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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

Joint Global Coordinator, Joint Bookrunner and Lead Local Underwriter

International Bookrunners

Joint Bookrunner and Lead Local Underwriter

Participating Underwriter

Selling Agents

Eligible Trading Participants of The Philippine Stock Exchange, Inc.

The date of this REIT Plan is January 11, 2023

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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:

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President

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

JAN 2 6 2023

SUBSCRIBED AND SWORN to before me this ____________ day of ______________________ 2023 in the City of **SAN JUAN CITY**, Philippines, affiants exhibiting to me:

Name	Competent Evidence of Identity	Date and Place of Issuance/Expiry
EDGAR B. SAAVEDRA	Philippine Passport No. P6975140B	27 May 2021; Manila; valid until 26 May 2031
OLIVER Y. TAN	Philippine Passport No. P4489306B	22 January 2020; DFA NCR East; valid until 21 January 2030

Doc. No. 40;
Page No. 9;
Book No. I;
Series of 2023.

FRA ANGELICA S. ALEJANDRO
Appointment No. 109 (2023-2024)
Notary Public for and in the Cities of
Pasig and San Juan and in the
Municipality of Pateros
Until 31 December 2024
11/F Santolan Town Plaza, 276 Santolan Road,
San Juan City
Roll of Attorneys No. 77312
PTR No. 1673663 / 01-06-2023 / San Juan City
IBP O.R. No. 275028 / 01-07-2023 / RSM

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.

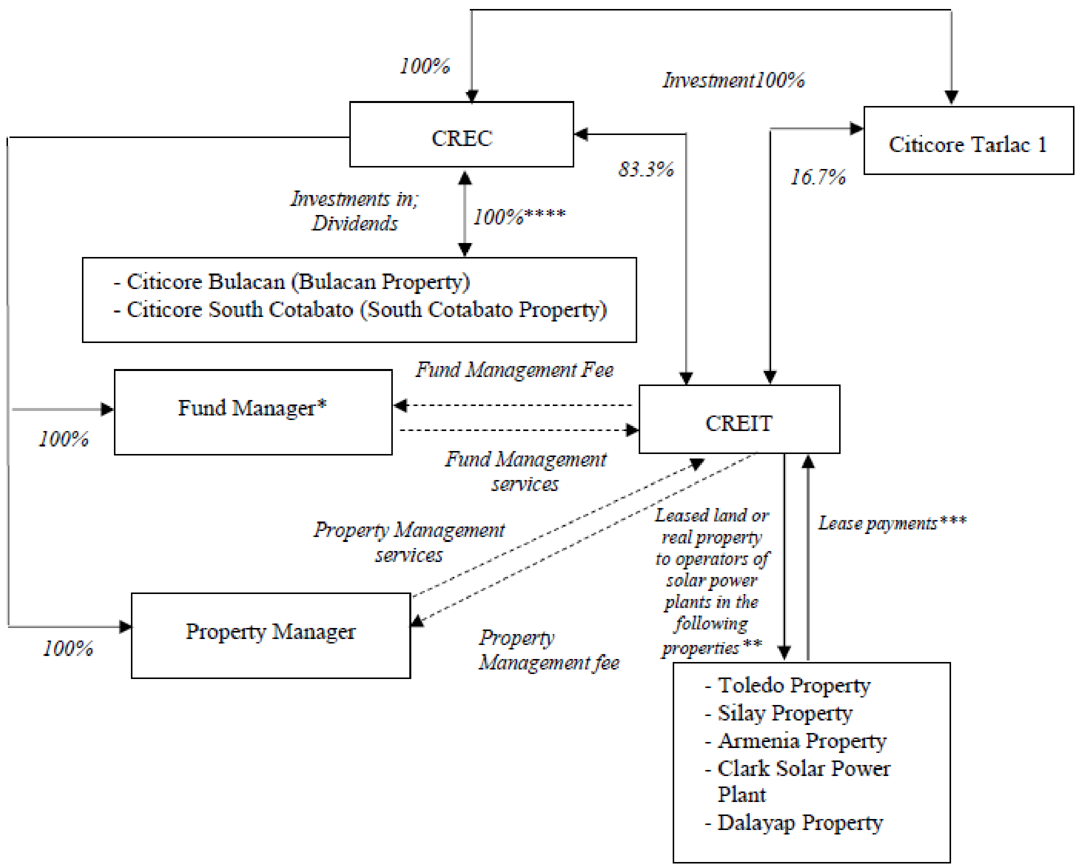
The property lease rental rates for the Properties to be Acquired are also expected to comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the lessee from any excess of its 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:

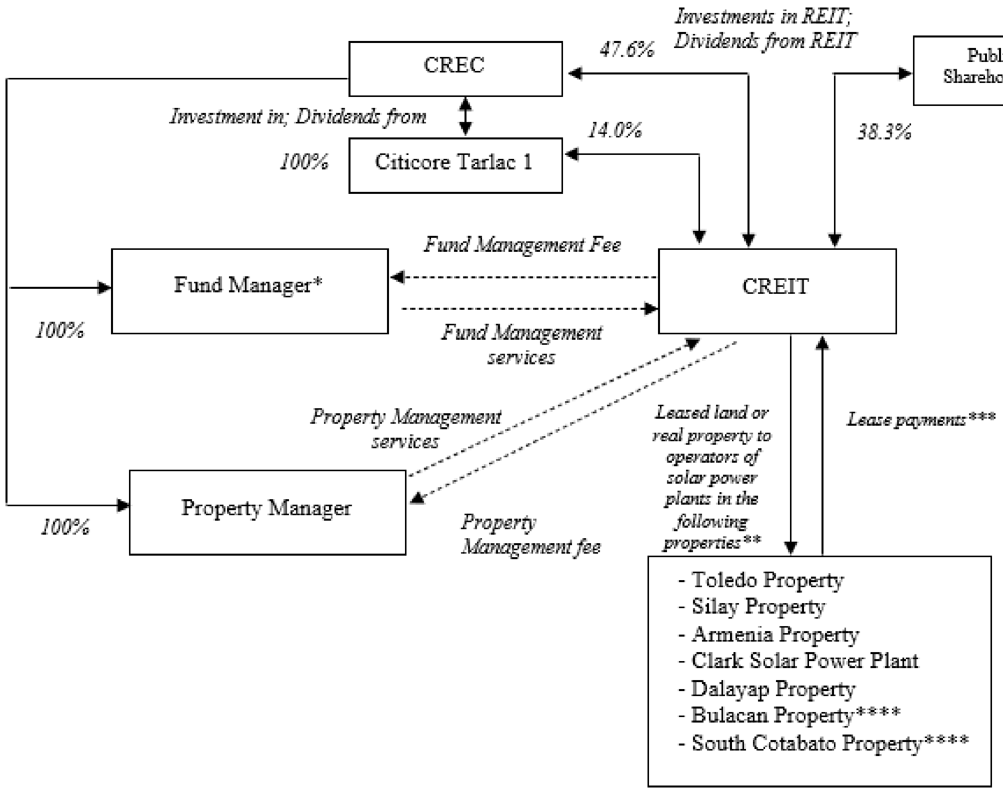
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** 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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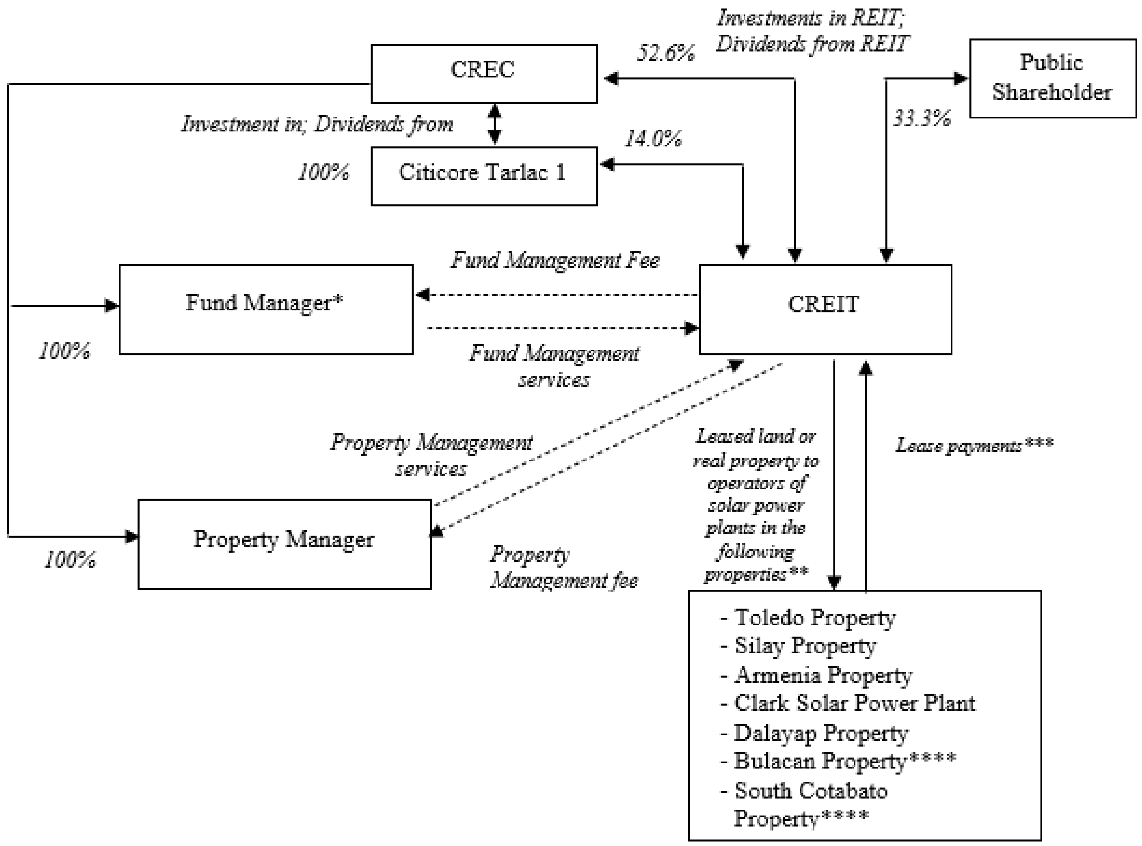
**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), 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.

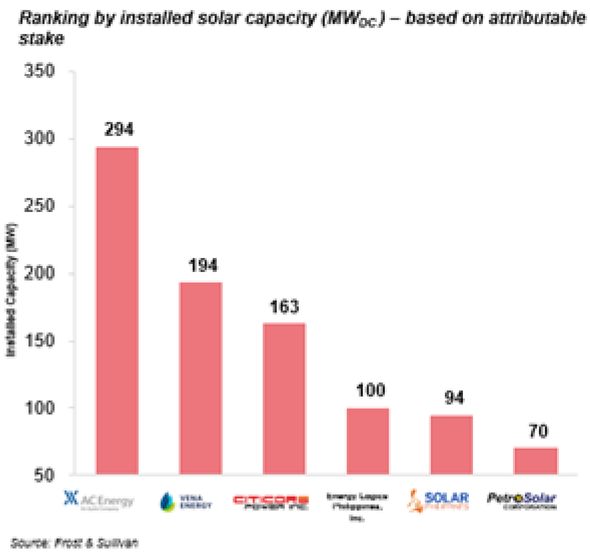
COMPETITIVE STRENGTHS

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 137.6MWp$_{DC,}$ 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 the site of a renewable energy power plant focused on solar power plants (but not exclusively), but may include other renewable energy properties available in the market, and (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.

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 the site of a renewable energy power plant focused on solar power plants (but not exclusively), but may include other renewable energy properties available in the market; and

- 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.

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	For Eligible PSE Trading Participants "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

Current Assets	As of September 30, 2021 ₱ thousands (Audited)	2021 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

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.*

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

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})	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) primarily be the site of a renewable energy power plant, with particular focus on solar power plants (but not exclusively), but may be other types of renewable energy properties available in the market, and (2) be located in underdeveloped areas with validated resource assessment and potential for future township developments to drive long-term appreciating land values. 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 169 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
	₱ 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	963,787	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
	₱ 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(1)	—	—
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

	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.*

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**

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

	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.

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
	₱ thousands (Audited)	U.S.$ thousands (Unaudited)
Current Assets		
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 (Audited)		**₱ thousands**	
Current Assets				
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 (Audited)		₱ thousands	
Current Assets				
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.

Liabilities

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.

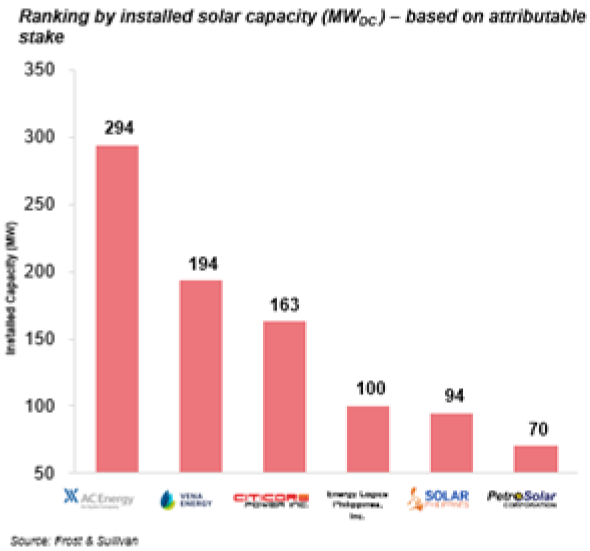
COMPETITIVE STRENGTHS

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 137.6MWp$_{DC,}$ 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 the site of a renewable energy power focused on solar power plants (but not exclusively), but may include other renewable energy properties available in the market, and (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.

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 the site of a renewable energy power plant focused on solar power plants (but not exclusively), but may include other renewable energy properties available in the market; and

- 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.

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.

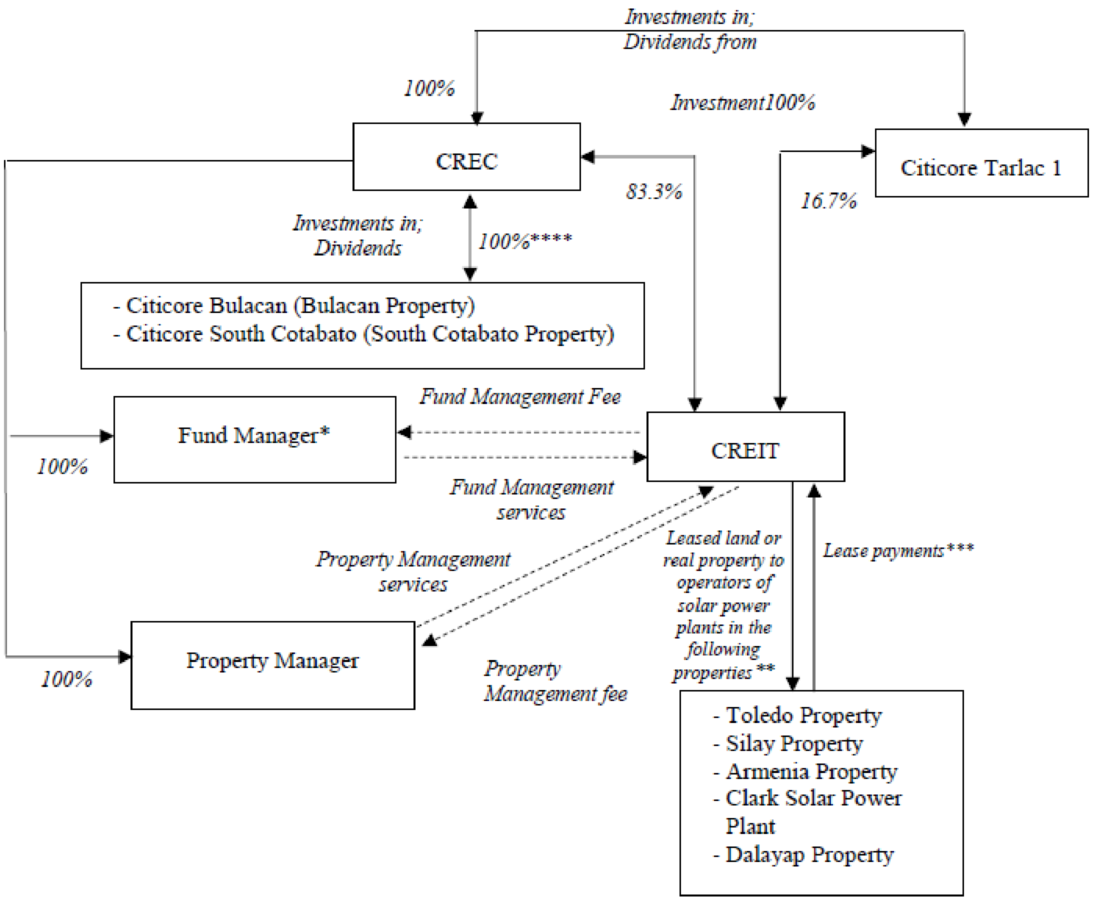
- **Conversion of Advances.** On May 25, 2021, the Company's shareholders, approved, among other things, the increase of the Company's authorized capital stock from ₱539,999,998.50 to ₱3,840,000,000.00 divided into 15,360,000,000 Shares with a par value of ₱0.25 per Share, among others. As part of the 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:

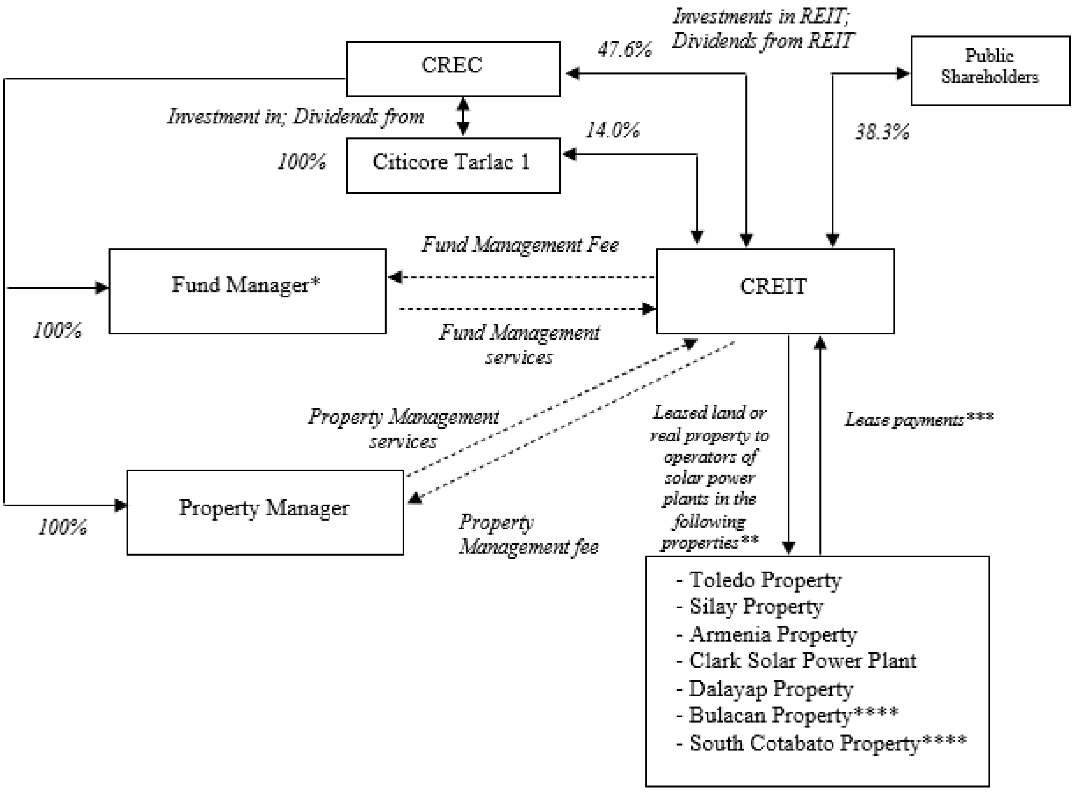
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** 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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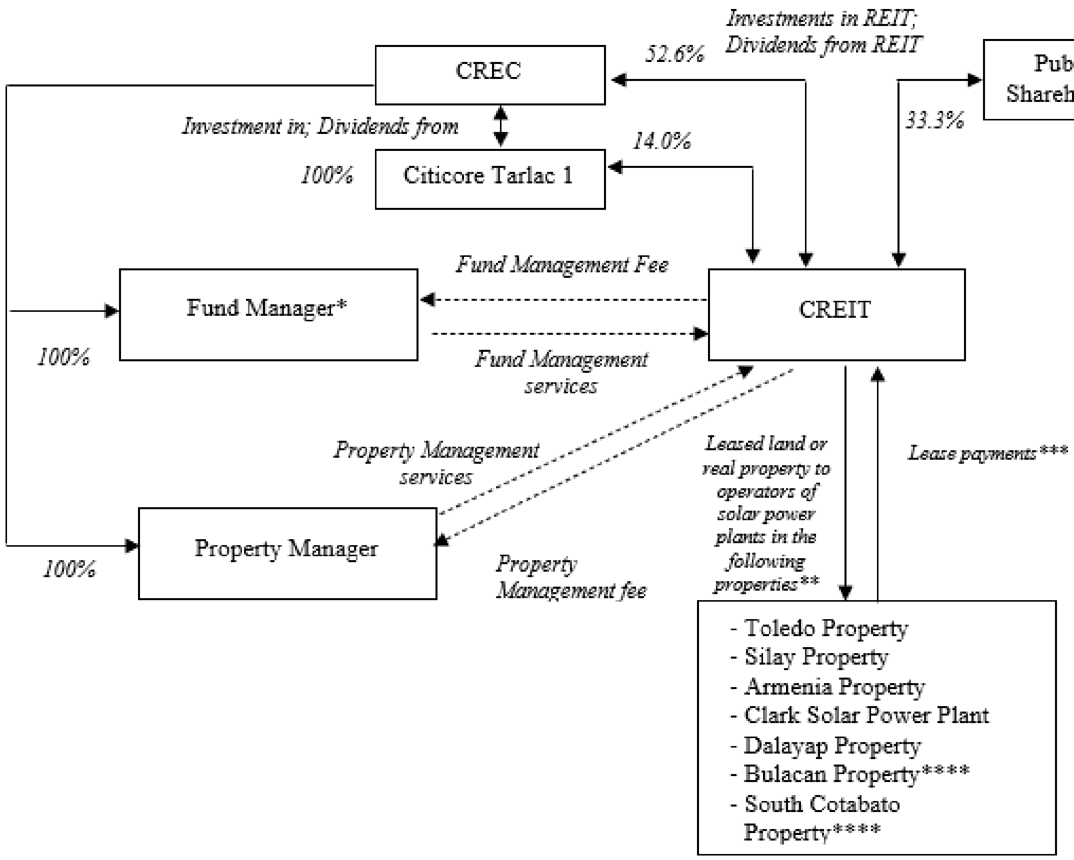
**** The Company intends to expand its renewable energy properties portfolio, in accordance with its financial and strategic investment criteria, by acquiring an additional two parcels of land from Citicore Bulacan (i.e., the Bulacan Property) and Citicore South Cotabato (i.e., the South Cotabato Property), 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.

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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.

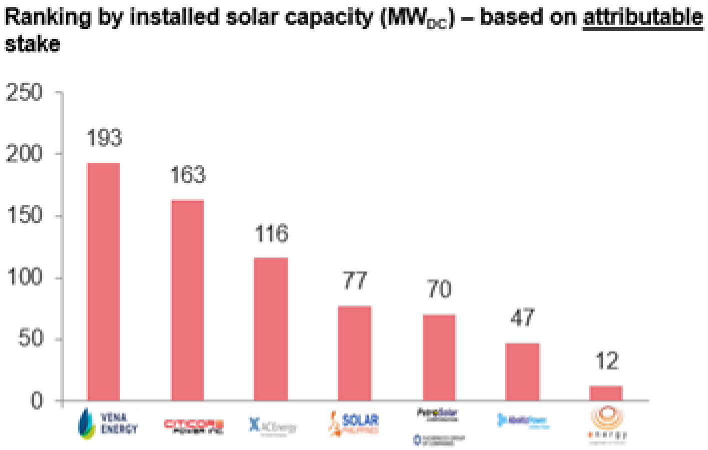
As of October 31, 2021, the Dalayap Property was valued at ₱470.2 million by Cuervo Appraisers. See the Independent Property Valuation Summary Report set out at Annex 2 of this REIT Plan for more details.

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.

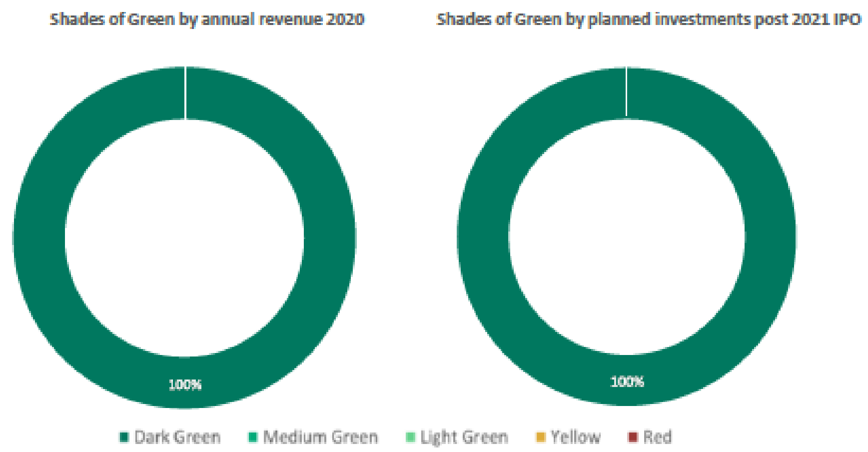


Figure 1: CREIT 2020 revenue and 2021 investments by Shades of Green.

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.

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.

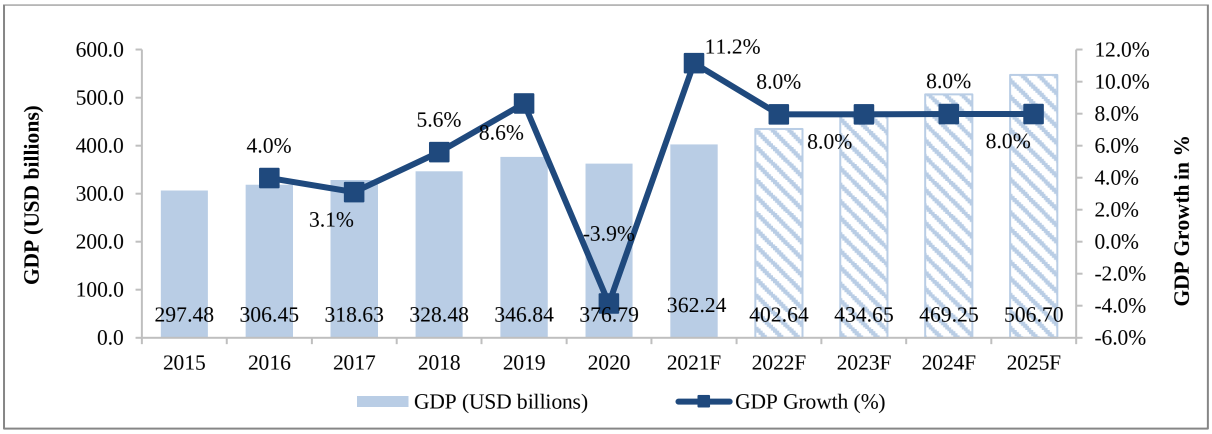
The commissioned industry report includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions 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.

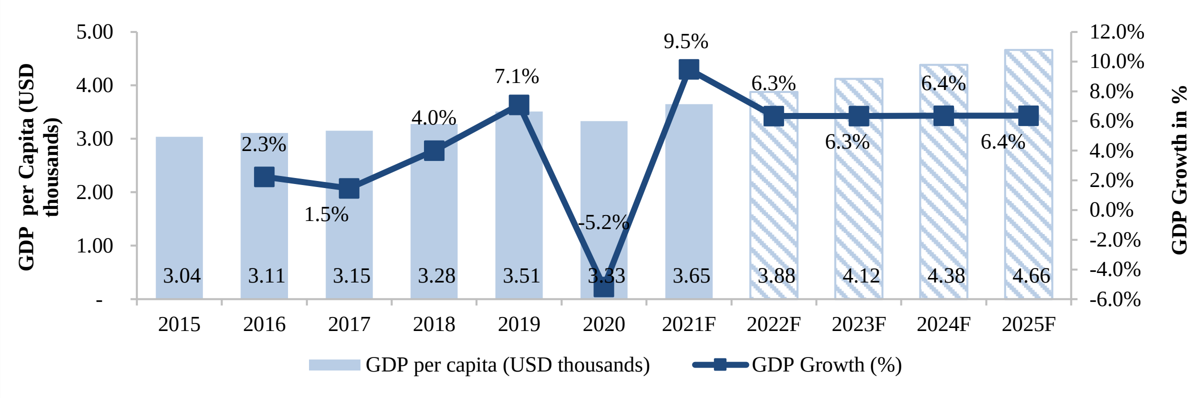
GDP and GDP Growth, Philippines, 2015 – 2025F



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

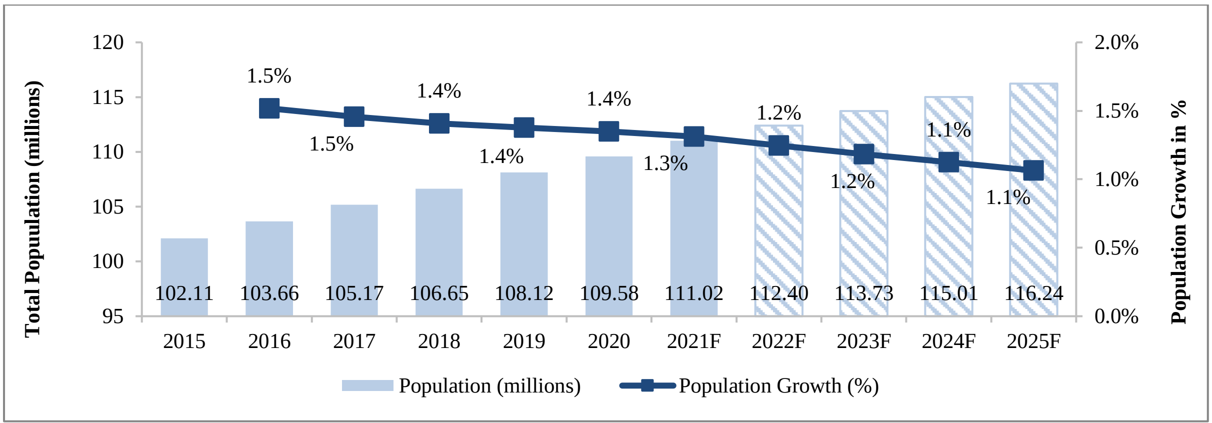


Source: IMR World Economic Outlook, Frost & Sullivan

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

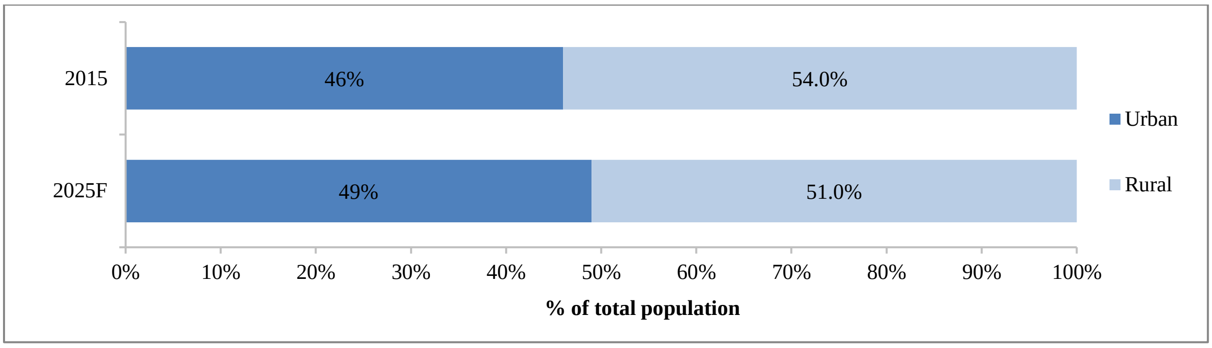


Source: World Bank, Philippine Statistics Authority, Frost & Sullivan

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

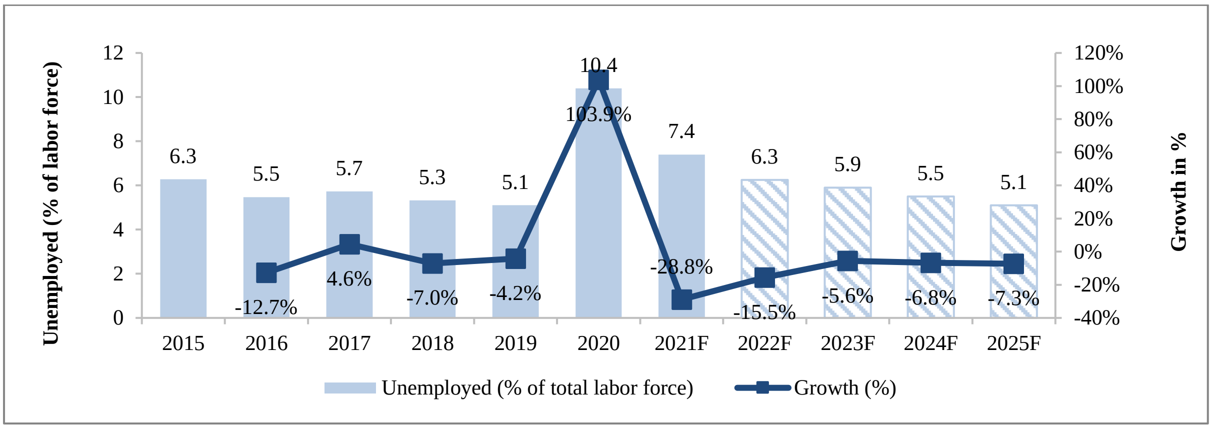
COVID-19 IMPLICATION

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.

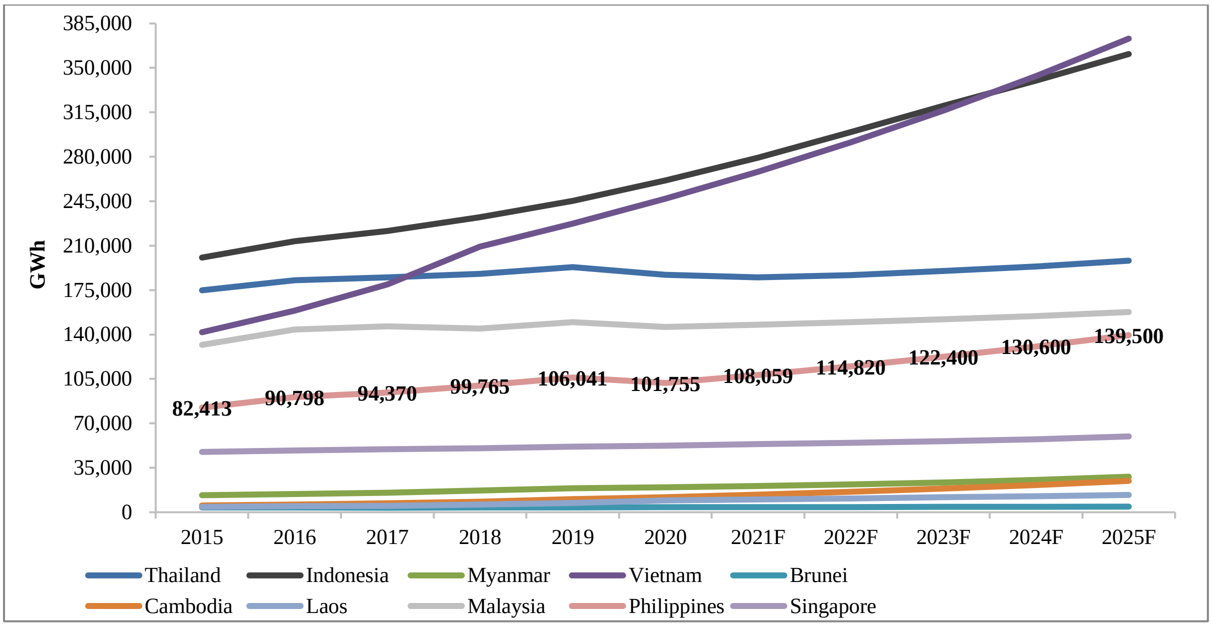
ELECTRICITY IN ASEAN

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.

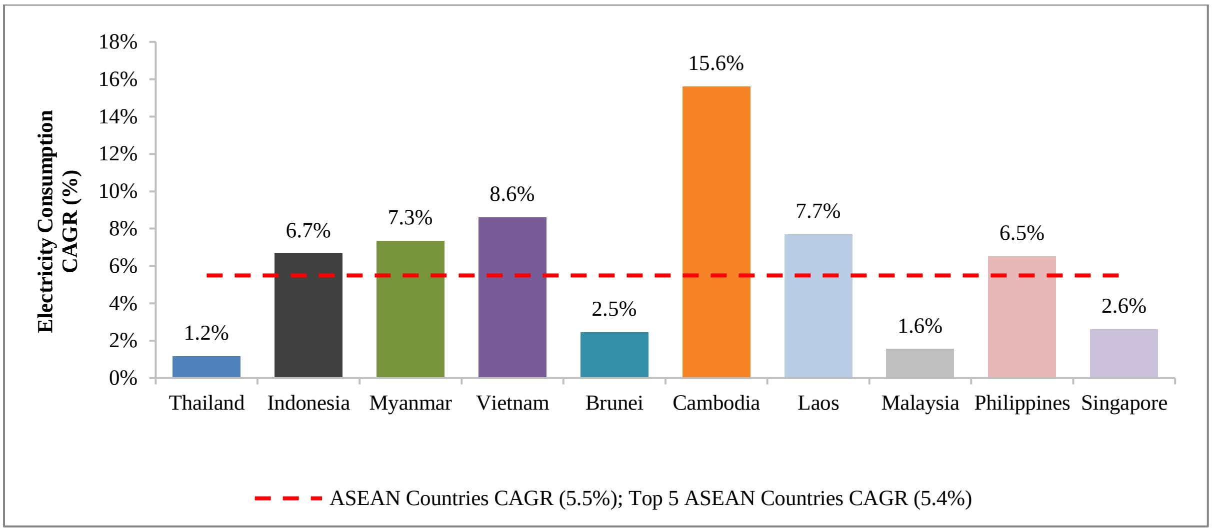
Overall, electricity consumption in ASEAN is expected to grow at a CAGR of 5.5% from 2020 to 2025, with Vietnam overtaking Indonesia as the top consumer. In the Philippines, electricity consumption is expected to grow at a CAGR of 6.5% from 2020 to 2025.

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

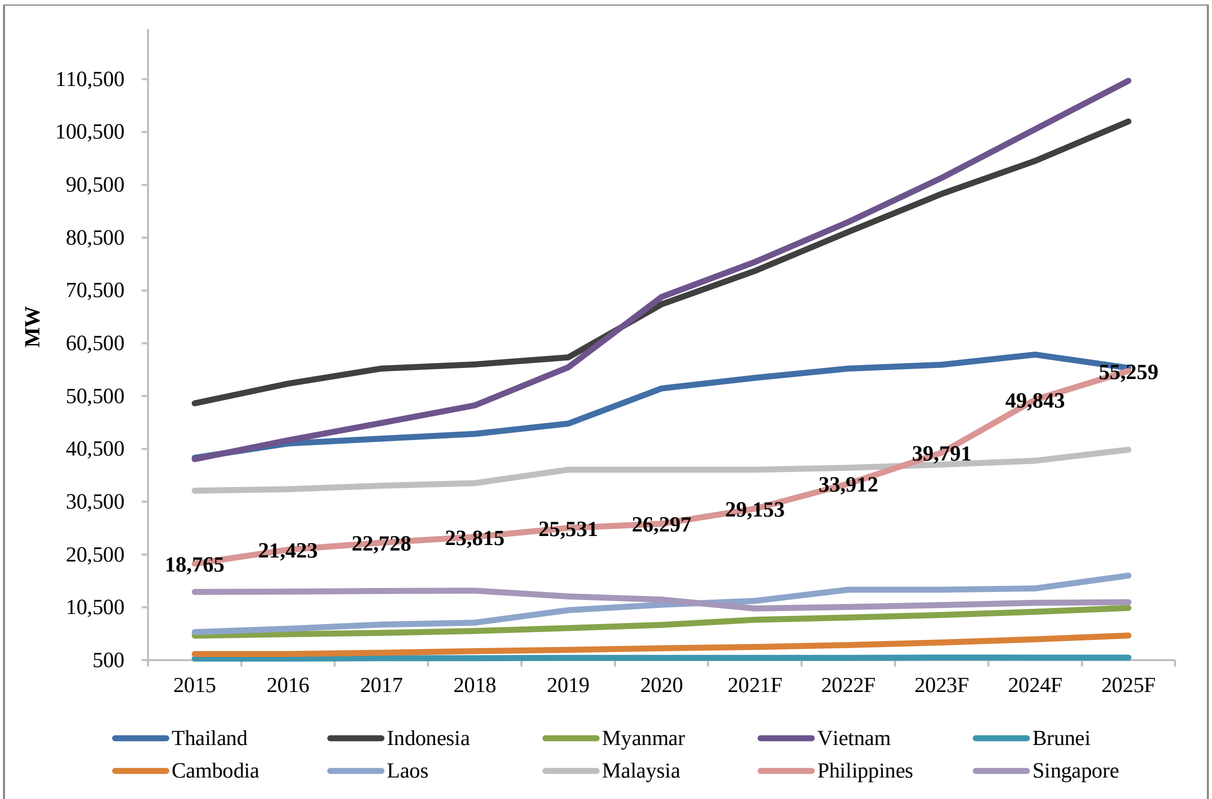


Source: Metropolitan Electricity Authority; EGAT; Provincial Electricity Authority; Ministry of Energy Thailand; National Electricity Supply Business Plan (RUPTL) 2019–2028; Economic Research Institute for ASEAN and East Asia; Ministry of Electricity and Energy Myanmar; EVN; EAC; Ministry of Energy and 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



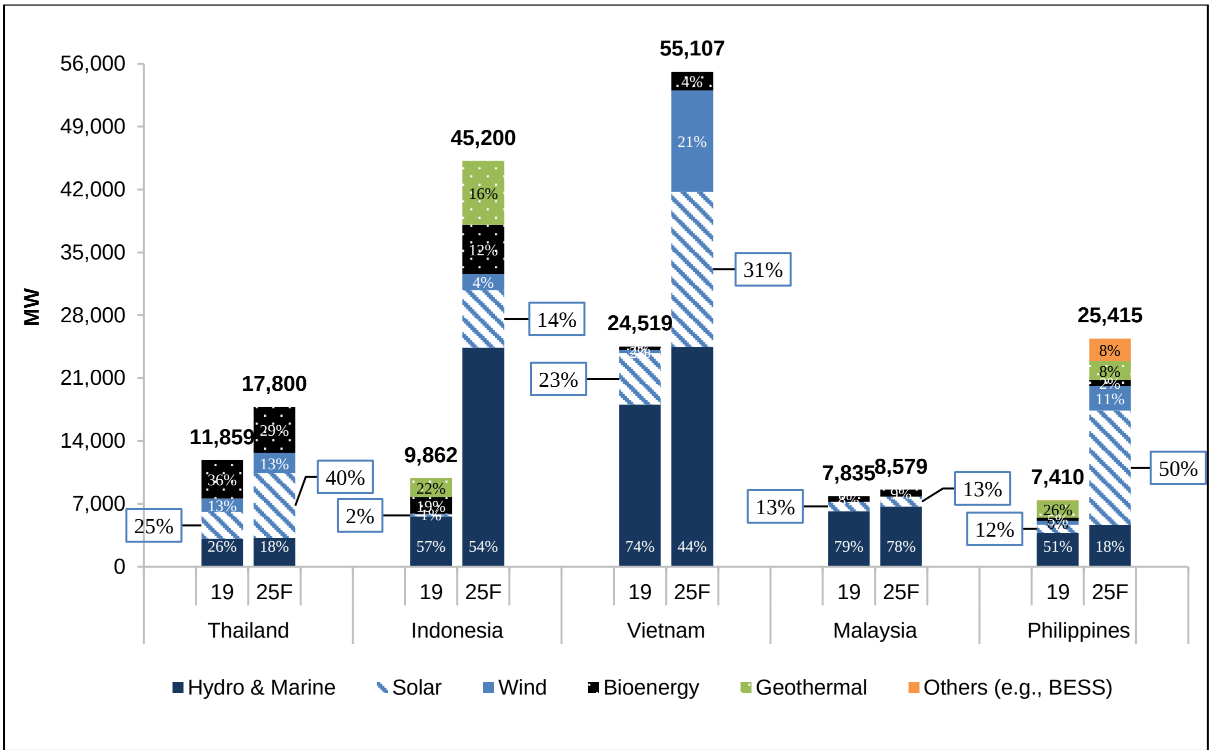
Source: EGAT, RUPTL 2019-2038, Ministry of Electricity and Energy Myanmar, EVN, EAC, EDL Generation Public Company (Laos), Energy Commission Malaysia, DOE Philippines, CEIC Data, EMA Singapore, Frost & Sullivan

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

OVERVIEW OF THE POWER GENERATION INDUSTRY IN THE PHILIPPINES

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

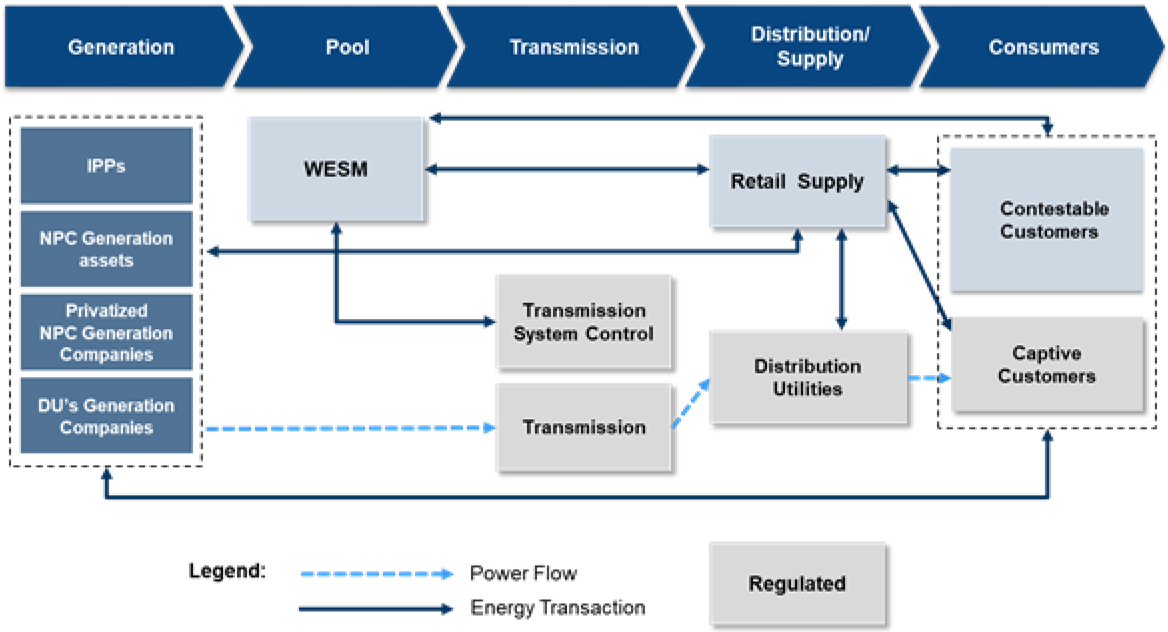
Note: Non-exhaustive list. The full list may be referred on the DOE website .

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.

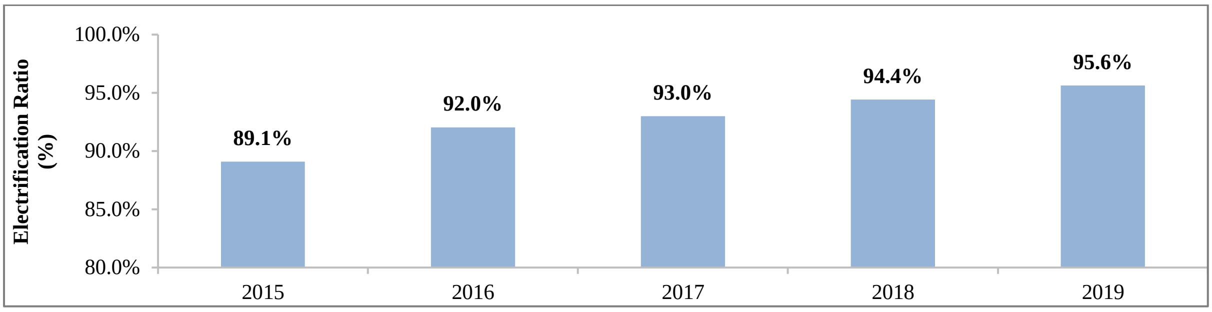
High Reliance on Fossil Fuels

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

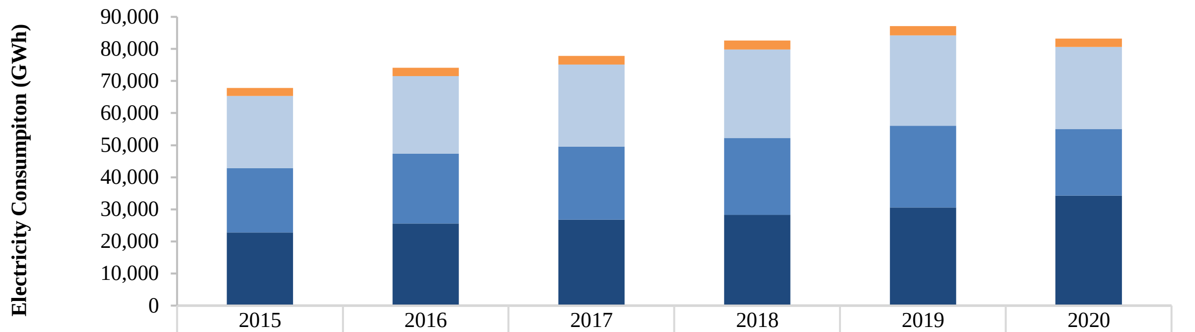
Country	Power demand (peak load) forecast	CAGR (time period)
The Philippines	From 15,817MW in 2019 to 31,851 MW in 2030 (reference scenario)	6.6% (2019 to 2030)

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



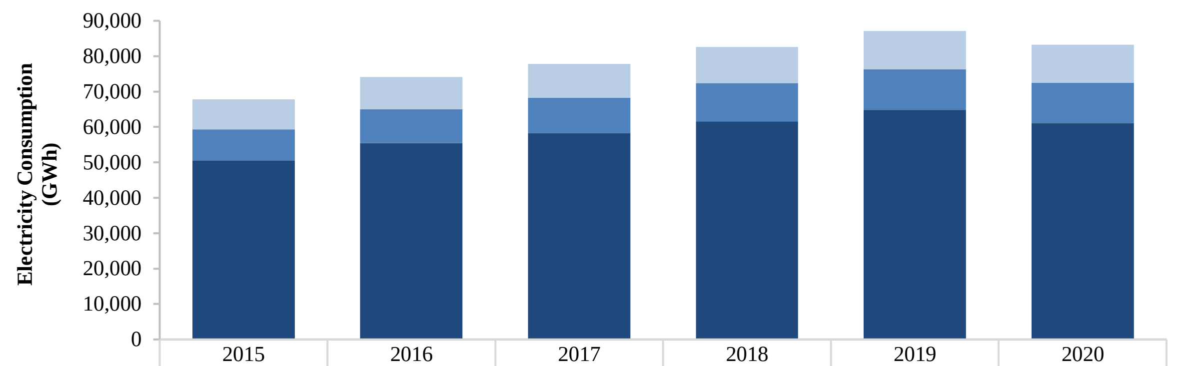
	2015	2016	2017	2018	2019	2020
Others	2,462.0	2,634.3	2,669.5	2,752.7	2,896.6	2,657.8
Industrial	22,513.9	24,116.8	25,573.3	27,587.3	28,194.0	25,566.3
Commercial	20,084.8	21,770.2	22,768.0	24,016.3	25,475.9	20,727.1
Residential	22,747.0	25,631.3	26,782.0	28,260.8	30,551.6	34,291.6

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

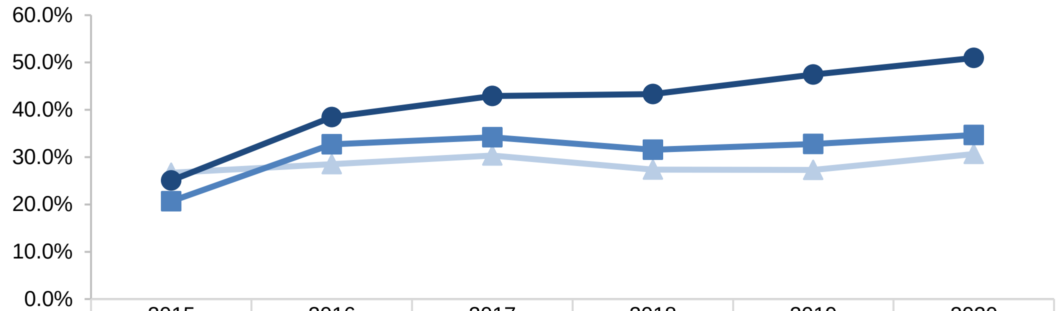


	2015	2016	2017	2018	2019	2020
Mindanao	8,453.2	9,140.5	9,496.6	10,244.4	10,787.2	10,790.5
Visayas	8,765.2	9,598.9	10,048.8	10,831.4	11,539.2	11,340.1
Luzon	50,589.3	55,413.1	58,247.4	61,541.3	64,791.6	61,112.1

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%

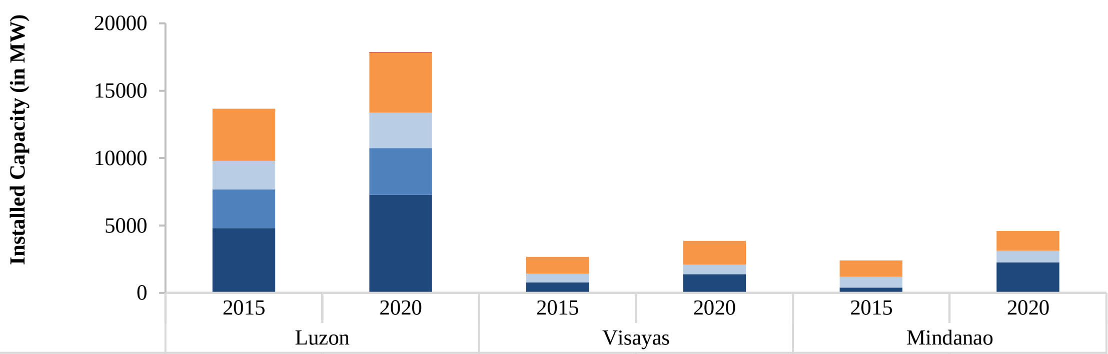
Source: Department of Energy, Frost & Sullivan Analysis

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

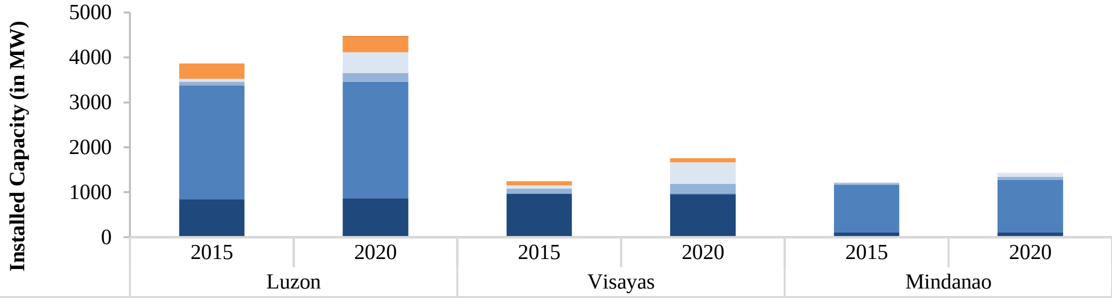
Due to the distinctive resource development policies in the Philippines, the three island regions are characterized by different fuel mix in power generation.

- 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.

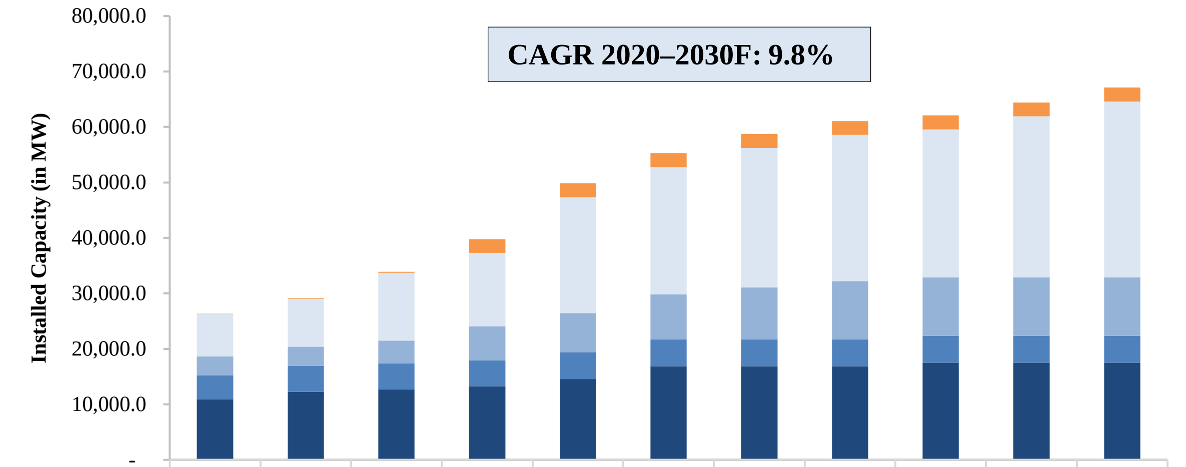
The overall push for RE was more notable within the Visayas island, as coal-based power plants were no longer the main sources of power generation. Specifically, on the RE development, geothermal and solar have been the 2 main sources of green energy, with a total installed capacity of 955 MW and 476 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

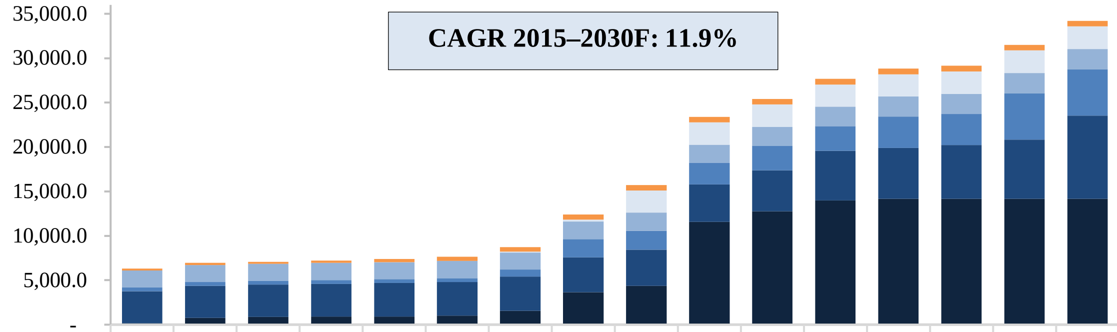
Source: Department of Energy

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

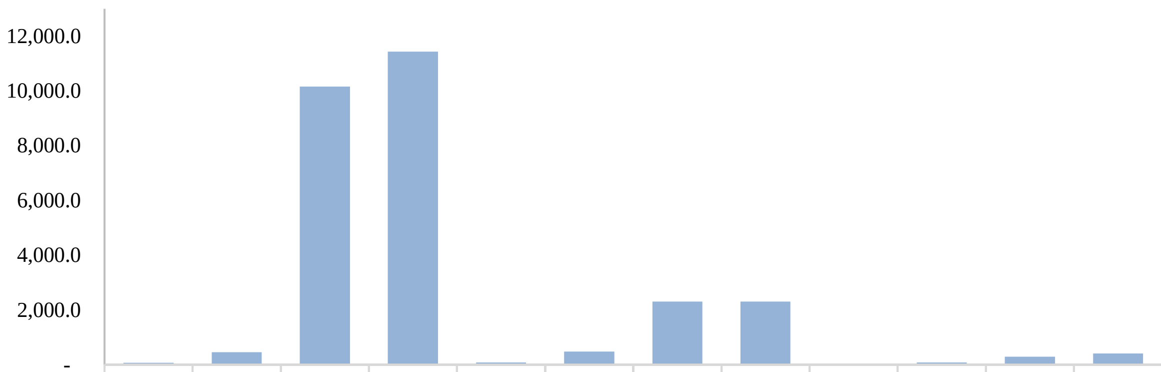
Note:

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

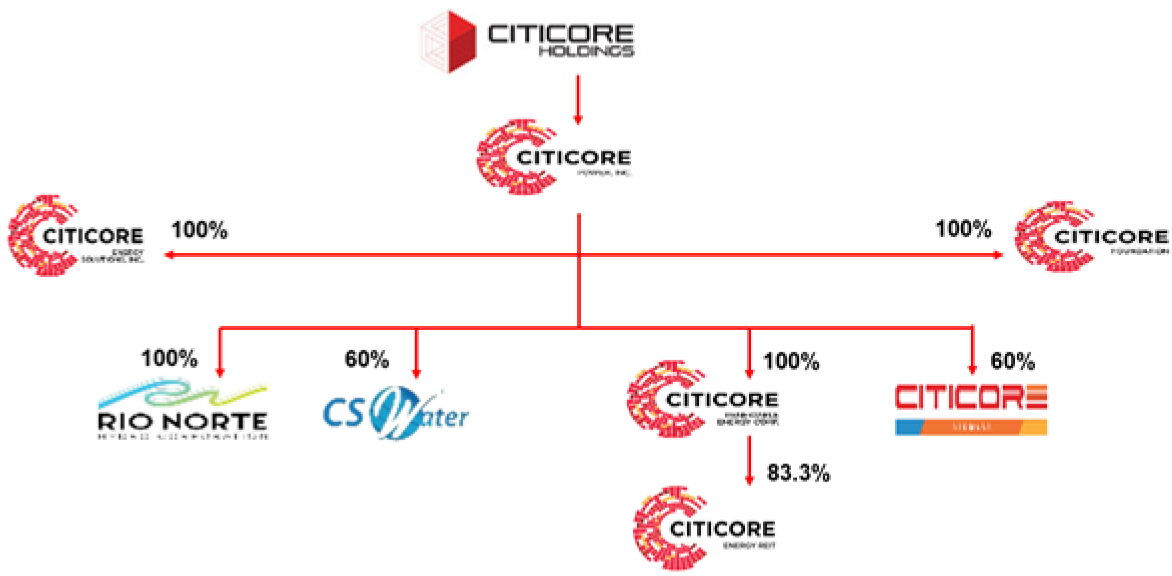
- Best CEO

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).

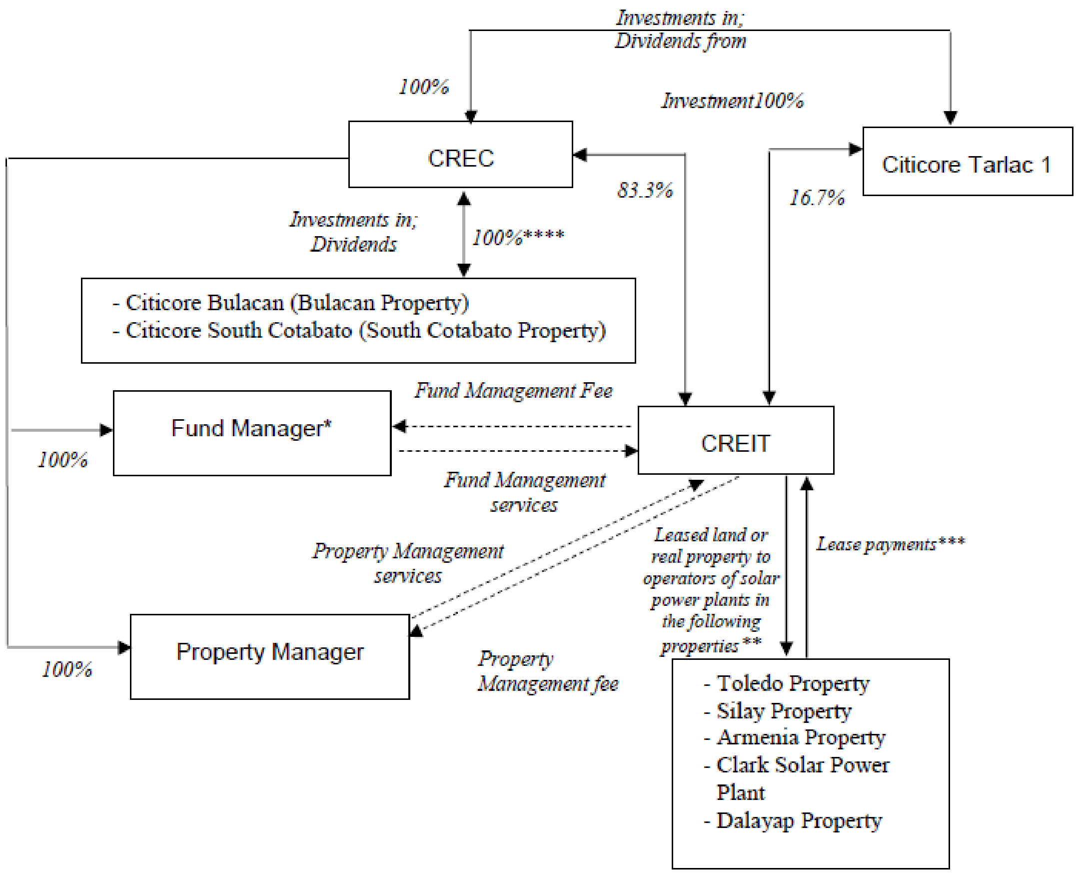
Existing Related Party Transactions

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:

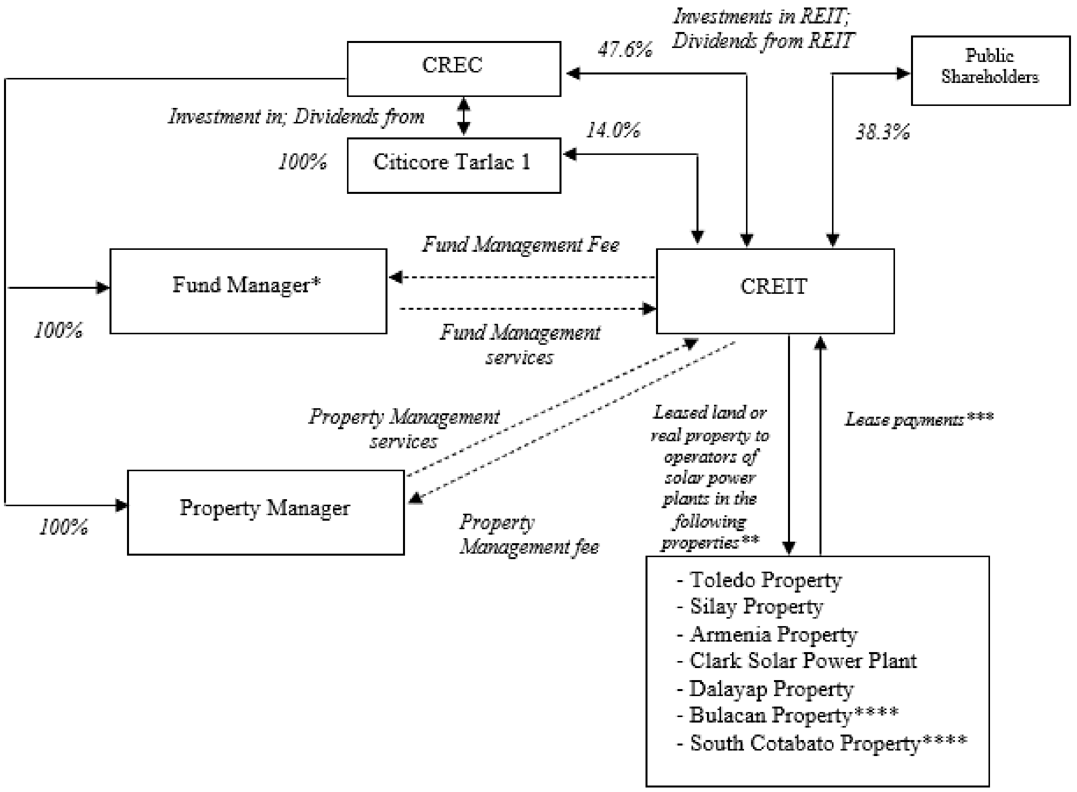
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** 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:



Notes:

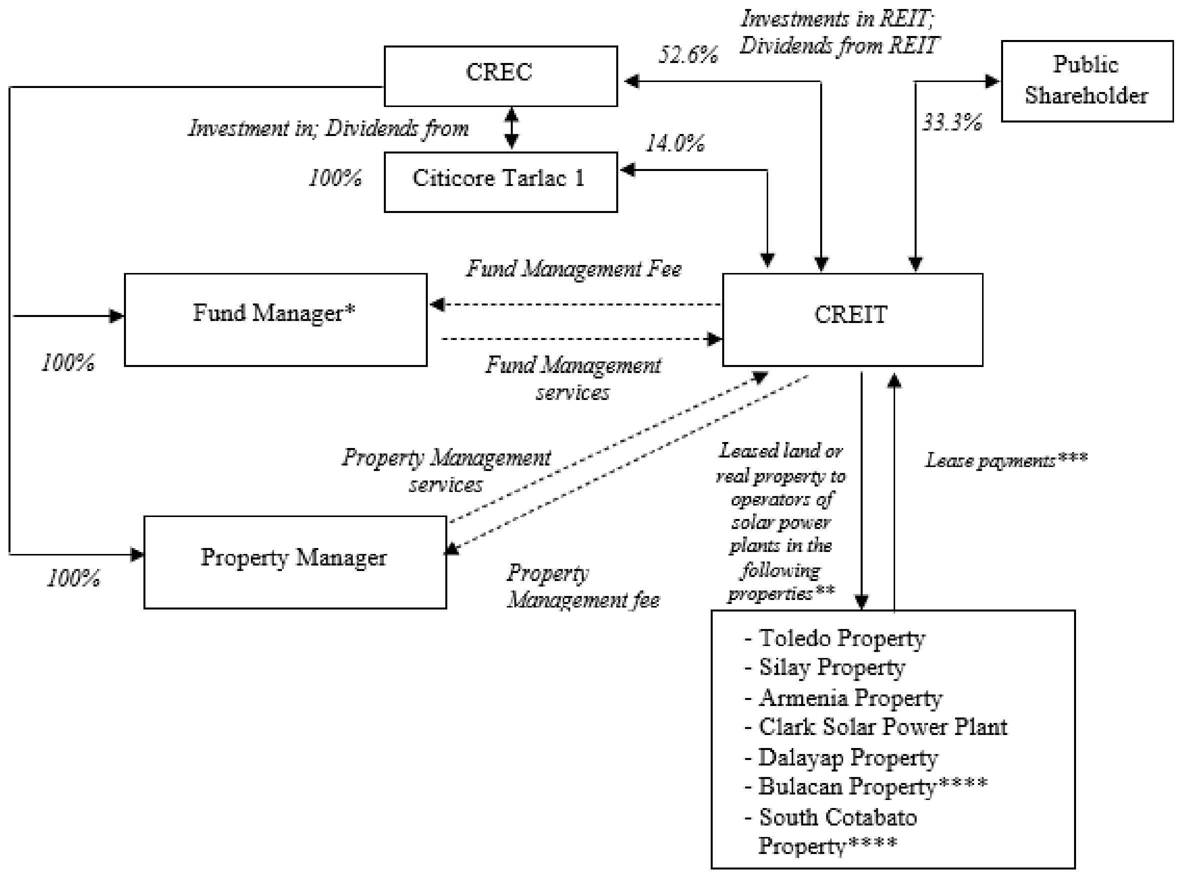
* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** 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 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

<u>Lease between the Company and Ma. Paula Cecilia David and Juan Francisco David</u>

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.

<u>Lease between the Company and Benigno S. David and Vivencio M. Romero, Jr.</u>

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

[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.

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:

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 (₱ in millions)	2019 (₱ in millions)	2018 (₱ 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

COMPANY

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SELLING SHAREHOLDER

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