micro-grids and BESS
(4) Presence of ELPI in the Philippines remain unclear due to lack of information
(5) Installed capacity shown as of August 2021

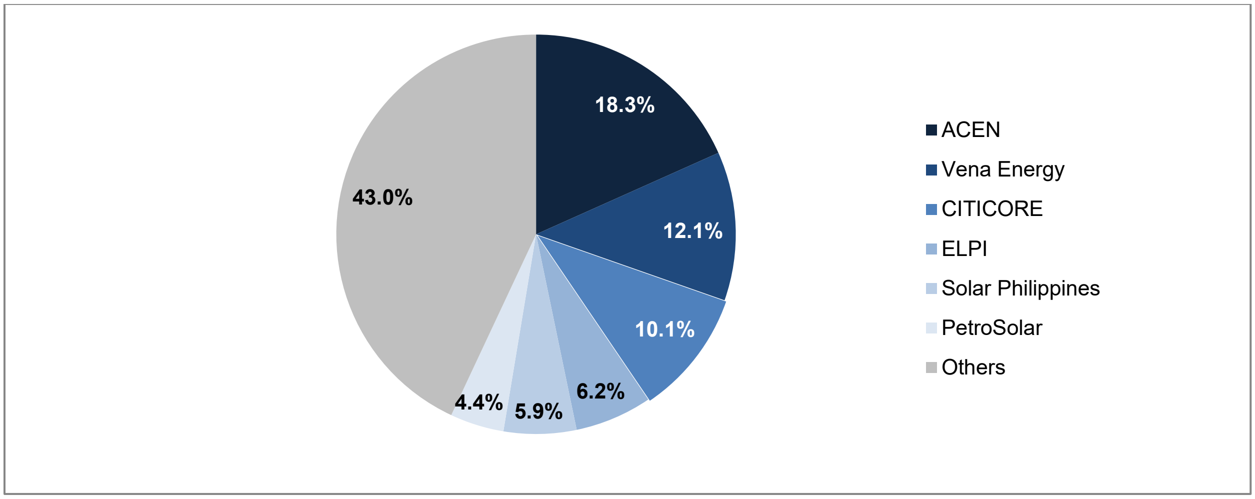
ACEN emerges as the largest solar project developer and asset owner in the Philippines, with a total of 294MW of solar farms across the country, followed by Vena Energy and CITICORE. However in terms of future solar projects, CITICORE and Solar Philippines particularly stand out with a substantial pipeline of new projects, with about 1,500MW and 1,000MW planned for development respectively. In terms of distributed generation, among the list of 6 RE players above, CITICORE, PetroSolar and Solar Philippines has solar rooftop PV projects under its portfolio, where else ACEN is present in the BESS segment. Additionally, ACEN is currently developing a hybrid plant of solar and BESS (4MW in size) in Bataan as a testbed for future scale-up. Solar Philippines on the other hand, currently provides O&M to a micro-grid that the company built in the Mindanao region[86]. Another advantage that Solar Philippines has is that the local company has a relatively strong reputation as an EPC player and has its own solar module manufacturing facility, which allows the firm to pursue projects with lower cost margins.

[86] PVTech, "'Solar for the country': Inside Southeast Asia's largest micro-grid", November 2018

3.5.4 Market Share Estimates (CITICORE Positioning in the Industry vs Comparable Players in Power Generation) (*based on the availability of information at the time of the drafting of the IMR report*)

By the end of 2021, the Philippines is expected to have a total solar installed capacity of 1558.27 MW. Of this, the leading solar IPP will be ACEN, with the commissioning of 2 of its new solar power plants in Luzon contributing a total of 180 MW additional solar generating capacity to its portfolio. With a total effective installed capacity of 193 MW, Vena Energy is the second largest solar IPP. Other IPPs that have a solar portfolio above 50 MW in the Philippines include CITICORE, ELPI, Solar Philippines, PetroSolar, and Jobin SQM Inc.

Figure 3-5: Market Share of Solar Players (in terms of effective installed capacity), the Philippines, 2021

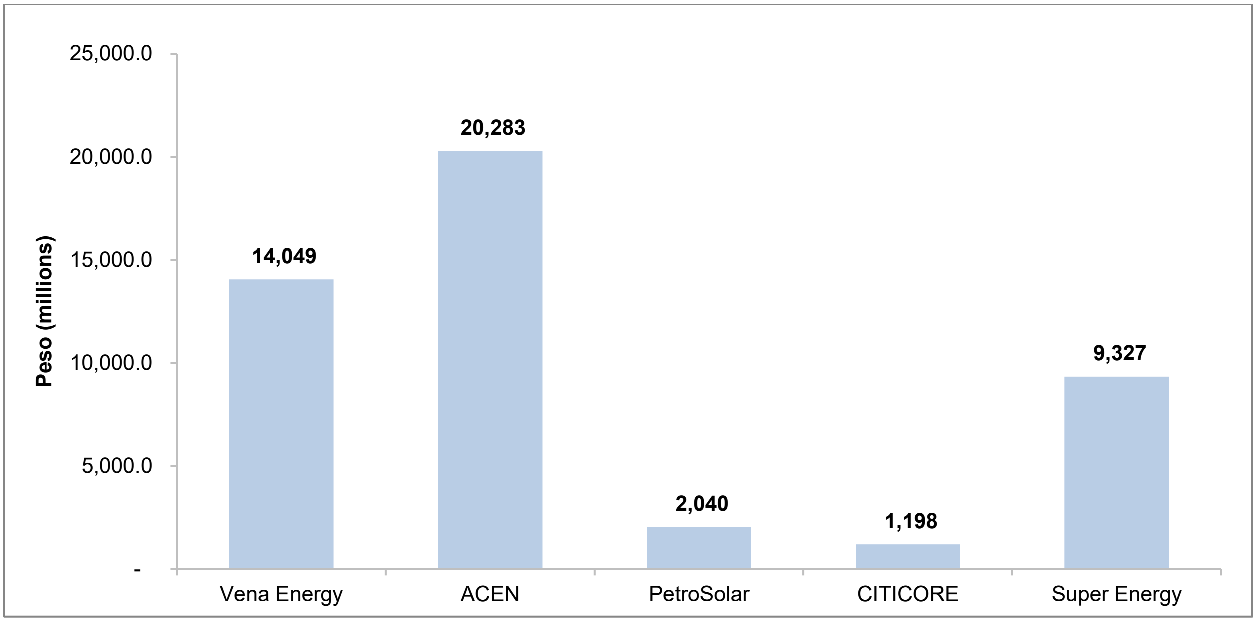


Source: Company websites; DOE; Frost & Sullivan Analysis

3.5.5 Financial Performance of CITICORE vs Publicly Listed Industry Players (comparable players in power generation)

This section showcases the main financial matrices used to evaluate the financial performance of key solar players in the region through a comparison of the players' revenues.

Figure 3-6: Comparison of Revenue Performance from Sales of Electricity / Energy Among Public-Listed SEA-Based Renewable Power Players as of 31 December 2020



Source: Company Annual Report; Frost & Sullivan Analysis

Note:
1) *All revenue figures only account for revenue from sales of electricity / energy derived from renewables.*
2) *Vena energy, ACEN, PetroSolar and Super Energy revenues are composed of all its renewable energy source.*
3) *CITICORE revenue is composed only of its solar project.*

3.6 INDUSTRY THREATS

Lack of Flexible Generators

The country currently has a significant number of baseload generators consisting primarily of coal-fired power plants with over 15 GW expected by 2030. Nonetheless, geothermal power plants, which also serve as baseload generators, will only come up to 2.3 GW in the similar period. To meet the forecast peak demand in the system and prevent further power outages, the local market requires more flexible generators to be developed.

Mitigation: Pursue development of non-fossil fuel baseload generators, consisting of solar and BESS, for instance. The solar asset could either be ground-mounted or floating solar farms.

Absence of Working Policies for Innovative Projects

Presently, there are 5 floating solar test beds located in Luzon, with a few owners of these test beds keen on pursuing the commercialization of these pilot-scale systems. Among them are ACEN and AP, which are among the active IPPs in the overall RE industry in the Philippines. The DOE is reportedly working with the Laguna Lake Development Authority ("**LLDA**") on drafting a policy to enable the scale-up of floating solar farms.

Mitigation: Work closely with the relevant stakeholders, such as DOE and LLDA, to pursue projects, such as floating solar farms. A pilot-scale project may be required prior to commercialization.

3.7 INDUSTRY OUTLOOK

As the Philippines has yet to achieve 100% electrification rates across 3 of its main island regions, distributed generation and hybrid power plants will gain importance to achieve the country's target set for 2022. Huge emphasis is being placed on bringing power to off-grid communities, with a number of leading IPPs supporting electrification initiatives:

- MERALCO is currently constructing a 1.4 MWdc solar PV with 2 MWh battery storage microgrid system at Cagbalete Island in Quezon as a part of its electrification program.[87]
- SMC has plans to develop small-scale LNG plants in 8–10 islands in Visayas and Mindanao.[88]

Another trend in the solar power industry is the entry of new asset owners, such as property developers and shipping companies. Notably, property developer MRC Allied is making strides in the solar space, having unveiled plans in 2020 to develop solar PV rooftop projects in the country. The company also has a few utility-scale solar farms that are currently being developed through an associate company, Sunray Power Inc, and MRC Allied's subsidiary, Menlo Renewable Energy Corp.[89] In July 2020, Prime Infra, a leading infrastructure developer in the Philippines, acquired a 50% stake in SPTC and announced that the company will jointly develop 800 MW of solar projects with Solar Philippines in Luzon and Visayas.[90]

Competition is also increasing the possibility of acquisitions driven by international EPC companies intending to pursue projects in the Philippines. In June 2020, China-based TBEA bought a 10% stake in Jobin Sqm Inc, which currently owns and operates a solar farm in Subic with Emerging Power Inc as a major shareholder of the operating company. Nevertheless, in terms of the EPC market for the solar industry, Blueleaf Energy has emerged as a frontrunner, as the company has the most utility scale solar farms in its portfolio to date. Since the backing by GIP of Macquarie Group, the Singaporean company is expected to deepen its presence in the market, as it has recently signed an agreement with local firm, SunAsia, to co-develop 1.25 GW of solar projects in Luzon.

The availability of solar leasing schemes that provide a zero upfront investment required from customers is expected to propel the adoption of solar power across the board, while the conversation on environmental, social, and governance becomes increasingly vital. For instance, Yokohoma Rubber Co., Ltd, based in Pampangan province in Luzon, is one of the industrial companies with a vision to reduce its carbon footprint and has installed a 4 MW solar rooftop system. This project was executed by Sharp Energy Solutions Corporation in July 2019.[91] The overall installation cost was financially supported by the Ministry of Environment of Japan, through a joint crediting mechanism project, which is a program to encourage developing countries to reduce greenhouse gas emissions.

Lastly, the boom in emerging technologies following the Industrial Revolution 4.0 is expected to have a high impact on the solar industry value chain, especially since the Philippines has a fully deregulated market. Emerging technologies, such as smart grids, which include an advanced metering infrastructure, will significantly change the entire operation of power supply to the consumption of electricity. In particular, smart grid technologies that incorporate elements such as artificial intelligence ("**AI**") and machine learning ("**ML**") will enable a better integration of flexible generators such as solar with BESS. Hence, solar farms that are retrofitted with BESS can then substitute coal-fired power plants as baseload generators, which seem to be the direction the country is currently heading towards. Out of the present IPPs in the country, AP emerges as an early adopter of data science and artificial intelligence, as the concept is an integral part

[87] MERALCO, "Annual Report 2020 (page 9)", May 2021
[88] San Miguel Corporation, "SMC ramps up investments in renewable energy technologies, drops clean-coal power projects", July 2021
[89] The Manila Times, "MRC Allied pushes more solar rooftop projects", February 2020
[90] Prime Infra, "Prime Infra inks 800MW partnership with Solar Philippines", July 2020
[91] Sharps, "Sharps Installs Solar Power System on Rooftop of Yokohoma Rubber* Tire Factory in the Philippines", July 2019

of the company's growth strategy. In 2019, the company had utilized General Electric's Predix platform to enable predictive analytics and digital twins at its 300 MW Therma South Inc. coal-fired power plant. The company plans to scale up the application of predictive analytics across all its existing generating assets.[92]

[92] Manila Bulletin, "Aboitiz Power draws on 'data analytics' for performance improvement", May 2021

4. CONCLUSION

Due to the pandemic, countries around the globe have faced structural challenges. The situation is exacerbated by the highly transmissible delta variant of COVID-19, which has forced many countries, including the Philippines, to lock down their economies. Economic activity has taken a significant hit, and unemployment has been rising due to declining business operations across several cities. With high levels of unemployment, household consumption in the community reduces, resulting in low purchasing power. Companies and factories scaled down their operations, which also impacted electricity demand. The economy is predicted to recover from the effect of the pandemic as the government continues to ramp up vaccination programs and increase the vaccination coverage through mid-2021 onwards.

Historically, the Philippines rely heavily on imported fuels for power generation. A series of policy changes and the trend toward cleaner carbon emissions have shifted the energy mix toward renewable energy. The uptake is primarily driven by solar adoption and other cleaner energy forms, such as windmills and geothermal. These have put the Philippines on track to reach the 20,000 MW RE target by 2030—10 years faster than forecast. Frost & Sullivan opine that the narrative is likely to continue driven by the declining cost of solar power as impetus along with strengthening fundamentals and trends toward a net-zero policy.

All the existing homegrown solar market players, including CITICORE, operated in the downstream segment, i.e., project developers/system integrators of utility-scale solar and solar PV rooftops. The prominent players within this segment are ACEN, Vena Energy, CITICORE, ELPI, Solar Philippines, and PetroSolar. Ayala Corp’s ACEN led in terms of total effective capacity installed, followed by Vena Energy and CITICORE. Notably, the solar industry in the Philippines is a fractious market, with a myriad of small players occupying approximately 44% of the industry. Frost & Sullivan is of the opinion that given the fragmentation, there is no incentive for new players to enter the industry due to heightened competition in the solar space,

From a financial standpoint, the high margin of solar power as an alternative energy source continues to be the main pull. It has emerged as one of the most affordable, inexhaustible sources of energy that provides an ecological way to provide power for industries and homes. Among the solar players in the space, CITICORE operated with the highest efficiency thus, in turn, is expected to result in a higher return to shareholders in the form of higher distribution.

Finally, Frost & Sullivan believe that the boom in emerging technology, such as smart grids, will provide an additional tailwind to the energy industry overall and the solar industry in particular. New technology, such as advanced metering infrastructure, can be a huge enabler that will significantly change the entire power supply operations to electricity consumption. It will provide a better reading that enables the gathering and transferring of energy usage information in near real time, which will ultimately scale up the operation of many of the existing generating assets. Additionally, smart grid technologies incorporate AI and ML elements that will enable a better integration of flexible generators such as solar with BESS.

5. APPENDIX

Table 5-1: List of Solar Power Plants with Development Status in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	STAGE OF CONTRACT	POTENTIAL CAPACITY (MW)
98.136 MWp/81.780MW Laoag Solar Power Project	PV Sinag Power Inc.	Operating Contract	98.14
64.260 MWp/48.118 MW Currimao Solar Power Project	Nuevo Solar Energy Corp.	Operating Contract	48.12
Lal-lo Solar Power Project	GM Energy Construction Philippines Inc.	Operating Contract	110.7
Subic New PV Solar Power Plant Project	Jobin-SQM Inc.	Operating Contract	100.03
Sta. Rosa Solar Power Project	Terasu Energy Inc.	Operating Contract	40
SIAEP Rooftop Solar Project	Trademaster Symbior Rooftop Corporation	Operating Contract	0.5
GIGASOL3 Solar Power Project	Gigasol3, Inc.	Operating Contract	63.01
Alaminos Solar Power Project	Solarace1 Energy Corp.	Operating Contract	120.32
74.131 MWp/51.555 MW Calabanga Solar Power Project	Calabanga Renewable Energy (CARE), Inc.	Operating Contract	74.13
Festival Mall Solar Rooftop Project	FREE	Operating Contract	2.84

Source: DOE

Table 5-2: List of Solar Power Plants with Operating Contracts in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)	INSTALLED CAPACITY (MW)
Labrador Solar Power Project	IJG1 Philippines Inc.	5	0
Sta. Barbara Solar Power Project	OneManaoag Solar Corporation	20	0
Ilocos Norte Solar Power Project	ELPI	100.1	0
Santa Solar Power Project	Satrap Power Corporation	20	0
Ramon Solar Power Project	AAESUN Corporation	6.5	0
Isabela Solar Power Project	Daebo Green Pacific Inc.	18	0
Hermosa Solar Power Project.	Solana Solar Alpha Inc.	28	0
Bataan Solar Power Project	Bataan Solar Energy Inc.	5	0
Bulacan 2 Solar Power Project	CleanTech Global Renewables, Inc.	22	0
San Miguel Solar Power Project	Powersource First Bulacan Solar Inc.	0	80.92
Cabanatuan Solar Power Project	Greentech Solar Energy Inc.	6.25	0
San Jose Solar Power Project	V-Mars Solar Energy Corporation	10	0
San Jose Solar Power Project	SJC SolarPower Corporation	10	0
Capas Solar Power Project	Sindicatum C-Solar Power Inc.	27.56	0

Tarlac Solar Power Project Phase II	PetroSolar Corporation[1]	0	20
Botolan Solar Power Project	Solar Power Utilities Generator Corporation	0	0
Sabang Solar Power Project	G.A. Philkor Multi Energy Corp.	0	0
Cavite Solar Power Project	Enfinity Philippines Renewable Resources Second, Inc.	0	0
Palawan Solar Power Project	Sabang Renewable Energy Corp.	0	1.46
Ecopark Tagalag Solar Power Project	Ecopark Energy of Valenzuela Corp.	0	16

Source: DOE

Note:
1) PEGC owns 56% equity stake, while EEI Power Corporation has the remaining 44% ownership.

Table 5-3: List of Solar Power Plants with Pre-Development Status in Luzon, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
BENECO - 1MW Tabaan Sur SPP	Benguet Electric Cooperative Inc.	1
1 MWp Anda Solar Power Project	Pangasinan I Electric Cooperative, Inc.	1
5 MWp Bolinao Solar PV Power Plant	EEI Power Corporation	5
Bugallon Solar Power Project	Phinma Energy Corporation	1.03
Cayanga- Bugallon SPP	PV Sinag Power Inc.	75
San Manuel 1 Solar Power Project	Pilipinas Newton Energy Corp.	70
San Manuel 2 Solar Power Project	Pilipinas Einstein Energy Corp.	70
Binalonan Solar Power Project	PV Sinag Power Inc.	46.09
Bangui Solar Power Project	NorthWind Power Development Corporation	2.5
Currimao Solar Power Project.	Ilocos Norte Electric Cooperative, Inc.	0
Ilocos Norte Phase I Solar Power Project	Del Sol Energy Primera, Inc.	40
Ilocos Norte Phase II Solar Power Project	Del Sol Energy Primera, Inc.	40
Paoay III Solar Power Project	Del Sol Energy Tercera, Inc.	40
Sulvec Solar Power Project	Neoenergy Corporation	20
Lal-lo Hybrid Solar Power Project	Natures Renewable Energy Dev't. (NAREDCO) Corporation	0
SM City Tuguegarao Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	5
Cagayan Valley Solar Power Project	GRM Cagayan Valley, Inc.	50
Cordon Solar Power Project	Greenergy Solutions Inc.	50
Gamu 2 SPP	PV Sinag Power Inc.	70
Gamu Solar Power Project	Pilipinas Faraday Energy Corp.	100
Ilagan City Solar Power Project	Greenergy Solutions Inc.	100
San Pablo Solar Power Project	Solar Valley Energy Solutions Inc.	130
Limbauan Solar Power Project	BKS Green Energy Corp.	25
Sta. Maria Solar Power Project	Greenergy Solutions Inc.	100
Sta. Maria Solar Power Project.	East Coast FAS Renewable Energy and Industrial Corporation	30

Maria Lourdes Green Solar Power Project	East Coast Asia Power Development Corporation	0
Bulihan Industrial Park Solar Rooftop Project	ET Energy Island, Corp.	0.38
San Ildefonso Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	140
San Ildefonso Solar Power Project.	Team (Philippines) Renewable Energy Corporation	55
San Jose del Monte Solar Power Project	Manresa Power Corporation	0
San Rafael 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	140
Bongabon Solar Power Project	Greentech Solar Energy Inc.	18.75
Gen. Tinio Solar Power Project	Sunlite Energy Helio-Site 1 Inc.	0
Talugtug Solar Power Project	Greenergy Solutions Inc.	125
Central Luzon State University Rooftop Solar Power Project	PI Energy, Inc.	0.98
5MW Patnanungan Solar Power Project	Masé Power Corporation	5
Peñaranda Solar Power Project	ET Energy Island, Corp.	1
Pantabangan Solar Power Project	Firmgreen Phils. Inc.	100
Santa Rosa Nueva Ecija 3 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Sta Rosa Nueva Ecija 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Santa Rosa Nueva Ecija 2 Solar Power Project	Solar Philippines Nueva Ecija Corporation	0
Tarlac Solar Power Project	Greenergy Solutions Inc.	50
Tarlac Solar Power Project.	Sunray Power Inc.	100
Concepcion Tarlac 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Tarlac Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Armenia Solar Power Project	AP Renewables Energy Corp.	39
Tarlac Solar Power Project	Firmgreen Phils. Inc.	50
Clark International Airport Solar Power Project	Ruei Hsiang Solar (Philippines) Corp.	10
Clark Solar Power Project	Energence Renewable Energy Corporation	38.16
Clark Solar Power Project Phase 2	Enfinity Philippines Renewable Resources Fifth, Inc.	0
Raslag III Solar PV Power Project	Raslag Corp.	17.49
Arayat Solar Power Project	Greencore Power Solutions 3, Inc. (JV project between CITICORE and ACEN)	60
Iba-Palauig Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Palauig Solar Power Project	Shizen Inc.	50
Iba-Palauig 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1200
Bato Solar Power Project	Solar Power Utilities Generator Corporation	35.5
San Marcelino Solar Power Project	Santa Cruz Solar Energy, Inc.	0
Laguna Lake-Bay Solar Power Project	2 Barracuda Energy Corp.	0
Laguna Technopark Solar Rooftop Power Project	ET Energy Island, Corp.	1
Laguna Lake-Calamba Solar Power Project	4 Barracuda Energy Corp.	0
Laguna Lake Solar Floating Project	NORTESOLIII INC.	0
Laguna Bay 1 Solar Power Project	Pangasinan UPC Asia Corporation	0
Laguna Solar Power Project	MSPECTRUM, INC.	0.81
Laguna Lake-Los Baños Solar Power Project	5 Barracuda Energy Corp.	0
NKS Solar One Floating Power Project	NKS Solar One Inc.	190

Laguna Lake-Lumban Solar Power Project	6 Barracuda Energy Corp.	0
Pililla Solar Power Project	TotalPower, Inc.	0
Laguna Lake-Balibago Solar Power Project	1 Barracuda Energy Corp.	0
Antipolo Rooftop Solar Power Project	ET Energy Island, Corp.	1
Pinugay Solar Power Project	H&WB Asia Pacific (Pte Ltd) Corporation	60
Baras Solar Power Project	Green Atom Renewable Energy Corporation	3
Laguna Lake 3 Solar Power Project	Winnergy Holdings Corp.	0
Baras 1 Solar Power Project	Winnergy Holdings Corp.	0
Talim Floating Solar Phase 1 Power Project	Island Wind Energy Corp.	120
Talim Floating Solar Phase 2 Power Project	Island Wind Energy Corp.	120
Laguna de Bay Area 2E Solar Power Project aka Cardona Floating Solar Power Project	Solar Philippines South Luzon Corporation	0
Rizal Solar Floating Project	AC Subic Solar, Inc.	0
Rizal Floating Solar Project	AC Laguna Solar, Inc.	150
Laguna Lake 4 Solar Power Project	Winnergy Holdings Corp.	0
Pililla Solar Power Project	Metro Solar Power Solutions, Inc.	65
Laguna Bay 2 Solar Power Project	Pangasinan UPC Asia Corporation	0
Pililla Solar Floating Project	Laguna Central Renewables Inc.	0
Pililla Solar Power Project.	Green Atom Renewable Energy Corporation	20
Balayan Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	600
50 MW Mabacong Solar Power Project	Lumin Solar Energy Inc.	50
Padre Garcia Solar Power Project	Phinma Energy Corporation	45
Lumbang Solar Power Project	SBR Clean Energy Corp.	50
Lumbangan Ground Mounted Solar Power Project	CREC (CITICORE)	125
Malvar Solar Power Project	Majestics Energy Corporation	3
Nasugbu Solar Power Project	Roxas Green Energy Corporation	30
Padre Garcia Solar Power Project	Solar Philippines Batangas Corporation	1.2
San Juan Solar Power Project	Scion Sustainable Power Corp.	40
Tanauan Solar Rooftop Project	ET Energy Island, Corp.	1
Mataas na Lupa Solar Power Project	ET Energy Island, Corp.	1
Tuy Batangas 4 Solar Power Project	Greencore Power Solutions 2, Inc. (JV between CITICORE and ACEN)	62.5
Luntal-Bayudbod Solar Power Project	Verdecore Power Solutions, Inc.(CITICORE)	62.5
Cabatang Tiaong Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	600
Jomalig Solar Power Project	Masé Power Corporation	1
Lucena I Solar Power Project	Sun Premier Pagbilao Philippine Corporation	10
Cagbalete Island Microgrid SPP	Manila Electric Company	0.12
Tayabas Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Silang Solar Power Project	PTC Energy, Inc.	0
Anabu II Solar Power Project	ET Energy Island, Corp.	1
Maragondon 3 Solar Power Project	Solar Philippines Tanauan Corporation	140
Pantihan II Solar Power Project	ET Energy Island, Corp.	1

Maragondon 2 Solar Power Project	Solar Philippines Tanauan Corporation	0
Maragondon 1 Solar Power Project	Solar Philippines Tanauan Corporation	60.01
Maragondon-Naic-Tanza 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	200
Maragondon-Naic 1 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Calamba - Tanauan Solar Power Project	Solar Philippines Tanauan Corporation	100
Calamba-Tanauan 2 Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Palawan Solar Power Project	Solar Philippines Renewable Energy Projects, Inc.	0
Rio Tuba Solar Power Project	Powersource Philippines Inc.	0
YH Busuanga Solar-Diesel Hybrid Power Plant	YH Green Energy Incorporated	19.5
Culion Solar Power Project	Culna Renewable Energy Corp	2.8
TPI El NidoSolar Power Project	TotalPower, Inc.	0
Linapacan Solar Power Project	Culna Renewable Energy Corp	0.33
Puerto Princesa Solar Power Project	PetroGreen Energy Corporation (PGEC)	10
Palawan Solar Power Project.	Phil. Solar Farm-Palawan, Inc.	10
Puerto Princesa Solar Power Project.	Solar Philippines Commercial Rooftop Projects, Inc.	0
Palawan Solar Power Project	Global Clean Hybrid Energy Corp.	25.02
Kemdeng Solar Power Project	New Belvia Renewables, Inc.	5
San Vicente Solar PV Project	New Belvia Renewables, Inc.	6.4
El Nido Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	0
Mindoro Island Solar Power Project	First Cleanergy Corporation	0
Rizal Occ. Mindoro Hybrid Solar Power Project	One Renewable Energy Enterprise, Inc.	52
Quinalasag Solar Power Project	FP Island Energy Corporation	0.4
Haponan Solar Power Project	FP Island Energy Corporation	0.1
Lahuy Solar Power Project	FP Island Energy Corporation	0.25
Naga Solar Power Project	Solar Philippines South Luzon Corporation	0
Catanduanes Solar Power Project	LGU of Caramoran	1
Taguig Floating Solar Power Project	NortesolIV, Inc.	0
La Mesa Solar Power Project	AC La Mesa Solar, Inc.	165.5
Balintawak Solar Power Project	Solkraft Power Ph Corp.	0.31
San Pedro Floating Solar Power Project	Nortesol Incorporated	250
Pamplona Solar Power Project	ET Energy Island, Corp.	0.6
Pasto Di Apolonio Solar Power Project	East Coast Asia Power Development Corporation	0

Source: DOE

Table 5-4: List of Solar Power Plants with Pre-Development Status in Visayas, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Bacolod City Solar Power Project	Negros PH Solar Inc.	50
Victorias Solar Power Project.	VictoriaSolar Energy Corp.	30.63
Tigbauan Solar Power Project	Solexar Energy International, Inc.	34.3
Mandaue Solar Power Project	ET Energy Island, Corp.	1.5
Biliran Solar Power Project	E & P Green Energy, Inc.	25

Source: DOE

Table 5-5: List of Solar Power Plants with Pre-Development Status in Visayas, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
CityMall Goldenfields Solar Rooftop Project	Solar Pacific Citysun Corporation	0.15
Vista Alegre Solar Power Project	Amatera Renewable Energy Corporation	50
Cadiz Solar Rooftop Project	Solar Pacific Citysun Corporation	0
Cadiz City Solar Power Project	Puente Al Sol Inc.	0
Nabali-an Solar Power Project	Greencane Sugarfields Corporation	60
La Carlota Solar Power Project	Megawatt Clean Energy, Inc.	50
San Carlos Solar Rooftop Project	Solar Pacific Citysun Corporation	0.12
Banga Solar Power Project	Gemini Energy Corporation	10
Vistamall Iloilo Solar Power Project	Kratos Res, Inc.	0.66
Roxas City Mall Solar Rooftop Project	Solar Philippines Commercial Rooftop Projects, Inc.	0.59
Cebu Solar Power Project	Solarex Energy Corporation	0
FCO International, Inc. Solar Rooftop Project	ET Energy Island, Corp.	0.7
Mandaue City Solar Rooftop Project	ET Energy Island, Corp.	0.62
Medellin Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	100
Kananga-Ormoc Solar Power Project	Solar Philippines Visayas Corporation	1200
San Isidro Solar Power Project	TotalPower, Inc.	151
San Miguel Solar Power Project	Sunpalo Solar Energy Inc.	0
1MW SAMELCO I - Calbayog SPP	Samar I Electric Cooperative, Inc.	1
1MW SAMELCO II - Paranas SPP	Samar II Electric Cooperative, Inc.	0

Source: DOE

Table 5-6: List of Solar Power Plants with Pre-Development Status in Mindanao, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Zamboanga del Norte Solar Power Project	Astronergy Development Dipolog Inc.	7
Bukidnon Solar Power Project	SunAsia Energy Inc.	2
San Francisco Solar Power Project	GPower Inc.	10

Source: DOE

Table 5-7: List of Solar Power Plants with Pre-Development Status in Mindanao, the Philippines, as of 31 May 2021

PROJECT NAME	COMPANY NAME	POTENTIAL CAPACITY (MW)
Pagadian Solar Power Project	Astronergy Development Pagadian inc.	12.95
Manolo Fortich Solar Power Project	Pilipinas Crosthwait Energy Corp.	60
Maramag Solar Power Project	Enerhiya Solaris Holdings Corporation	1.5
Claveria Solar Power Project	The Ark Green Dynamic Resources Corp.	61.1
Gingoog City Solar Power Project	Misamisestedelsol Inc.	10
Laguindingan Solar Power Project	Centro Solar Energy Inc.	40
Opol Solar Power Project	Electra Ecoenergy Corp.	25
Tagoloan Solar Power Project	Solar Philippines Tagoloan Corporation	45
Talisayan Solar Power Project	One Renewable Energy Enterprise, Inc.	0
Hayes Solar Power Project	Hayes Solar Energy Corporation	20
Camiguin Solar Power Project	Camigreen Inc.	5
Davao Oriental Solar Power Project	Sun Option for Livelihood Alternative Resources Inc.	60
Hagonoy Solar Power Project	Enfinity Philippines Renewable Resources Sixth, Inc.	0
Davao Solar Power Project	Maverick Solar Parks Corporation	10
Gen. Santos Solar Power Project	Centro Solar Energy II, Inc.	0
SOCOTECO II - Apopong SPP	South Cotabato II Electric Cooperative	1.4
General Santos Solar Power Project	Solar Philippines Commercial Rooftop Projects, Inc.	1200
Mabuhay Solar Power Project (Phase I)	Embrace Nature Power1 Corporation	44
Conel Solar Power Project (Phase II)	Embrace Nature Power1 Corporation	16
1.212-MWp SUKELCO Solar Power Plant	Sultan Kudarat Electric Cooperative, Inc.	1.21
TPI Sarangani Solar Power Project	TotalPower, Inc.	80
Butuan City 1 Solar Power Project	Enfinity Philippines Renewable Resources Third, Inc.	0
ICOM Solar Power Project	LGU of the Islamic City of Marawi	5
Maguindanao Solar Power Project	Salamat Mindanao Light & Power Corporation	20
Saguiaran Solar Power Project	LGU of Saguiaran-Lanao del Sur	5

Source: DOE

Isla Lipana & Co.

Independent Auditor's Reasonable Assurance Report on the Profit Forecast and Profit Projection of Citicore Energy REIT Corp.

To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
11F, Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have undertaken a reasonable assurance engagement on the compilation of the Profit Forecast for the period from November 1, 2021 ending December 31, 2021 and Profit Projection for the years ending December 31, 2022 and 2023 of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") on pages 100 to 101 of the Real Estate Investment Trust Plan (the "REIT Plan") issued by the Company in connection with the offer and sale of 1,047,272,000 new common shares with a par value of P0.25 per share on a primary basis and 1,134,547,000 existing shares with a par value of P0.25 per share by the selling shareholder pursuant to a secondary offer at an offer price of P2.55 per share.

Management's Responsibility for the Profit Forecast and Profit Projection

The Company's management is responsible for the preparation and presentation of the Profit Forecast and Profit Projection, including the assumptions set out on pages 101 to 108 of the REIT Plan on which they are based.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Scope of Work

We have examined the Profit Forecast and Profit Projection, excluding certain non-GAAP measures, their reconciliation, calculation and amounts such as funds from operations, adjusted funds from operations (AFFO), AFFO payout ratio, dividends payout ratio, illustrative price range per share, dividends, offer price, dividend yield percentage, net operating income and capital expenditure as set out on pages 100 to 101 of the REIT Plan, which have been prepared on the basis of the assumptions as set out on pages 101 to 108 of the REIT Plan, in accordance with Philippine Standard on Assurance Engagements 3400, *"The Examination of Prospective Financial Information"* (PSAE 3400).

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph

Independent Auditor's Reasonable Assurance Report on the Profit Forecast and Profit Projection of Citicore Energy REIT Corp.

To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
Page 2

Opinion

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which may cause us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast is properly prepared on the basis of the assumptions set out on pages 101 to 108 of the REIT Plan, is consistent with the accounting policies of the Company as set out in Note 24 of the Company's interim financial statements as at and for the nine months ended September 30, 2021 presented in accordance with Philippine Financial Reporting Standards (PFRS).

Profit Projection

The Profit Projection has been prepared for the purpose of inclusion in the REIT Plan. The Profit Projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Consequently, readers are cautioned that the Profit Projection may not be appropriate for purposes other than that described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which may cause us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion, the Profit Projection is properly prepared on the basis of the assumptions set out on pages 101 to 108 of the REIT Plan, is consistent with the accounting policies of the Company as set out in Note 24 of the Company's interim financial statements as at and for the nine months ended September 30, 2021 presented in accordance with PFRS.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described in the REIT Plan occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast and the Profit Projection.

Independent Auditor's Reasonable Assurance Report on the Profit Forecast and Profit Projection of Citicore Energy REIT Corp.

To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
Page 3

Other Matter

Attention is drawn to the risk factors set out on pages 57 to 91 of the REIT Plan which describe the principal risks associated with the Offering to which the Profit Forecast and the Profit Projection relate and the sensitivity analysis of the Profit Forecast and the Profit Projection as set out on page 108 of the REIT Plan.

Restriction on Use

These Profit Forecast and Profit Projection have been prepared for the inclusion in the REIT Plan, and, may, therefore, not be appropriate for another purpose. Our report is intended solely for intended users of the REIT Plan. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 27, 2022

Annex 5

°CICERO Shades of Green

Citicore Energy REIT Corp.
Shades of Green assessment

Sector: Renewable Energy

Region: SE Asia

November 22, 2021

Citicore Energy REIT Corp. ("CREIT") is a Philippines real estate investment trust investing in land and properties used for renewable energy generation. CREIT is part of the Citicore Group and, prior to its IPO, a wholly owned subsidiary of Citicore Renewable Energy Corporation ("CREC"). CREIT's portfolio currently consists of one solar plant and four other land assets leased out to solar plant operators (all Citicore companies). CREIT's solar plant has installed capacity of 22.3 MW, while the other four land assets host plants with installed capacity totaling 101.4 MW. As a real estate investment trust, CREIT is not involved in solar plant development, construction, operation, or maintenance activities – these roles are fulfilled by other Citicore companies.

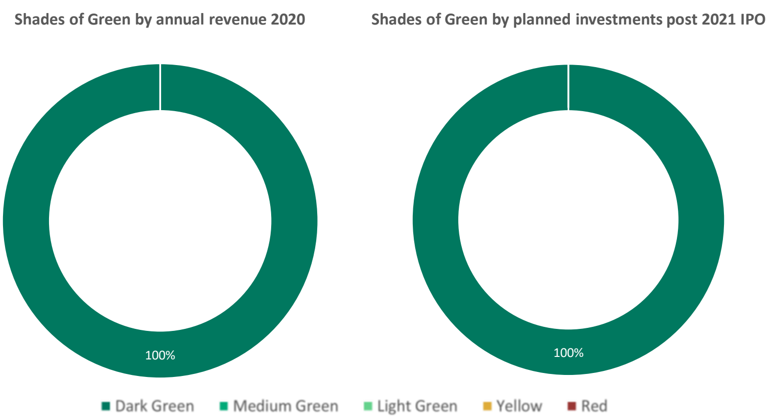


Figure 1: CREIT 2020 revenue and 2021 investments by Shades of Green.

According to CREIT, its entire revenues in 2020 derived from income from 1) the lease of its solar plant to CREC, and 2) the leases with the operators of the solar plants on its other land assets. We consider the entirety of CREIT's revenues Dark Green, given the importance of solar energy in the transition and the exclusive use of the sites for its generation. The Dark Green shading also reflects our view that CREIT and other relevant Citicore companies adequately consider climate resilience and intelligently reduce the risk of local environmental impacts.

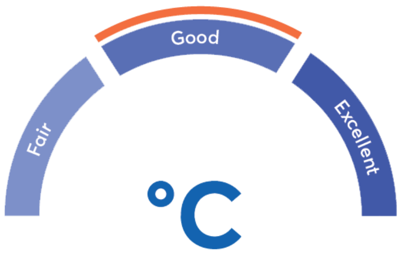
CREIT's planned investments post IPO are the purchase of two land assets from two of CREC's wholly owned subsidiaries, both of which house active solar plants (with combined installed capacity of 21.2 MW). For both assets, CREIT has entered into a Memorandum of Agreement to acquire and then lease out the land. As the investments relate to land housing solar plants, we consider them Dark Green in their entirety. These assets were selected in accordance with CREC's Site Selection Policy – this adequately considers climate resilience, includes a requirement for sites to have minimal trees (i.e. no deforestation), and manages the risk of local opposition. CREIT plans to add further real estate assets with 1.5 GW of renewable energy capacity to its portfolio by 2025.

The gross generation and avoided emissions of the solar plants operating on CREIT's current land assets are listed in Table 1, which also sets out CREIT's Scope 1 and Scope 2 emissions. These KPIs and all other figures included in part 2 of this assessment are for CREIT's solar plant, the four solar plants operated by lessees on its sites, and the two properties it will purchase post IPO. Scope 1 and 2 emissions include the emissions generated from these same plants.

The Philippines is among the most vulnerable countries to climate-related weather events and temperature increases and has already experienced some increased intensity in heavy rain and wind intensity in cyclones. CREIT has rightly identified the climate exposure of its land assets and the solar plants they house as a material issue. To mitigate this, CREC's Site Selection Policy incorporates climate considerations. For example, CREC avoids flood prone areas and coastal locations and has previously rejected sites because of exposure to extreme weather. This is a prudent approach. We note that two of CREIT's current land assets have minor flood risk (< 5% below the flood line) and that it has started planning supporting infrastructure to mitigate this risk. In our view, CREIT could ensure more sophisticated climate resilience considerations in respect of the solar plants operated on its land assets. For example, while the solar assets on its land assets are built to withstand historical record wind speeds, wind speeds are generally expected to increase as climate change accelerates.

The development of solar plants can lead to local opposition. In our view, CREIT and CREC comprehensively mitigate this risk through community engagement and effective and intelligent site selection. Importantly, to minimize displacement and disruption, barren land or land which not irrigated or irrigable is prioritized. Any impacted farmers will be offered monetary compensation and to join the innovative agro-solar project operated at several CREIT sites (agro-solar is an initiative of Citicore Power Inc., CREC's parent company, where high value crops are grown underneath and around the solar installations).

CREIT has sophisticatedly identified key environmental and social risks and focus areas across its business, and which consider both climate mitigation (e.g. reduction of energy consumption by lessees) and adaptation (e.g. climate risk factored into CREC's site selection). It is a strength that these issues are addressed in formal policies and that CREIT can point to several processes which demonstrate their diligent implementation.



CREIT measures Scope 1 and Scope 2 emissions and plans to measure Scope 3 emissions in the future. We encourage CREIT to use its calculations of Scope 1 and Scope 2 emissions to set achievable yet ambitious short, medium, and long-term reduction targets. Aspects of CREIT's value chain policies have, in our opinion, been underdeveloped, for example environmental and social factors have not been explicit and quantified criteria for selection. New initiatives such as factory audits and annual reviews of strategic suppliers are therefore welcome. Social risk can be especially prevalent in the solar panel supply chain given this market is close to a monopoly and involves the use of environmentally sensitive materials.

Investors should note that CICERO Green have relied on CREIT's documentation and not conducted our own research on CREIT's operations. Furthermore, our assessment is based on data reported or estimated by CREIT and has not always been verified by a third party.

	Solar energy installed capacity (MW)	**Actual gross generation (GWh)**	**Emissions (scope 1-2) (tCO_2eq)[1]**	**Avoided emissions (tCO_2eq)[2]**
2021 (Q1-3)	145	146.7	882	173,790
2020	145	204.1	1,221.2	231,720
2019	145	205.2	1,229.6	231,720

Table 1: Sector specific metrics.

[1] No estimates of Scope 3 emissions are available.
[2] CREIT's estimates of avoided CO_2 per annum assume its plants replace coal generated electricity. This should be viewed as maximum potential avoided emissions, as the Philippines grid mix includes sources with lower emission intensities than coal.

Contents

1 Citicore Energy REIT Corp. sustainability management

Company description

Citicore Energy REIT Corp. ("CREIT") is a Philippines real estate investment trust, investing in land and other property used for renewable energy generation. CREIT is part of the Citicore Group and, prior to its IPO, a fully owned subsidiary of Citicore Renewable Energy Corporation ("CREC").[3] As a real estate investment trust, CREIT is not directly involved in solar plant development, construction, operation, or maintenance activities. These roles are fulfilled by other companies in the wider Citicore Group.

CREIT's portfolio currently consists of one solar plant and four other land assets leased out to solar plant operators (all members of the Citicore Group). CREIT's solar plant has installed capacity of 22.3 MW while the other four land assets host plants with installed capacity totaling 101.4 MW.

CREIT intends to invest all the proceeds from its initial public offering in new projects: initially, it intends to acquire two identified renewable energy properties each with an operational solar plant (with combined installed capacity of 21.2 MW). It has plans to acquire further properties from 2022 onwards and to increase its capacity by 1.5 GW by 2025. For an overview of CREIT's properties, see Table 2.

CREIT is currently solely focused on solar energy. Nonetheless, it is open to non-solar renewable energy projects in the future, provided they meet its investment strategy. For example, we understand a 20 MW run-of-river hydropower plant may be brought into CREIT's portfolio in 2024 and CREIT mentioned the possibility of using hydropower to reduce its reliance on the national grid during off-solar hours. CREIT informed us that, in any event, impoundment hydropower facilities will not be part of its investment strategy.

According to CREIT, Citicore Power Inc., CREC's parent company, pioneered the 'agro-solar' concept in the Philippines. This adapts sustainable farming processes to grow crops beneath elevated solar panels at its properties – when such crops are sold, the profits augment local farmers' income. Following a successful pilot scheme, three of CREIT's current properties operate the agro-solar concept, along with one of the properties it will acquire. CREIT notes that the agro-solar concept also contributes to mitigating local opposition against its operations, with any displaced farmers offered to join the scheme (as well as receiving monetary compensation). The agro-solar concept also helps to reduce energy usage at CREIT's land assets, given that crops do not require the same maintenance as grass (which requires gasoline use).

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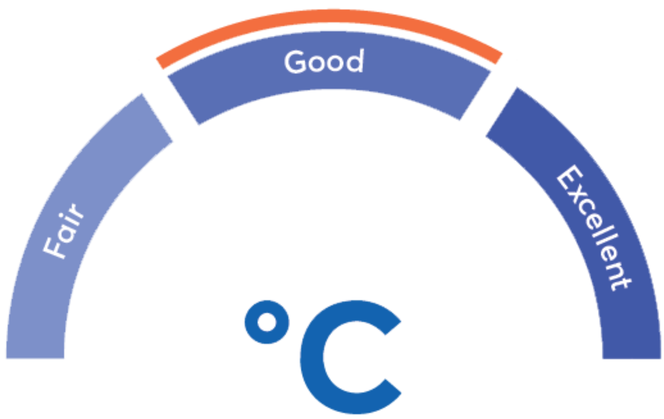
[3] The wider Citicore Group contains a range of businesses operating in, for example, biomass and hyrdo-projects. CREIT also shares a holding company with Megawide, a large engineering and infrastructure conglomerate, though it is Citicore Power Group's construction arm that deals with constructing the solar plants.

	Name	Output (MW)
Solar plant		
1	Clark Solar Plant	22.3
Properties with solar plants leased to plant operators		
2	Armenia Property	8.84
3	Silay Property	25.0
4	Dalayap Property	7.55
5	Toledo Property	60.0
Identified properties to be acquired after the IPO		
6	Bulacan Property	15.0
7	South Cotabato Property	6.23

Table 2: CREIT's current portfolio of renewable energy real estate properties and identified properties for acquisition.

Governance Assessment

CREIT undertook a materiality assessment involving senior management which identified its environmental and social risks and focus areas. It is a strength that the identified areas are not limited to CREIT's own operations (which are limited by the fact it is a real estate investment trust) but also consider broader issues such as energy usage at its sites. These issues are addressed in formal policies and CREIT can point to several initiatives and processes which demonstrate the implementation of these policies both internally and across its affiliates (for example CREC and its lessees). CREIT notes that its policies and procedures follow those of the wider Citicore group and CREC. As all CREIT's lessees are direct or indirect subsidiaries of CREC, and part of the wider Citicore group, they will in effect adopt the same policies and procedures. In any event, CREIT is entitled to develop further policies not covered at group level and confirms it can ensure compliance from the lessees.



The involvement of senior management and heads of department in day-to-day environmental and climate risk considerations furthermore emphasizes the integration of these issues.

CREIT measures Scope 1 and Scope 2 emissions and plans to measure Scope 3 emissions in the future. We encourage CREIT to use its calculations of Scope 1 and Scope 2 emissions to set achievable yet ambitious short, medium, and long-term reduction targets. This would in particular facilitate measuring the success of the energy-reduction initiatives it is implementing or considering.

Aspects of CREIT's value chain policies have been underdeveloped and we are therefore encouraged by the policies and practices it will implement in this respect. For example, environmental and social factors have not been explicit and quantified criteria for selection. While CREIT points to its preference for Tier 1 suppliers – who it considers should have stronger environmental and social performance – we nonetheless encourage it to move forward with its introduction of annual visits to strategic suppliers factories and annual review of their environmental and social performance.

As a new company, CREIT has not reported systematically on its environmental performance, thought it will begin to do so after its listing. Such reporting will be in accordance with the requirements of the Philippines SEC and, CREIT informed us, consider other reporting guidelines such as GRI, IR, SASB and TCFD recommendations. CREIT has also informed us that its reporting will cover the issues identified in its materiality assessment – this is another welcome commitment to transparency.

CREIT is therefore given an overall governance score of **Good.**

Sector risk exposure

The below text box highlights some key risks for the real-estate sector. See Appendix 2 for additional background on the real estate sector more generally.

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Physical climate risks. More frequent and intense extreme weather events pose the most severe physical risks to CREIT's portfolio. These weather events not only pose risk to the solar assets on its land assets (e.g. damage to the assets or inability to generate power during extreme weather events) but can also affect underlying land utility and value. The renewable energy sector is also exposed to climate risks through links to the utilities sector e.g. extreme weather events impacting transmission and distribution assets.

Transition risks. Given its importance in the transition to a zero-carbon economy, renewable energy is comparatively well insulated from transition risks. CREIT should nonetheless consider the exposure of its lessees' industrial clients to stricter climate policies. As renewable energy in the Philippines becomes more widespread, CREIT should also be aware of the possibility of reduced government support, for example changes in feed-in-tariffs.

Environmental risks. The renewable energy sector is at risk of polluting the local environment during the construction of renewable energy projects e.g. from poor waste handling. This can also entail risks to local biodiversity/habitats. Environmental risks also arise from the generation of renewable energy assets, for example the mining of raw materials found in solar panels.

Social risks. Renewable energy projects can elicit local opposition, for example if their construction or operation disrupts communities. If renewable energy projects are developed on land that is farmed, they can lead to the displacement of farmers. The market for solar panels is close to a monopoly and entails certain social risk such as forced labor.

Sustainability Management

CREIT is conscious of the need to embed climate and environmental considerations in its business, demonstrated by the variety of formal policies it has in place and which also focus on activities outside of its immediate control (such as site selection, construction, and solar plant operation and maintenance). CREIT's approach to sustainability and climate issues focuses on the three pillars found in its Environmental Management Framework:

1. **Climate action** – providing green energy solutions to reduce GHG emissions by continuously investing in renewable energy assets, and working towards achieving a negligible to zero carbon footprint internally.
2. **Resource management** – judicious use of resources by implementing an innovative business model and circular economy principle.
3. **Ecosystem and bio-diversity** – ensure the highest standard of environmental management and reduce environmental impact.

The specific details of CREIT's performance, targets and measures in respect of these pillars are considered in the 'Key Issues' section below.

Governance structure

CREIT has emphasized that, as a pure play renewable energy company, sustainability is well integrated and a focus point across the organization. Indeed, according to CREIT, senior management are greatly involved in the management of sustainability issues, for example senior management was involved in the preparation of the company's materiality assessment which dictates its sustainability approach. Day-to-day, both external and internal sustainability issues are directed through relevant heads of department who can involve senior management as necessary.

The policies and procedures contained in Citicore Power's Environmental Management Policy also apply to CREIT. The Environmental Management Policy contains information on Citicore Power's environmental management system (EMS). The scope of the EMS includes the design, development, construction, testing, operation and maintenance of Citicore's activities. Among others, it involves the use of efficient technologies and innovative measures (e.g. testing the effectiveness of coating materials on solar panels to eliminate surface contamination) and implementation of community based environmental managements programs (e.g. creation of hazardous waste management system).

In respect of planning, Citicore Power screens new projects for probable environmental aspects, identifying environmental impacts and setting out environmental objectives (e.g. in respect of reducing site emissions, optimizing resource usage, and minimizing biodiversity impacts). According to the EMP, potential environmental impacts include erosions and landslides, loss of habitat, generation of solid wastes, run-off from construction, and dust generation from vehicle activity.

The EMP also contains a section on environmental impact, risk assessment and hazard identification. In this, Citicore Power notes it will adopt sustainable land and water management practices aimed at reducing land degradation. CREIT has provided us with several examples of sustainable land practices adopted by different lessees, for example the introduction of drainage networks to avoid heavy flows of water off its sites, and avoiding landfilling at sites. In respect of water management practices, CREIT noted that, for example, its lessees divert water used for panel cleaning to grass areas (and avoids using reagents so it is not harmful to vegetation).

Risk assessment

As part of its IPO process, CREIT has identified and included several risk factors in its REIT plan and its Environmental Management Framework, some of which relate to material environmental and social issues.

In respect of environmental issues, CREIT notes that seasonal weather changes and natural catastrophes including severe weather conditions (such as typhoons and flooding) could materially disrupt operations at its land assets and result in losses. Extreme weather events will increase in frequency and intensity because of climactic changes, as CREIT also notes in its Environmental Management Framework.

In respect of social issues, CREIT notes that solar plants may be subject to opposition from local communities, because their development, construction, repair, and operation may have significant consequences on agricultural activities and the ecosystems where the power plants are located or otherwise disrupt the activities and livelihoods of local communities. CREIT notes that, as of September 30, 2021, there have been no disruptions in plant operations at its sites as a result of local opposition.

CREIT has provided us with various policies and practices it employs in respect of the above risks (which are set out and considered in the Key Issues section below). It also informed us of its three-step risk management process, involving 1) risk assessment, 2) risk mitigation, and 3) risk monitoring. Going forward, CREIT intends to document its risk policy, including criteria, more comprehensively.

CREIT has also informed us about the materiality assessment it undertook in 2020-21, to identify which issues influence stakeholders and are significant to the company's economic, social, and environmental impact. The issues identified in the materiality assessment inform CREIT's sustainability approach and will be the focus of its sustainability reporting (see Reporting, below).

In its materiality assessment, CREIT employed a methodology that involved identifying relevant sustainability disclosures and reviewing various secondary sources of information. CREIT also sought stakeholder feedback before the prioritized topics were reviewed by senior management. Included in the outcome of the materiality assessment are numerous issues relevant for this assessment. In respect of environmental impact, they include emissions, resource management (water, wastewater, and waste) and ecological impacts. Social issues include: workforce conditions, labor standards and human rights; supply chain management; and relationships with host communities.

Reporting

CREIT's first sustainability report will be published alongside its first post-IPO annual report. It will report in accordance with SEC guidelines for publicly listed companies in the Philippines. According to CREIT, these guidelines build on GRI, IR, SASB and TCFD recommendations and that in any event it intends to exceed the guidelines' requirements. The issues identified in its materiality assessment will form the basis of its sustainability reporting, and CREIT also confirmed it will disclose the methodologies and assumptions used in calculating impacts (if required).

According to its Sustainability Policy, CREIT shares Citicore Power Inc.'s sustainability goals. One of Citicore Power Inc.'s priorities and guiding sustainability principles is to 'monitor, calculate and publish' sustainability performance metrics annually, including energy and water use, waste generation, recordable injury rate and carbon emissions. At a minimum, it is therefore expected that CREIT will report in line with this guiding principle.

Key issues

Note: Figures included in this section are for CREIT's solar plant, the four solar plants operated by lessees on its sites, and the two solar plants operating on the land assets it will purchase post IPO (see Table 2).

GHG Emissions

CREIT has estimated that its solar plant, the solar plants operated on its other sites (including on the two sites it will purchase post IPO) could avoid approximately 231,720 tons of CO_2 per annum. Over the lifetime of the plants, this will total around 7,000,000 tons of CO_2.[4]

CREIT's own Scope 1 and Scope 2 emissions for 2020 are set out in Table 3. In calculating these emissions, CREIT includes the emissions associated with its own solar plant and the solar plants operated on its other land assets (including on the two sites it will purchase post IPO). Though it has set no emission targets, CREIT states in its Environmental Management Framework that it endeavors to constantly explore ways to further reduce its carbon footprint through energy use optimization, diversification of its energy portfolio, and investments in new technologies. Examples of such measures are set out in the Energy section below.

CREIT does not currently measure Scope 3 emissions, though it informed us it intends to do so in the future. It noted that before it commits to Scope 3 reporting, it wants to undertake an assessment on data availability.

Emissions	Total (tons CO_2eq[5])	Scope 1[6]	Scope 2[7]
2020	1221.2	97.9	1123.3
Main sources		Gasoline use to maintain vegetation at solar plants and operating areas.	Electricity purchased at solar site for off-solar hours lighting, protection and maintenance.

Table 3: CREIT's GHG-emissions (2020).

Energy

According to CREIT, its solar plant and the solar plants operated on its other sites had actual gross generation of 204.1 GWh in 2020.

As for the energy used to operate the solar plants at its sites, according to its Environmental Management Framework, in 2020 the operators of the solar plants consumed 841 GJ of gasoline to maintain vegetation at solar panel and operating areas, 539 GJ of diesel for site vehicles and diesel driven water pumps used for cleaning, and 1,643,261 kWh of electricity - from the grid during off-solar hours - for lighting, protection and maintenance at its plants.

CREIT has informed us that gasoline use in 2020 was 60 GJ lower than in 2019, as a result of its agro-solar projects which replace grass with crops which do not require similar maintenance. Diesel use fell by 20 GJ from the 2020

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[4] To calculate this figure, CREIT has assumed the electricity from the plants will replace electricity from coal, which it notes emits around 1 ton of CO_2 per MWh of electricity generation. This has been multiplied by the average gross generation of its plants in 2017 – 21. Lifetime emissions have been calculated by taking a plant lifespan of 30 years. Note that lifecycle emissions from the solar plants are not considered in this calculation. This should be viewed as maximum potential avoided emissions, as the Philippines grid mix includes other power sources with lower emission intensities than coal.

[5] CO_2e, carbon dioxide equivalent is a measurement term for greenhouse gas accounting.

[6] According to CREIT's Environmental Management Framework, this covers stationary, fugitive and mobile combustion emissions.

[7] According to CREIT's Environmental Management Framework, this covers emissions from purchased electricity (off-solar hours) at solar site and its corporate office.

figure, as a result of the use of dry type cleaning during summer months. Finally, the use of solar powered streetlights reduced electricity consumption between 2019 and 2020 by 4,000 kWh.

CREIT states that its lessees intend to implement the following measures to further reduce energy consumption: replacement of 10% of grass areas at panel operation floor with agri-plants (such as turmeric) to reduce gasoline use (it aims to start this at three plants at the end of this year); use of solar lights for perimeter lighting by the end of 2022; and use of solar powered electric motor-driven pumps to reduce diesel usage (in exploratory phase but part of a five year improvement plan). CREIT also informed us is the lessees are considering the use of storage technology to meet night-time off solar demand, as well as the use of night-time capable renewable energy sources (such as hydro).

Local Environmental Issues

CREIT acknowledges the potential of renewable energy projects to impact ecosystems and biodiversity and, in its Environmental Management Framework, it states biodiversity conservation is an integral parameter of its investment decisions. According to the Environmental Management Framework, none of its properties are located in or adjacent to national parks or other protected areas, no IUCN 17 Red List species have been identified near the project sites or along transmission lines, and habitats are protected or restored. In line with national regulations, CREC, which is responsible for site development, also plants 100 trees for each tree it fells during constructing at CREIT's land assets.

CREC has a Site Selection Policy for potential renewable energy projects, which is applied to any site which will be infused into CREIT's portfolio. This involves consideration of local populations and the potential for opposition. Specifically, CREC prioritizes sites that will have the least impact on food production and local communities. Per the Site Selection Policy, land used for solar projects should not be irrigated or irrigable, and barren land should be prioritized to minimize displacement. Any impacted farmers will be offered monetary compensation and to join the agro-solar projects (on CREIT's properties where this is implemented). CREIT informed us that, should a farmer not wish to leave their land, CREC would not include that land in the solar site (though this is very unlikely given the land should be non-irrigated). CREIT furthermore noted that its sites require clearance from the Department of Agriculture, which certifies that the land is no longer productive for agriculture, and the Department of Agrarian Reform, which determines if a specific site is more beneficial as a solar plant than agricultural land.

CREIT has provided us with information on the agro solar projects operating at three of its sites (and one of the sites it will acquire post IPO), whereby high value crops are grown beneath the solar modules CREIT plans for all its current properties to employ the concept by the end of 2023. Around 25 – 35 farmers have been hired as part of the scheme, which has led to the harvest of around 5,000 kg of turmeric crop. Of the income earned, around half goes directly to the farmers, while the other half is used to support community projects in the area around the solar plant. CREIT also emphasizes the environmental benefits of the project, for example water used to clean solar panels is used on the crops, which also require less gasoline-intensive maintenance as grass.

Climate Resilience

CREC's Site Selection Policy contains parameters that relate to the resilience of the sites. In respect of solar power, for example, CREC undertakes a hydrology and flooding study. This determines if a site is in a flood-prone area or exposed to risks of rising sea levels and/or storm surges. Climatic conditions and changes are monitored on an on-going basis and infrastructure is modified/augmented as necessary to ensure it is safeguarded. CREIT has provided several other examples of resilience measures, for example all solar assets at its sites are designed to withstand the strongest historic wind speeds, and the development of networks of drainage systems at its sites.

CREIT has informed us that none of its sites are exposed to flood risk, heavy winds, or rising sea levels/storm surges, except for Silay and Toledo which have minor flood risk (< 5% below the flood line). CREIT noted that it has started planning supporting infrastructure at these sites to mitigate this risk.

Resource Management

In respect of water and wastewater management, CREIT's Environmental Management Framework states that, in 2020, 2265.27 m^3 of water were used for plant operation and maintenance (including panel cleaning) and usage in administrative offices. Of this, 2219.97 m^3 was recycled or reused for grass/vegetation watering. CREIT states that in the coming years its lessees intend to adopt the latest water conservation techniques (e.g. water-less and dry-cleaning techniques). For the purposes of this calculation, CREIT includes its own solar plant and those operated by the lessees.

In respect of waste management, CREIT's Environmental Management Framework states that 100% solid waste in 2020 was either composted, recycled or reused. Measures adopted by the operators of the solar plants at CREIT's sites include the establishment of a material recovery facility for the segregation of solid waste, and no use of landfills or incineration.

Value Chain

CREIT informs us that around one-third of the electricity generated by the solar plants located on its land assets is sold directly to industrial clients. These clients span a range of industries, including food production and the manufacture of semi-conductors, automotive and consumer products. According to CREIT, none of its lessees' current industrial clients operate in fossil fuel intensive industries.

CREIT has a Supply Chain Policy in place. CREIT informed us that all procurement and supplier relations will be undertaken by CREC (for development and construction) and by its lessees (for operation and maintenance). Nonetheless, CREIT informed us that both CREC and the lessees follow the same policy as CREIT and have the same procedures in place.

When evaluating suppliers, CREC or the lessees consider, among others, price, quality and reputation of the supplier. Environmental and social considerations have not therefore been an explicit factor. Instead, CREIT informs us that proxy measures to measure these risks have been used, undertaking a qualitative assessment based on, for example, negative news articles, reviews, or available independent ratings. From 2021, however, new critical and strategic suppliers and contracts will be assessed on their non-financial parameters as part of the selection process. In any event, CREIT notes that CREC and the lessees try to maintain good relations with Tier 1 suppliers, who they believe should have more comprehensive environmental and social policies in place.

CREIT's sustainable supply chain strategy (also described as its sustainable supply chain framework) sets out the ways in which CREIT seeks to integrate non-financial, sustainability parameters into its procurement practices. Again, this will also be applied by CREC and the lessees. As part of the sustainable supply chain strategy, CREIT has developed an approval process which, among other things, involves suppliers responding to an assessment questionnaire developed. However, as the non-financial aspects of the questionnaire are based on subjective criteria (and complemented by 'proxy measures' such as negative news reports), no express weighting is currently given to environmental or social issues. CREIT has informed us that it is working towards developing a quantitative assessment mechanism to evaluate non-financial measures and that, in any event, it would disqualify potential suppliers or sub-contractors if it became aware of certain social issues such as the use of child or forced labor.

If a supplier is identified as a strategic supplier, it will also undergo a factory audit. In respect of ESG issues, this includes an evaluation of 1) implementation of environmental management system, 2) promotion of eco-friendly or recycled material products, 3) community relations programs, 4) compliance with labor law. Strategic suppliers undergo a yearly evaluation to ensure they continue to meet CREIT's requirements in these respects.

CREIT also has a Supplier Code of Conduct in place. CREC and the lessees have the same Code of Conduct in place. Per the Code of Conduct, all suppliers are expected to minimize the impact on the environment. CREIT informs us that there is currently no follow up with suppliers on this expectation, though such a mechanism is being developed. Suppliers are also required to comply with CREIT's corporate and site-specific environmental standards.

Noting that solar panels have a 30-year life span, CREIT and the wider Citicore Group does not currently have an end-of-life policy in place. It also notes there are no institutions or contractors accredited by the Department of Environment and Natural Resources in the Philippines for safe disposal or recycling of solar panels, but that it expects government guidelines soon to help developers prepare for end-of-life management. CREIT further notes that it is Citicore policy to repair and reuses damaged solar panels where possible and that recycling will be the preferred option in the future.

Table 4: CICERO Green assessment of Citicore Energy REIT Corp's management of key environmental issues.

Key issue	CICERO Green comments
GHG Emissions	✓ Renewable energy – including solar power – is key to a low carbon transition. In the Philippines, nearly 90% of energy comes from fossil fuel sources (and around one-third from coal) – solar power therefore has increased mitigation impact in this context. ✓ We are encouraged that CREIT calculates and reports its Scope 1 and Scope 2 emissions. The utility of these calculations could be improved by the introduction of company level reduction targets. Scope 3 emissions will likely account for a majority of CREIT's emissions. We are therefore encouraged by its intention to measure such emissions in the future, which should also be used to set targets and inform interactions with its value chain.
Energy	✓ The energy produced by CREIT's solar plant and the plants operated on its land contributes to the transition. CREIT's renewable energy capacity is expected to increase by 1.5 GW by 2025. ✓ We welcome the range of practices and initiatives introduced, or planned to introduce, to reduce energy use at CREIT's sites. Given it is the cause of its largest measured emissions, we encourage CREIT to prioritize reducing the use of grid electricity in operating its solar plant and the other plants on its sites during off-solar hours. To this end, we are again encouraged by CREIT's lessees consideration of potential mitigation measures, for example the use of storage devices. We note, however that such solutions come with their own environmental considerations (embedded emissions, material sourcing etc.).
Local Environmental Issues	✓ CREIT has confirmed that all current sites were previously industrial land or non-irrigated land, and that no deforestation was necessary before construction. This is a strength. As safeguards regarding prior land-use and deforestation are reflected in its Environmental Management Framework and CREC's Site Selection Policy, similar risks for future sites are reduced.

	✓ CREC's policy to focus on non-irrigated and unproductive farmland should reduce displacement. We are encouraged by the prioritization of community engagement and that sites in the past have been rejected on account of their proximity to and potential interference with local communities. The approach to community engagement is well-reflected in the agro-solar concept. All displaced farmers are, for example, invited to join the agro-solar project (if it is in operation on the site in question), and any profits from the concept not going to the farmers is reinvested in community projects.
Climate Resilience	✓ Climate resilience is suitably integrated into CREC's site selection and asset design, for example the avoidance of flood prone sites (we note that two current sites have small flood risk exposure) or coastal locations. We are also encouraged that sites have in the past been rejected because of their climate vulnerability. ✓ CREIT could ensure more sophisticated climate resilience considerations in respect of the solar plants operated on its land assets. For example, while the solar assets are built to withstand historical record wind speeds, wind speeds are generally expected to increase as climate change accelerates.
Resource Management	✓ We are encouraged by policies and initiatives to reduce water usage in place at CREIT's sites, in particular the high re-use rate of water used for solar panel cleaning. ✓ It is a strength that CREIT sends zero waste to landfill or incineration.
Value Chain	✓ Noting the difficulty in measuring and influencing a value chain's environmental and social performance, we are encouraged by CREIT's intention to take meaningful steps in this area. As other Citicore companies are responsible for procurement, we welcome that such steps will also be taken by CREC and the lessees. ✓ The intentions in respect of CREIT's value chain are particularly welcome given some shortcomings in current approaches. For example, while CREC and the lessees utilize a supplier questionnaire during the selection process, environmental and social considerations are complemented by 'proxy measures' and do not have an explicit weighting. Similarly, while suppliers are expected to adhere to a Supplier Code of Conduct, there is little follow up and, we understand, suppliers would not be excluded if they breached this code. CREIT notes that Citicore companies will be able to exert more influence over suppliers as its generation capacity and number of sites increase. ✓ The sourcing of solar panels entails risk as the market is close to a monopoly and their production entails certain social risks such as forced labor. ✓ None of CREIT's lessees' current industrial clients operate in fossil fuel intensive industries. Nonetheless, we encourage the plans to include sustainability considerations in selecting industrial customers.

2 Assessment of Citicore Energy REIT Corp's revenues and investments

Shading of Citicore Energy REIT Corp's revenue and investments

Given CREIT's governance score of Good and management of key concerns, we have assigned a shade to revenues and investments as follows:

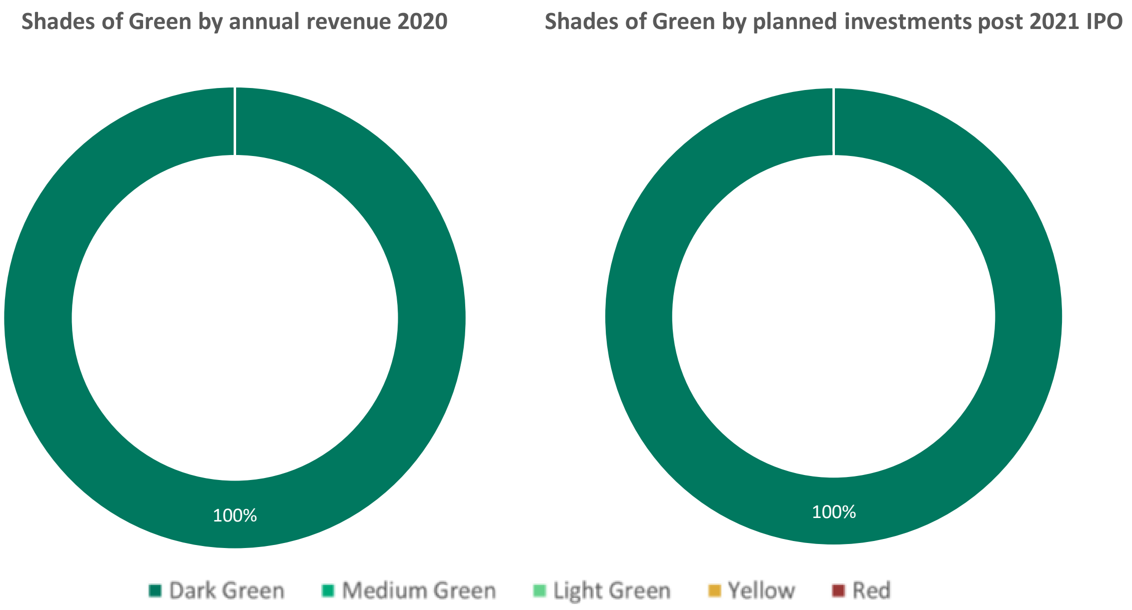

Figure 2: CREIT 2020 revenue and 2021 investments by Shades of Green.

Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. These projects should be Paris aligned or have zero emissions around mid-century.

According to CREIT, all of its revenues in 2020 derived from income from 1) the lease of its solar plant to CREC, and 2) the leases with the operators of the solar plants on its other land assets.[8] These revenues are considered Dark Green in their entirety, given the importance of solar energy in the transition and the exclusive use of the sites for its generation. The Dark Green shading also reflects that CREC and the lessees adequately consider the climate resilience of CREIT's land assets and the solar plants they house, and the comprehensive approach to local environmental issues (for example, the policy to select sites with minimal trees and measures to minimize local opposition).

CREIT's investments post IPO are the purchase of the Bulacan Property and South Cotabato Property, both of which host active solar plants.[9] For both properties, CREIT has entered into a Memorandum of Agreement to acquire and then lease out the land. As the investments relate to properties with solar plants, these are considered

[8] The lease income CREIT receives from its Silay site includes payments in respect of another Citicore solar plant, an 18 MW plant in Bataan. The Bataan plant is operated under a management agreement by the lessee of the Silay plant, and the lease payments from the operator of the Silay plant to CREIT also reflect and include the operation of the Bataan plant.
[9] CREIT confirmed it had no investments in 2020.

Dark Green in their entirety. Furthermore, these assets were selected in accordance with CREC's Site Selection Policy, which adequately considers climate resilience local environmental issues.

CREIT plans to add further real estate assets with 1.5 GW of renewable energy capacity to its portfolio by 2025. This includes the infusion of nine renewable energy projects with 634.5 MW of capacity from CREC's asset pipeline (consisting of seven solar farms, one solar rooftop system, and one 20 MW run-of-river hydropower plant). While CREIT is sure of the completion of these acquisitions, given their variable timeframes and stages of development, we have not included these as part of our assessment of investments.

3 Terms and methodology

The aim of this analysis is to be a practical tool for investors, lenders and public authorities for understanding climate risk. CICERO Green encourages the client to make this assessment publicly available. If any part of the assessment is quoted, the full report must be made available. Our assessment, including on governance, is relevant for the reporting year covered by the analysis. This assessment is based on a review of documentation of the client's policies and processes, as well as information provided to us by the client during meetings, teleconferences and email correspondence. In our review we have relied on the correctness and completeness of the information made available to us by the company.

Shading corporate revenue and investments

Our view is that the green transformation must be financially sustainable to be lasting at the corporate level. We have therefore shaded the company's current revenue generating activities, as well as investments and operating expenses.

The approach is an adaptation of the CICERO Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

SHADES OF GREEN	EXAMPLES
°C **Dark green** is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.	Solar energy projects
°C **Medium green** is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet.	Green buildings with a high level of certification and energy efficiency
°C **Light green** is allocated to transition activities. These projects and solutions could have lower emissions, but do not by themselves represent or contribute to the long-term vision.	Substantially more efficient manufacturing of fossil fuel intensive materials
°C **Yellow** is allocated to projects and activities that do not contribute to transition. These activities could have some emissions and be exposed to climate risks. This category also includes activities with too little information to assess.	Efficiency in fossil fuel infrastructure
°C **Red** is allocated to projects and activities that have no role to play in a low-carbon and climate resilient future. These are heaviest emitting assets, with the most potential for lock-in of investments and risk of stranded assets.	New infrastructure for coal

In addition to shading from dark green to red, CICERO Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the governance of the company, CICERO Green looks at five elements: 1) strategy, policies and governance structure; 2) lifecycle considerations including supply chain policies and environmental considerations towards customers; 3) the integration of climate considerations into their business and the handling of resilience issues; 4) the awareness of social risks and the management of these; and 5) reporting. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption and tax.

CICERO Green has completed a light touch assessment of social safeguards with a focus on human rights and labor rights risks. This assessment is meant to provide information to readers on the context in which CREIT operates and its approaches to the social risks it faces. It should not be taken as a full screening of alignment with relevant national or international laws, guidelines or principles.

Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	REIT Plan (4 November 2021)	Working draft of REIT plan
2	Investor Relations Presentations (September 2021 and November 2021)	
3	Citicore AgroSolar Project	Description of the agro-solar pilot
4	Sustainability Policy	
5	Materiality Assessment	
6	Solar Panel End-of-life-cycle Management	
7	Environmental Management Policy (CREIT)	
8	Environmental Management Policy (Citicore Power)	
9	Supply Chain Policy	
10	Supplier Code of Conduct	
11	CREC Site Selection Policy	

Appendix 2: Background

The substantial need for more renewable energy generation, including solar installations, is undeniable. The IEA estimates that, in 2020, renewable energy generation grew by nearly 5%, reaching almost 30% of global electricity supply.[10] The IEA estimated that solar energy was the fastest growing of the renewable sources, with solar capacity growing by around 33% in 2020. Despite these positive trends, further increases in renewable generation are necessary to meet the IEA's Sustainable Development Scenario (SDS) targets: the SDS requires the share of renewables in global electricity supply to reach 50% by 2030 to meet climate and sustainable energy goals.[11] In respect of solar, the SDS requires solar output to increase to 3268 TWh in 2030, up from 720 TWh in 2019.[12]

On a global level, the IEA Sustainable Development Scenario estimates a required energy efficiency improvement rate of 3.2% per year through 2040, which is double the rate in the period 2000-2016, in order to be in line with the SDS scenario.[13] Energy efficiency investments, such as smart technology aimed at reducing energy consumption, are key to reducing emissions. Smart grids and grid upgrades are necessary to manage and increase the share of intermittent and decentralized renewable energy. Energy storage is a key enabling technology for rolling out renewable energy further. In 2019, 2.9 GW of storage capacity were added to electricity systems globally – however this was almost 30% less than in 2018. The roll-out of storage systems is fragile and dependent on policy support.

The Philippines gets around 88% of its energy from fossil fuels and around 10% from low carbon energy sources, including renewables. Approximately 36% of fossil fuels are coal.[14] The Philippines is, however, the first country in the Southeast Asian region to set a moratorium on new coal and implementing several measures to support renewables.[15] As for renewable energy, solar remains a comparatively small energy source in the Philippines: according to the Philippines Department of Energy, electricity generation from solar totaled 1,246 GWh in 2016. By comparison, geothermal and hydropower projects generated 10,250 and 10,252 in 2019 respectively.[16] The annual average growth rate of installed solar capacity between 2014 – 2019 was 109%, the highest of all energy sources (wind and biomass were the next fastest growing energy sources in this period, at 28% and 29% respectively).

The Philippines is among the most vulnerable countries to climate-related weather events and temperature increases and has already experienced some increased intensity in heavy rain and wind intensity in cyclones. The Philippines is exposed to tropical cyclones, with an annual average of 20 tropical cyclones.[17]

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[10] https://www.iea.org/reports/global-energy-review-2020/renewables
[11] https://www.iea.org/fuels-and-technologies/renewables
[12] https://www.iea.org/data-and-statistics/charts/solar-pv-power-in-the-sustainable-scenario-2000-2030
[13] https://www.iea.org/reports/energy-efficiency-2019
[14] https://ourworldindata.org/energy/country/philippines?country=~PHL#what-sources-does-the-country-get-its-energy-from
[15] https://climateactiontracker.org/countries/philippines/
[16] https://www.doe.gov.ph/sites/default/files/pdf/energy_statistics/2019-key-energy-statistics.pdf
[17] https://bagong.pagasa.dost.gov.ph/information/climate-change-in-the-philippines

Appendix 3: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. CICERO Green also provides Company Assessments, providing an assessment and shading of a company's revenues and investments as well as assessing the governance structure to indicate the greenness of a company. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).

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