

## COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

<b>Atty. Jaime P. Del Rosario</b>
(Contact Person)

<b>+632 8826 5698</b>
(Company Telephone Number)

### DEFINITIVE INFORMATION STATEMENT SEC Form -IS

31 December
Month Day

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(Secondary  
License Type, If  
Applicable)

08 June
Month and Day of Annual Meeting

<b>SEC</b>
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Dept. Requiring this Doc.

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Total No. of Stockholders

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Amended Articles Number/Section  
Total Amount of Borrowings

<b>x</b>
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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF  
THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
[ ] Preliminary Information Statement  
[x] Definitive Information Statement
2. Name of Registrant as specified in its charter Citicore Energy REIT Corp.
3. Philippines  
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number CS201010780
5. BIR Tax Identification Code 007-813-849-00001
6. 11F Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City  
Address of principal office  
  
1500  
Postal Code
7. Registrant's telephone number, including area code (02) 8826-5698
8. June 8, 2023 at 3:00 pm via remote communication  
Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders: May 18, 2023
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA  
(information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class                          | Number of Shares of Common Stock<br>Outstanding or Amount of Debt Outstanding |
|--|---|
| <u>Common Shares</u>                         | <u>6,545,454,004</u>  |
| <u>Fixed Rate ASEAN Green Bonds Due 2028</u> | <u>Php4,500,000,000.00</u>  |
11. Are any or all of registrant's securities listed in a Stock Exchange?  
Yes X No \_\_\_\_\_  
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
The Philippine Stock Exchange, Inc. – Common Shares  
The Philippine Dealing & Exchange Corp. – Fixed Rate ASEAN Green Bonds Due 2028

## **A. GENERAL INFORMATION**

### **Item 1. Date, time and place of meeting of security holders.**

- (a) The annual stockholder's meeting of Citicore Energy REIT Corp. (the "Company" or "CREIT") is scheduled to be held on **June 8, 2023 at 3:00 p.m.** through remote communication via Microsoft Teams, using the following link: [Please click here](#)

The Presiding Officer shall preside the meeting in San Juan City, Metro Manila. The principal office and complete mailing address of the Company is 11<sup>th</sup> Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City.

- (b) Approximate date on which copies of the information statement are first to be sent or given to security holder: May 18, 2023

As described in the Procedure for Voting and Participation via Remote Communication, attached herein as **Exhibit "1"**, stockholders shall submit their questions, comments, or concerns, prior to the ASM by emailing the same to the Corporate Secretary of the Company at [corpsecretary@creit.com.ph](mailto:corpsecretary@creit.com.ph). Further, during the ASM, stockholders may raise any questions or comments, through a chat box that will be available to them throughout the live broadcast of the ASM. The Company will, as far as practicable, acknowledge, read out loud, and answer all questions and comments raised.

A copy of this Information Statement and Management Report may also be accessed by interested parties by May 18, 2023 at the Company website: <https://creit.com.ph/company-disclosures/annual-stockholders-meeting/>.

### **Item 2. Dissenters' Right of Appraisal**

A stockholder of the Company has the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares or any shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code of the Philippines (the "Revised Corporation Code"); (c) in case of investment of corporate funds in any other corporation or business or for any purpose other than the Company's primary purpose; and (d) in case of merger or consolidation.

The stockholder concerned must have voted against the proposed corporate action in order to avail himself of the appraisal right. As provided in the Revised Corporation Code, the procedure in the exercise of the appraisal right is as follows:

- a. The dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken. Failure to file the demand within the thirty-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificate/s to the Company for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the Company, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the Company shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the Company on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.
- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the stockholder, and the third one chosen jointly by the Company and the stockholder). The findings of the appraisers will be final, and their award will be paid by the Company within thirty (30) days following such award, provided the Company has sufficient unrestricted retained earnings. Upon such payment, the stockholder shall forthwith transfer his shares to the Company. No payment shall be made to the dissenting stockholder unless the Company has unrestricted retained earnings sufficient to cover such payment.
- d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There are no matters to be taken up at the annual stockholders' meeting on June 8, 2023 which would entitle a dissenting stockholder to exercise the right of appraisal.

### Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or executive officer of the Company or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the annual stockholders' meeting, other than election to office (in the case of directors).
- (b) Likewise, none of the directors has informed the Company of his/her opposition to any matter to be taken up at the meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4. Voting Securities and Principal Holders Thereof

- (a) As of April 30, 2023, CREIT has 6,545,454,004 issued and outstanding common shares. Each share is entitled to (1) one vote in accordance with the By-Laws of the Company.
- (b) The record date for purposes of determining the stockholders entitled to vote is **May 18, 2023**.
- (c) Stockholders are entitled to cumulative voting in the election of directors of the Company, as provided for in the Revised Corporation Code. Under Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record as of May 18, 2023 in order that he may exercise cumulative voting rights. There are no conditions precedent to the exercise of the stockholders' cumulative voting right.
- (d) Security Ownership of Certain Record and Beneficial Owners
  - (1) The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company as of April 30, 2023:

Title of Class	Name and Address of Record Owner/Relationship with Company	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	<b>Citicore Renewable Energy Corp.</b> ("CREC") - Stockholder	Edgar B. Saavedra Mr. Saavedra is the ultimate beneficial owner of CREC.	Filipino	3,117,641,132	47.63%
Common	<b>Citicore Solar Tarlac 1, Inc.</b> ("CST1") - Stockholder	Edgar B. Saavedra Mr. Saavedra is the ultimate beneficial owner of CST1.	Filipino	918,720,864	14.04%

Total number of shares of all record and beneficial owners is 6,545,454,004 common shares representing 100% of the total issued and outstanding common shares.

- (2) Security Ownership of Directors and Management as of April 30, 2023:

The names, citizenship, number of shares held and percentage to total of persons forming part of the Board and Management of the Company as of April 30, 2023 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Citizenship	Percentage
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Common	<b>Edgar B. Saavedra</b> <i>Chairman of the Board</i>	1 (Direct)	Filipino	Nil
Common	<b>Oliver Y. Tan</b> <i>Director, CEO, and President</i>	1 (Direct) 7,423,000 (Indirect)	Filipino	Nil
Common	<b>Manuel Louie B. Ferrer</b> <i>Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Jez G. Dela Cruz</b> <i>Director and Treasurer</i>	1 (Direct)	Filipino	Nil
Common	<b>Leonilo G. Coronel</b> <i>Independent Director</i>	1 (Direct) 295,000 (Indirect)	Filipino	Nil
Common	<b>Jose M. Layug, Jr.</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Pacita U. Juan</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Elizabeth Anne C. Uychaco</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Mia Grace Paula S. Cortez</b> <i>Chief Finance Officer</i>	200,000 (Indirect)	Filipino	Nil
Common	<b>Jaime P. Del Rosario</b> <i>Corporate Secretary</i>	450,000 (Indirect)	Filipino	Nil
Common	<b>Michelle A. Magdato</b> <i>Investor Relations Officer</i>	10,000 (Indirect)	Filipino	Nil
<b>Aggregate Shareholdings of Directors and Officers as a Group</b>		8,378,008		Nil

The indirect shareholding of Oliver Y. Tan are lodged with PCD Nominee Corporation (Filipino) under the name of a family member. The indirect shareholdings of Leonilo G. Coronel, Mia Grace Paula S. Cortez, Jaime P. del Rosario and Michelle A. Magdato are lodged with PCD Nominee Corporation (Filipino).

No director or member of the Company's management owns 2.0% or more of the outstanding capital stock of the Company.

(3) Voting Trust Holders of 5% or more

The Company is not aware of any person holding more than 5% of common shares under a voting trust or similar agreement.

(4) Changes in Control

The Company is not aware of any arrangements which may result in a change of control of the Company.

(5) Foreign Ownership level as of April 30, 2023:

<b>Class of Securities</b>	<b>Total Outstanding Shares</b>	<b>Shares Owned by Foreigners</b>	<b>Percent of Ownership</b>
Common Shares	6,545,454,004	242,786,069	3.71%

**Item 5. Directors and Executive Officers**

Directors and Executive Officers

The following are the names, ages, citizenship, periods of service, and a brief description of the business experience of the last five (5) years of each of the incumbent directors/independent directors of the

Company. All the incumbent members of the Board of Directors of CREIT have been nominated for re-election and are the sole nominees therein:

Name	Age	Citizenship	Position/s	Term of Office	Directorships Held in Other Companies / Business Experience
EDGAR B. SAAVEDRA	48	Filipino	Director  Chairman of the Board	Yearly; re-elected as Chairman on 8 June 2022 and has served as such since December 2018	Chairman of the Board, MWMTI, MTI, Altria, PH1, Cebu2World, CIHI, CMCI, MLI, Wide-Horizons, Citicore Power Inc. ("CPI"), CREC, Citicore Negros Occidental, Inc., Citicore Solar Bataan, Inc., Citicore Solar Cebu, Inc., Citicore Solar South Cotabato, Inc., Citicore Solar Tarlac 1, Inc., Citicore Solar Tarlac 2, Inc., Citicore Solar Bulacan, Inc., Citicore Solar Energy Corporation ("CSEC"), Greencore Power Solutions 1, Inc. ("GPS1"), Greencore Power Solutions 2, Inc. ("GPS2"), Greencore Power Solutions 3, Inc. ("GPS3"), Greencore Power Solutions 4, Inc. ("GPS4"), Sunny Side Up Power Corp. ("SSUPC"), Rio Norte Hydropower Corporation ("RNHC"), Himamaylan Biomass Power Inc., Corebiomass Power Inc., Sikat Solar Holdco Inc. ("SSHI"), Citicore Solar Holdings, Inc. ("CSHI"), Citicore Biomass Corporation, Citicore Candlewick Bioenergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantatons, Inc., Citicore Summa Water Corporation, CSWater Iloilo, Inc., CSWater Iloilo Bulk Water, Inc., CSWaterLapu-Lapu, Inc., MCC-Citicore Construction, Inc. and CitiRetail Power Corp.,  Director and Vice President, MCFI  Director, GMCAC and GMI
OLIVER Y. TAN	45	Filipino	Director  Chief Executive Officer and President	Yearly; re-elected as President and CEO on 8 June 2022 and has served as such since December 2018	Director, and President of CPI, CREC, Citicore Solar Negros Occidental, Inc., Citicore Solar Bataan, Inc., Citicore Solar Cebu, Inc., Citicore Solar South Cotabato, Inc., Citicore Solar Tarlac 1, Citicore Solar Tarlac 2, Citicore Solar Bulacan, CSEC, GPS1, GPS2, GPS3, GPS4, SSUPC, CIHI, CMCI, RNHC, Himamaylan Biomass Power Inc., Corebiomass Power Inc., SSHI, CSHI, Citicore Biomass Corporation, Citicore Candlewick Bioenergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantations Inc., Citicore Summa Water Corporation, CSWater Iloilo, Inc., CSWater Iloilo Bulk Water, Inc., CSWater Lapu-Lapu,

					<p>Inc., MCC- Citicore Construction, Inc. and CitiRetail Power Corp.</p> <p>Director and Treasurer, MTI and MLI</p> <p>Director, CMCI and MWCCI</p> <p>Director and Corporate Secretary, FSMI and IRMO</p>
MANUEL LOUIE B. FERRER	48	Filipino	Director	Yearly; re-elected as Director on 8 June 2022 and has served as such since December 2018	<p>Director, CPI, CREC, Citicore Solar Bataan, Inc., Citicore Solar Negros Occidental, Inc., Citicore Solar Cebu, Inc., Citicore Solar South Cotabato, Inc., Citicore Solar Tarlac 1, Inc., Citicore Solar Tarlac 2, Inc., Citicore Solar Bulacan, Inc., CSEC, GPS1, SSUPC, RNHC, GPS2, GPS4, Himamaylan Biomass Power, Inc., Corebiomass Power Inc., SSHI, CSHI, Citicore Biomass Corporation, Citicore Candlewick Bioenergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantations Inc., Citicore Summa Water Corporation, CSWater Iloilo, Inc., CS Water Iloilo Bulk Water, Inc., CSWater Lapu-Lapu, Inc., MCC-Citicore Construction, Inc., PH1, MLI, and GMI Managing Director, MagicWorx Licensing Inc.</p> <p>Former Associate Marketing Engineer, OCB International Co., Ltd.</p>
JEZ G. DELA CRUZ	38	Filipino	Director and Treasurer	Yearly; elected as Treasurer on 8 June 2022	<p>Director, CPI, CREC, GPS3, GMCAC, and GMI AVP for Corporate Finance and Planning – Megawide</p> <p>Senior Manager – BPI Capital Corporation</p>
LEONILO G. CORONEL	76	Filipino	Independent Director	Yearly; elected as Independent Director on 8 June 2022	Vice Chairman and Director, Philippine National Bank Director, RBB Microfinance Foundation, Software Ventures International Corporation, Toyota Pasong Tamo, Toyota Bonifacio Global City, Toyota Angeles and M2 Car Accessories Corp.
JOSE M. LAYUG, JR.	52	Filipino	Independent Director	Yearly; elected as Independent Director on 8 June 2022	Senior Partner, Divina Law Offices Dean, University of Makati School of Law President, Developers of Renewable Energy for Advancement, Inc. Independent Director, Vivant Corporation, Hacienda Plantations, Inc. and Phinma Solar Corp. Oriental Petrol.
PACITA U. JUAN	68	Filipino	Independent Director	Yearly; elected as Independent Director on 8 June 2022	President, M.D, Juan Enterprises, Inc. Vice President for Finance and Treasurer, Centro Mfg. Corporation Treasurer, Peace and Equity Holdings, Inc.

ELIZABETH ANNE C. UYCHACO	67	Filipino	Independent Director	Yearly; elected as Independent Director on 8 June 2022	Senior Vice President, SM Investment Corporation Director and Vice Chairman, Belle Corporation Chairman, NEO Group Director, Republic Glass Corporation, Goldilocks and PULS
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The Certification of Independent Directors is herein attached as **Exhibit “2”**.

The directors shall hold office for one (1) year or until their successors are elected and qualified. The annual meeting of the stockholders shall be held every 8<sup>th</sup> of June each year.

The Board is responsible for the direction and control of the business affairs and management of CREIT, and the preservation of its assets and properties. No person can be elected as director of CREIT unless he or she is a registered owner of at least 1 voting share of CREIT.

Pursuant to SEC Memorandum Circular (M.C.) No. 19, Series of 2016, the Company adopted its Manual on Corporate Governance (Manual). In accordance with Section VI (5) (a) of the Manual, the Board shall have at least two (2) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. At present, four (4) members of the Board are independent directors.

Meanwhile, the Amended Articles of Incorporation and By-Laws of CREIT provide that the eight (8) directors shall include such number of independent directors as may be required by law.

### Board Performance

The Board regularly meets to review the performance of CREIT and approve any pertinent plans, budgets, and financial statements, set guidelines for management and discuss any various matters requiring Board attention and approval. Any member of the Board may ask management to give reports and analysis on certain issues.

The regular meetings of the Board are normally held once every quarter per year, as well as special meetings of the Board, and the annual stockholders meeting. The Board met seven (7) times in 2022.

Prior to the Board meetings, all of the Directors are provided with board materials which include reports on CREIT's strategic, operational and financial performance and other regulatory matters. The Board also has access to the Corporate Secretary who, among other functions, oversees the flow of information to the Board prior to the meetings and who serves as adviser to the Directors relevant issues presented to the Board. The members of the Board also have access to management should they need to clarify matters concerning items submitted for their consideration.

### Attendance of Directors to Board and Board Committee Meetings

#### **Board of Directors' Meetings**

The record of attendance of the directors at the meetings of the Board of Directors held from 1 January 2022 to 31 December 2022 is as follows:

	Name	Date of Reelection	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Edgar B. Saavedra	June 8, 2022	7	7	100
<b>Member</b>	Manuel Louie B. Ferrer	June 8, 2022	7	7	100
<b>Member</b>	Oliver Y. Tan	June 8, 2022	7	7	100
<b>Member</b>	Jez G. Dela Cruz	June 8, 2022	7	7	100
<b>Member (Independent)</b>	Leonilo G. Coronel	June 8, 2022	7	7	100

<b>Member (Independent)</b>	Jose M. Layug, Jr.	June 8, 2022	7	7	100
<b>Member (Independent)</b>	Pacita U. Juan	June 8, 2022	7	7	100
<b>Member (Independent)</b>	Elizabeth Anne C. Uychaco	June 8, 2022	7	7	100

#### ***Executive Committee***

Board	Name	Date of Reelection	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Edgar B. Saavedra	June 8, 2022	12	12	100%
<b>Member</b>	Oliver Y. Tan	June 8, 2022	12	12	100%
<b>Member</b>	Manuel Louie B. Ferrer	June 8, 2022	12	12	100%
<b>Member</b>	Jez G. Dela Cruz	June 8, 2022	12	12	100%

#### ***Audit and Risk Oversight Committee Meetings***

Board	Name	Date of Reelection	No. Of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Leonilo G. Coronel	June 8, 2022	5	5	100%
<b>Member</b>	Jose M. Layug, Jr.	June 8, 2022	5	4	80%
<b>Member</b>	Elizabeth Anne C. Uychaco	June 8, 2022	5	5	100%

#### ***Related Party Transaction Review & Compliance Committee Meetings***

Board	Name	Date of Reelection	No. Of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Jose M. Layug, Jr.	June 8, 2022	1	1	100%
<b>Member</b>	Elizabeth Anne C. Uychaco	June 8, 2022	1	1	100%
<b>Member</b>	Leonilo G. Coronel	June 8, 2022	1	1	100%

#### ***Nominations, Compensation & Personnel Committee Meetings***

Board	Name	Date of Reelection	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Jez G. Dela Cruz	June 8, 2022	3	3	100%
<b>Member</b>	Pacita U. Juan	June 8, 2022	3	3	100%
<b>Member</b>	Leonilo G. Coronel	June 8, 2022	3	3	100%

#### ***Environmental, Social & Governance Committee Meetings***

Board	Name	Date of Reelection	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Pacita U. Juan	June 8, 2022	3	3	100%
<b>Member</b>	Oliver Y. Tan	June 8, 2022	3	3	100%
<b>Member</b>	Manuel Louie B. Ferrer	June 8, 2022	3	3	100%

#### ***Selection of Nominees for Directors***

The Nominations, Compensation, and Personnel Committee ("NCPC")<sup>1</sup> processed and evaluated the nominations for Directors in accordance with the guidelines required by law. The deadline for submission of nominations for election to the Board was on 10 May 2023, which was also the date of the meeting of the NCPC. The NPCC resolved that the following are qualified for election to the Board at the ASM on June 8, 2023:

- a) Edgar B. Saavedra
- b) Oliver Y. Tan
- c) Manuel Louie B. Ferrer
- d) Jez G. Dela Cruz
- e) Leonilo G. Coronel (Independent Director)
- f) Jose M. Layug, Jr. (Independent Director)
- g) Pacita U. Juan (Independent Director)
- h) Elizabeth Ann C. Uychaco (Independent Director)

The NCPC screened and approved the eight (8) nominees for election to the Board in accordance with the Manual on Corporate Governance. The NCPC assessed the said candidates' background, educational qualifications, work experience, expertise, and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the Independent Directors, the NCPC reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for Independent Directors as set forth in the Manual on Corporate Governance, the rules and regulations of the Securities Exchange Commission ("SEC"), the SRC, and the SRC's Implementing Rules and Regulations.

The NCPC determined that they have all the qualifications and none of the disqualifications for election to the Board.

The information on the nominees, including their education background, business experience, and directorships in other reporting companies are discussed in Item 5, pages 4-7 herein.

### **Qualifications**

- (1) Every Director must own at least one (1) share of the capital stock of the Company, which share shall stand in his/her name in the books of the Company. Any Director who ceases to be the owner of at least one (1) share of capital stock of the Company shall *ipso facto* cease to be a Director.
- (2) Every Director must be a person of proven honesty, integrity, and competence.

### **Disqualifications**

- (a) A stockholder may not be nominated or elected to the Board if he/she represents or holds an interest adverse to or in conflict with those of the Company, or if he/she is an officer or stockholder of a corporation or entity engaged in the same or similar business or enterprise as that of the Company.
- (b) The following persons shall in no case be allowed to serve or act as a director:
  - i. Any person convicted of any crime involving any security or financial product;
  - ii. Any person convicted of an offense involving fraud or embezzlement, theft, estafa, or other fraudulent acts or transactions;
  - iii. Any person who, by reason of any misconduct, is enjoined by order, judgement, or decree by any court, quasi-judicial body, or administrative agency of competent jurisdiction from acting as a director, officer, employee, consultant, or agent occupying any fiduciary position;
  - iv. Any person found by the appropriate regulatory agency to have violated, or aided, abetted, counseled, commanded, induced, or procured the violation of the REIT Act of 2009, the Revised Corporation Code, the General Banking Law, the Insurance Code, the Securities Regulation Code, or any related laws and any rules, regulations, or order thereunder;
  - v. Any person judicially declared to be insolvent, or incapacitated to contract;
  - vi. Any person found guilty by a foreign court, regulatory authority, or government agency of the acts or violations similar to any of the acts or misconduct enumerated in sub-paragraphs (i) to (v) above;
  - vii. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment; and
  - viii. Other grounds as the SEC may provide.

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<sup>1</sup> The NCPC is composed of Jez G. Dela Cruz (Chairman), Pacita U. Juan (Member), and Leonilo G. Coronel (Member).

A conviction in the first instance shall be considered sufficient ground for disqualification.

### **Temporary Disqualification**

The following may be grounds for temporary disqualification of a director:

- (1) Absence in more than seventy-five percent (75%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
- (2) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification should be in effect until he has cleared himself from any involvement in the case that gave rise to his dismissal or termination;
- (3) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- (4) Being under preventive suspension by the Company for any reason.

A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

### **Independent Directors**

Before the annual meeting, a stockholder of the Company may nominate individuals to be independent directors, taking into account the following guidelines set forth in the Company's Manual on Corporate Governance and By-Laws:

An Independent Director refers to a person who is independent of Management and the controlling shareholder(s), and is free from any business or other relationship which could, or could reasonably be perceived, to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director.

At least one third (1/3) or at least two (2), whichever is higher, of the Board of Directors, or such number as may be required by the REIT Act and its IRR, shall be independent directors. Furthermore, the Independent Directors shall possess the necessary qualifications and none of the disqualifications for an Independent Director in order to hold such position. The Board's Independent Directors shall serve for a maximum cumulative term of nine (9) years, whether cumulative or intermittent, provided that the total years served does not exceed the nine-year term limit. After which, the Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-Independent Director. In the instance that the Company wants to retain and Independent Director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

To reinforce the independence of the Board, an Independent Director must ideally be a person who:

- (a) Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- (b) Is not, and has not been, in the three (3) years immediately preceding his/her election, a Director of the Company; a Director, officer, employee of the Company's subsidiaries, associates, affiliates, or related companies; or a Director, officer, employee of the Company's substantial shareholders and its related companies;
- (c) Has not been appointed in the Company, including its subsidiaries, associates, affiliates, or related companies as, Chairman "Emeritus", "Ex-Officio" Director / officer or member of any advisory board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his/her election;
- (d) Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates, or related companies;
- (e) Is not a relative of a Director, officer, or substantial shareholder of the Company, or any of its related companies or of any of its substantial shareholders. "Relatives" include spouse, parent, child, brother, sister, and the spouse of such child, brother, or sister;
- (f) Is not acting as a nominee or representative of any Director of the Company or any of its related companies;

- (g) Is not a securities broker-dealer of listed companies and registered issuer of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a Director, officer, principal stockholder, nominee of the firm to an exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- (h) Is not retained, either in his/her personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholders, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his/her election;
- (i) Does not engage or has not engaged, whether by himself/herself or with other persons or through a firm of which he/she is a partner, Director or substantial shareholder, in any transaction with the Company, any of its related companies, or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his/her independent judgment;
- (j) Is not affiliated with any non-profit organization that receives significant funding from the Company, any of its related companies, or substantial shareholders; and
- (k) Is not employed as an executive officer of another company where any of the Company's executives serves as Directors.

"Related companies", as used here, refer to (a) the Company's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company. "Substantial stockholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

#### **Qualifications of an Independent Director**

An Independent Director shall have the following qualifications:

- a. He must be a holder of at least one (1) share of stock of the Corporation registered under his name;
- b. He must be at least a college graduate or have been engaged or exposed to the business of the Corporation for at least five (5) years;
- c. He must be a person of proven integrity/probity;
- d. He must have practical understanding of the business of the Corporation;
- e. He must have previous business experience; and
- f. He must be a member in good standing in relevant industry, business or professional organizations.

#### **Disqualifications of an Independent Director**

- a. He becomes an officer or employee of the Corporation where he is such member of the Board of Director or becomes any of the persons enumerated under Section 4 (1), Article III of the Corporation's By-Laws;
- b. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Corporation;
- c. Fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death in the immediate family or serious accident;
- d. Dismissal, termination or removal for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC;
- e. If any of the judgements or orders cited in Recommendation 2.6 of the Code of Corporate Governance has not yet become final; and
- f. Such other disqualifications which the Corporation's Manual on Corporate Governance provides.

#### **Final List of Nominees**

After the deadline for the submission of nominations, the NCPC meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Manual on Corporate Governance, Rule 38 of the Securities Regulation Code, and SEC Memorandum Circular No. 09, Series of 2011 as amended by SEC Memorandum Circular No. 04, Series of 2017.

The NCPC shall then prepare a Final List of Candidates enumerating the nominees who passed the screening.

The name of the person or group of persons who recommends nominee/s as directors shall be disclosed along with his or their relationship with such nominee/s. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after



the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of directors shall be in accordance with the provisions of the Company's Manual on Corporate Governance and the Amended By-laws consistent with Rule 38 of the Securities Regulation Code.

It shall be the responsibility of the Chairperson of the meeting to inform all stockholders in attendance of the mandatory requirement of electing directors.

He shall ensure that directors are elected during the annual meeting. Specific slots for directors including independent directors shall not be filled up by unqualified nominees. In case of failure of election to elect or complete the required number of directors, the Chairperson of the meeting shall call a separate election during the same meeting to fill up the vacancy.

**Executive Officers Who Are Not Directors**

The table below sets forth the officers of CREIT, as of April 30, 2023:

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>	<b>Term of Office</b>	<b>Directorships Held in Other Companies/Business Experience</b>
Mia Grace Paula S. Cortez	40	Filipino	Chief Finance Officer	Yearly	Director and Chairman, Citicore Energy Solutions, Inc. Director and Treasurer, Citicore Solar Tarlac 1, CSEC, SSUPC, Citicore Biomass Corporation Director, GPS1, GPS2, GPS4, Himamaylan Biomass Power Inc., Corebiomass Power Inc., Director, Cebu2World AVP & Group Comptroller, Megawide Construction Corp. Senior Manager, Punongbayan & Araullo
Raymund Jay S. Gomez	51	Filipino	Compliance Officer	Yearly	Director, Altria, CIHI, CMCI, MLI, MTI, and MWMTI Chief Legal Officer, Compliance Officer, and Data Protection Officer – Megawide Construction Corp. VP-Human Resources, Legal, and Regulatory Affairs Department, Beneficial Life Insurance Company, Inc. AVP-Legal and Corporate Services Department, Aboitiz Equity Ventures, Inc. Former Director of Corporate Legal Affairs and Litigation Department, JG Summit Holdings, Inc.
Michelle A. Magdato	34	Filipino	Investor Relations Officer	Yearly	None
Jaime P. Del Rosario	36	Filipino	Corporate Secretary	Yearly	Director and Corporate Secretary, Citicore Energy Solutions, Inc., Citicore Solar Negros Occidental, Inc., Citicore Solar Bataan, Inc., Citicore Solar Cebu, Inc., Citicore Solar South Cotabato, Inc., Citicore Solar Tarlac 2, Inc., Citicore Solar Bulacan, Inc., SSHI, CSHI, MCC-

					Citicore Construction, Inc., CitiRetail Power Corp., Director, Citicore Property Managers, Inc.
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#### Significant Employees

No single person is expected to make a significant contribution to the business, since the Company considers the collective efforts of all its employees as instrumental to the overall success of its performance.

#### Family Relationships

None of the Company's executive officers are related to each other or to its Directors and substantial Shareholders.

#### Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence during the past five (5) years until present of any of the following events that are material to an evaluation of the ability or integrity of any Director or executive officer:

- (a) Any bankruptcy petition filed by or against any Director, or any business of a Director, nominee for election as Director, or executive officer who was a Director, general partner or executive officer of said business either at the time of the bankruptcy or within two (2) years prior to that time;
- (b) Any Director, nominee for election as Director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign;
- (c) Any Director, nominee for election as Director, or executive officer 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
- (d) Any Director, nominee for election as Director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC 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.

Directors Edgar B. Saavedra, Oliver Y. Tan, Manuel Louie B. Ferrer, and Jez G. Dela Cruz were parties to Criminal Case No. R-LLP-21-01781-CR, entitled "*People of the Philippines v. Manuel Louie B. Ferrer, et al.*" for violation of Section 2-A of Commonwealth Act No. 108 as amended by PD No. 715 (Anti-Dummy Law), before the Regional Trial Court, Branch 68, Lapu-Lapu City, Cebu.

However, on September 27, 2022, the RTC of Lapu-Lapu City, Branch 53 issued an Order denying the Motion for Reconsideration filed by the Lapu-Lapu City Prosecutor's Office, and confirming the dismissal of the case for the alleged violation of the Anti-Dummy Law. On October 25, 2022, the Court issued a Certificate of Finality certifying that the Order was issued and that the same has become final and executory on October 14, 2022.

#### Certain Relationship and Related Transactions

The transactions and outstanding balances of the Company as at and for the three months ended March 31 with related parties are as follows:

Related parties	Transactions		Outstanding balance Receivables (Payables)		Terms and conditions
	March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022	
Parent Company					
Lease income	70,598,457	-	20,547,005	16,226,090	Refer to (e) and Notes 4 and 15.
Advances to (from)	1,192,496	80,169,267	(52,031,221)	(53,223,717)	Refer to (a).
Security deposits					
Additions	-	-	(22,180,645)	(22,180,645)	Refer to (e).
Accretion of interest expense	210,888	-	9,866,373	10,066,877	
			(12,324,272)	(12,113,768)	
Deferred rent income					
Additions	-	-	(10,473,745)	(10,473,745)	Refer to (e).
Amortization	275,347	-	826,041	550,694	
			(9,647,704)	(9,923,051)	
Entities under common control					
Lease income	304,319,798	331,791,550	129,368,577	2,456,998	Refer to (e) and Notes 4 and 15.
Advances to	-	-	-	-	Refer to (a).
Acquisition of properties	1,050,402,371	1,754,116,829	-	-	Refer to (e) and Note 8.
Property management fee	3,755,109	1,494,264	-	-	Refer to (f).
Fund management fee	1,251,703	498,088	-	-	Refer to (g).
Security deposits					
Related parties	Transactions		Outstanding balance Receivables (Payables)		Terms and conditions
	March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022	
Additions	-	-	(128,247,815)	(128,247,815)	Refer to (e).
Accretion of interest expense	767,244	-	82,178,063	82,945,307	
			(46,069,752)	(45,302,508)	
Deferred rent income					
Additions	-	-	(84,429,467)	(84,429,467)	Refer to (e).
Amortization	1,256,217	-	3,768,649	2,512,432	
			(80,660,818)	(81,917,035)	

(a) Advances

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). These advances are expected to be settled in cash within 12 months from March 31, 2023.

(b) Key management compensation

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the period ended March 31, 2023 amounted to P0.1 million (2022 - P0.79 million).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for the periods ended March 31, 2023 and 2022.

(c) Lease agreements and security deposits

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:
  - Land property located in Brgy. Dalayap, Tarlac City, Tarlac with CST2

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in

circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P12.18 million.

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with CSNO

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P69.89 million.

- Land property located in Brgy. Talavera, Toledo City, Cebu with CSCI  
The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P92.45 million.

- Lease agreement of below land properties to related parties:

- Land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P14.62 million (Note 13).

- Land property located in San Ildefonso, Bulacan with CSBI

In 2021, the Company entered into a memorandum of agreement with CSBI for the future sale of land properties owned by CSBI to the Company. In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from CSBI for a total consideration of P1.75 billion (Note 8). The purchase price was fully paid as at March 31, 2023. The land properties were recognized as part of investment properties as at March 31, 2023. Subsequently, the Company and CSBI entered into a lease agreement for the same land properties.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these land properties for the period ended March 31, 2023 amounting to P50.98 million (Note 15).

- Land property located in Brgy. Centrala, Suralla, South Cotabato with CSSCI

In 2021, the Company entered into a memorandum of agreement with CSSCI for the future sale of land properties located in Brgy. Centrala, Suralla, South Cotabato to the Company. In 2022, the Company entered into a contract to sell with CSSCI related to the acquisition of said property, on which CSSCI committed that from the signing of the contract until the signing of deed of absolute sale, CSSCI shall not make any offer, or entertain or discuss any offer, for the sale, mortgage, lease of said property with any person other than the Company. This has resulted in addition to the Company's investment properties. On June 6, 2022, the Company executed a deed of absolute sale for the purchase of said properties for a total consideration of P753.80 million. The purchase price was fully paid as at March 31, 2023. Subsequently, the Company and CSSCI entered into a lease agreement for the same property.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P22.43 million.

- Assignment of SESC of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P70.87 million.

- Land property located in Lumbangan and Luntal Tuy, Batangas with GPS4

In 2023, the Company entered into a contract of lease with Greencore Power Solutions 4 (GPS4) for the lease of 390,148 square meters and 1,062,102 square meters properties located in Luntal and Lumbangan, respectively. The lease agreement is effective for 25 years commencing on January 1, 2023. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P5.98 million and P20.09 million, respectively.

- Land property located in Bolbok Phase 1 and Phase 2 Tuy, Batangas with GPS2

In 2023, the Company entered into a contract of lease with Greencore Power Solutions 2 (GPS2) for the lease of 1,042,078 square meters and 640,577 square meters properties located in Bolbok Phase 1 and 2, respectively. The lease agreement is effective for 25 years commencing on February 2023. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P10.60 million and P6.36 million, respectively.

- Land property located in Arayat Phase 3 Arayat, Batangas with CSP2

In 2023, the Company entered into a contract of lease with CS Pampanga 2, Inc, (CSP2) for the lease of 265,208 square meters. The lease agreement is effective for 25 years commencing on February 2023. The Company has not recognized any lease income related to these properties yet for the period ended March 31, 2023.

In addition to the clauses discussed above, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The recognized lease receivables from related parties as at March 31, 2023 and December 31, 2022 and pertain to accrued rent resulting from the straight-line method of recognizing rental income. During 2022, the Company received security deposits from its lessees amounting to P150.43 million, which is equivalent to three-month lease payments for freehold land properties and one-month lease payment for solar property and leasehold land properties. The security deposits shall remain valid until expiration of the lease agreements and shall serve as guarantee for the lessees' faithful compliance with the terms, conditions, and obligations of lease agreements. The security deposits shall be adjusted annually and the lessees shall provide the necessary amount to keep the security deposits equivalent to the number of months' rent. Upon termination of the lease agreements, the security deposits will be refunded without interest by the Company less payment of all remaining monetary obligations of the lessees to the Company. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessees within 60 days from the return of the leased properties to the Company. These security deposits were presented as non-current liabilities in the statements of financial position as at March 31, 2023.

Details of security deposits and deferred rent income as at March 31, 2023 and December 31, 2022 are as follows:

	Notes	March 31, 2023	December 31, 2022
Security deposits			
Gross amount		150,428,460	150,428,460
Allowance for amortization of security deposits			
Beginning		93,012,184	-
Additions		-	94,903,212
Accretion of interest expense	18	(977,748)	(1,891,028)
End		92,034,436	93,012,184
		58,394,024	57,416,276
Deferred rent income			
Beginning		91,840,086	-
Additions		-	94,903,212
Amortization	15	(1,531,564)	(3,063,126)
		90,308,522	91,840,086
Less: Current portion	9	(6,126,254)	(6,126,256)
Non-current portion		84,182,268	85,713,830

Accretion of interest expense for the periods ended March 31, 2023 and December 31, 2022 amounted to P0.98 million and P1.89 million, respectively.

Deferred rent income pertains to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred rent income for the period ended March 31, 2023 amounted to P1.53 million (March 31, 2022 – nil) which was recognized as part of rental income in the statements of total comprehensive income.

(d) Property management fee

On August 9, 2021, the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI), an entity under common control. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement. Property management commenced in 2022 in line with the date of Company's listing to PSE. Property management fee amounted to P4.7 million and P1.5 million for the periods ended March 31, 2023 and 2022, respectively.

(e) Fund management fee

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI), an entity under common control. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company, plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement. Fund management agreement commenced in 2022 in line with the date of Company's listing to PSE. Fund management fee amounted to P1.6 million and P0.5 million for the periods ended March 31, 2023 and 2022, respectively.

On July 26, 2021, the BOD approved the Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned, or otherwise declined to stand for re-election to the Board since the last annual meeting of the Company's stockholders because of disagreement with the Corporation, on matters relating to its operations, policies, and practices.

## Item 6. Compensation of Directors and Executive Officers

### (a) Executive Compensation

#### SUMMARY COMPENSATION TABLE Annual Compensation (In PhP Millions)

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 (P million)	Bonus (P million)	Other Annual Compensation and Benefits (P million)	Total (P million)
CEO and top three highest compensated officers*					
Oliver Tan, President and CEO	2022	28.72	2.39	5.14	36.25
Jez Dela Cruz, Treasurer	2021	28.60	2.86	5.15	36.62
Raymund Jay Gomez, Compliance Officer					
Mia Grace Paula Cortez, CFO					
All officers and directors as a group unnamed	2022	28.72	2.39	5.14	36.25
	2021	30.37	3.00	5.25	38.63

#### Compensation of Directors

Under the By-Laws of CREIT, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

On July 26, 2021, the Board, approved the giving of Fifty Thousand Pesos (PhP 50,000.00) Director's per diem, per Board meeting, and a Twenty-Five Thousand Pesos (PhP 25,000.00) monthly allowance in the form of reimbursable expenses for each regular director.

#### Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by CREIT's CEO, other officers and/or directors.

#### Employment Contracts, Termination of Employment, Change-in-Control Arrangements

While the Company has no special retirement plans for its employees, it provides retirement benefits in accordance with R.A. No. 7641 or the "Retirement Pay Law", and other applicable laws, rules and regulations. Also, there is no existing arrangement with regard to compensation to be received by any executive officer from CREIT in the event of a change in control of the Company. Aside from its employees, CREIT has also entered into employment contracts with its foreign experts. The contracts with foreign nationals usually include benefits, such as housing, medical and group life insurance, vacation leaves, and company vehicle. Further, employment contracts include provisions regarding CREIT's ownership of any invention developed during the course of employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of one (1) year after the termination of the contract, from engaging, directly or indirectly, for himself or on behalf of or in conjunction with any person, corporation, partnership or other business entity that is connected with the business of CREIT.

#### **Item 7. Independent Public Accountants**

The accounting firm of Isla Lipana & Co. served as CREIT's external auditor for the last fiscal year. The handling partner of Isla Lipana & Co is Mr. Pocholo Domondon. There was no change in or disagreement with the external auditor on accounting and financial disclosures.

In accordance with CREIT's Manual on Corporate Governance, the Audit and Risk Oversight Committee ("AROC") recommends the appointment of the external auditor. The AROC is composed of Leonilo G. Coronel (Chairman), Jose M. Layug, Jr. and Elizabeth Anne C. Uychaco.

The approval of the re-appointment of Isla Lipana & Co as external auditor for the current year, with Mr. Pocholo Domondon as the handling partner, will be undertaken during the ASM.

Representatives from Isla Lipana & Co. will be present during the stockholders' meeting and will have an opportunity to make a statement if they desire to do so. It is also expected that the attending representatives will be able to respond to appropriate questions.

#### **Item 8. Compensation Plans**

No action is to be taken during the ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken during the ASM with respect to any plan pursuant to authorization or issuance of securities other than for exchange.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken during the ASM with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities in exchange for outstanding securities of another class.

#### **Item 11. Financial and Other Information**

For CREIT's Management's Discussion and Analysis and Changes in and Disagreements with Accountants on Accounting and Financial Disclosure, please refer to the Management's Report to this Information Statement as **Exhibit "3"**.

Additionally, CREIT's Consolidated Audited Financial Statements for the period ending 31 December 2022 is to be incorporated in the Information Statement by reference as **Exhibit "4"**.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken during the ASM with respect to any transaction involving: (a) merger or consolidation into or with any other person or of any other person into or with CREIT; (b) acquisition by the Company or any of its security holders of securities of another person; (c) acquisition of any other going business or of the assets thereof; (d) sale or other transfer of all or any substantial part of the assets of the Company; or (e) liquidation or dissolution of the Company.

#### **Item 13. Acquisition or Disposition of Property**

No action is to be taken during the ASM with respect to any transaction to any acquisition or disposition of property by CREIT requiring the approval of the stockholders.

#### **Item 14. Restatement of Accounts**

No action is to be taken during the ASM with respect to restatement of any asset, capital, or surplus account of the Company.



## **D. OTHER MATTERS**

### **Item 15. Action with Respect to Reports**

- (1) The approval of the minutes of the ASM held on 8 June 2022 will be taken up during the meeting. The matters taken up during the ASM on 8 June 2022 were as follows:
- a) Call to Order
  - b) Certification of Notice and Quorum
  - c) Election of Directors
  - d) Ratification of the 2021 Audited Financial Statements
  - e) Appointment of the External Auditor
  - f) Ratification of all acts, resolutions, and proceedings of the Board of Directors and Management up to June 8, 2022
  - g) Amendment of the By-Laws to change the date of the Annual Stockholders' Meeting to June 8
  - h) Approval of the issuance of Fixed-rate Bonds
  - i) Adjournment
- (2) The ratification of the Audited Financial Statements for the year ended December 31, 2022 will be taken up during the ASM.

A copy of the draft Minutes of the ASM held on 8 June 2022 and the Audited Financial Statements for 2022 has been distributed to all Stockholders of the Company.

#### **Requirements under Section 49 of the Revised Corporation Code of the Philippines**

	<b>REQUIREMENT</b>	<b>DISCLOSURE</b>
1	A description of the voting and vote tabulation procedures used in the previous meeting	<p>The Company's stockholder voting mechanism is provided under the Company's By-Laws and this SEC Form 20-IS.</p> <p>During the annual stockholders meeting held last 8 June 2022, only stockholders of record were entitled to notice and vote at the said meeting. The holders of the common shares of stock of the Company voted on matters scheduled to be taken up during the meeting with each share being entitled to cast 1 vote. Voting in absentia and by proxy was allowed by submitting the required documents to qualify.</p> <p>Thereafter, the stock and transfer agent of the Company tabulated the votes cast in absentia and by proxy. The results was verified by the Company's independent auditor, Isla Lipana &amp; Co.</p> <p>Thereafter, the Corporate Secretary counted and validated the total number of votes, including those present, voted by absentia, and voted by proxy, in accordance with the Revised Corporation Code.</p>
2	A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given	The stockholders were given the opportunity to ask questions during the meeting and the Company answered the same. Follow-up questions were made and answered as well.
3	The matters discussed and resolutions reached	Please refer to page 21, Part D, Item 15 (1).
4	A record of the voting results for each agenda item	<ul style="list-style-type: none"><li>a) Election of Directors for the year 2022 – unanimously approved</li><li>b) Ratification of the 2021 Audited Financial Statements – unanimously approved</li><li>c) Appointment of the External Auditor – unanimously approved</li><li>d) Ratification of all acts, resolutions, and proceedings of the Board of Directors and</li></ul>

		<p>Management up to June 8, 2022 – unanimously approved</p> <p>e) Amendment of the By-Laws to change the date of the Annual Stockholders' Meeting to June 8 – unanimously approved</p> <p>f) Approval of the issuance of Fixed-rate Bonds – unanimously approved</p>
5	A list of directors or trustees, officers and stockholders or members who attended the meeting	<p>Stockholders holding 6,545,454,004 shares were present or represented during the 2022 ASM held on 8 June 2022.</p> <p>The corporate stockholders and their corresponding proxies who attended the meeting were as follows:</p> <p>Citicore Renewable Energy Corporation, represented by Mr. Oliver Y. Tan; PCD Nominee Corporation – Filipino represented by Edgar B. Saavedra; and Citicore Solar Tarlac 1, Inc. represented by Mr. Oliver Y. Tan.</p> <p>The stockholders, directors, and officers who attended the meeting were as follows:</p> <p>Edgar B. Saavedra – Director/Chairman Oliver Y. Tan – Director/President/CEO Manuel Louie B. Ferrer – Director Jez G. Dela Cruz – Director/ Treasurer Leonilo G. Coronel – Independent Director Jose M. Layug, Jr. – Independent Director Pacita U. Juan – Independent Director Elizabeth Anne C. Uychaco - Independent Director Jaime P. Del Rosario – Corporate Secretary/Chief Information Officer Elaine O. Wong – Assistant Corporate Secretary Mia Grace Paula S. Cortez – Chief Finance Officer Raymund Jay S. Gomez – Compliance Officer Michelle A. Magdato – Investor Relations Officer</p>

#### Item 16. Matters Not Required to be Submitted

There are no matters to be taken during the meeting that will not require the vote of the stockholders as of the record date.

#### Item 17. Amendment of Charter, Bylaws or Other Documents

Approval by the stockholders will be sought for the approval of the amendment of the By-Laws by changing the allowable record date of the annual stockholders' meeting to be a date not exceed thirty-one (31) days immediately preceding the date of the annual stockholders' meeting.

A resolution on this agenda item will be presented to the stockholders for adoption by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock voting in absentia or voting through the Chairman of the meeting as proxy.

#### Item 18. Other Proposed Action

Ratification of the Acts of the Board of Directors and Management

The resolution to be adopted will be the ratification and approval of all acts of the Board, its Committees, corporate officers, and management from 8 June 2022 up to the date of the ASM.

The regular and special meetings of the Board were held on the following dates:

- a) 10 January 2022 (Special Meeting)
- b) 11 April 2022 (Special Meeting)
- c) 8 June 2022 (Regular Meeting)
- d) 20 July 2022 (Regular Meeting)
- e) 14 September 2022 (Regular Meeting)
- f) 9 November 2022 (Regular Meeting)
- g) 22 March 2023 (Regular Meeting)

At these meetings, matters discussed included the presentation of detailed operations and financial reports. In addition to these reports, the Board approved acts pertaining to obtaining government permits and clearances, execution of contracts, availment of services from banks and other acts necessary for various projects of CREIT.

### **Item 19. Voting Procedures**

The stockholders as of 18 May 2023 may vote during the Company's ASM on 8 June 2023.

- a) The vote required for approval and/or election

The vote required for the election of Directors and all other questions (except in cases otherwise provided by the Company) is the vote of at least a majority of the outstanding capital stock.

- b) The method by which votes will be counted

Article II, Section 7 of the By-laws provides that at all meetings of stockholders, a stockholder may vote in person or by proxy. Section 23 of the Revised Corporation Code of the Philippines provides that in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the bylaws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election.

In accordance with SEC Memorandum Circular No. 06, Series of 2020, voting during the ASM will be done through remote communication. In this regard, the manner and procedure by which the shareholders may vote is described in **Exhibit "1"**.

Each stockholder shall have one (1) vote for each share of stock entitled to vote and recorded in his name in the books of CREIT.

Isla Lipana & Co. will verify the votes tabulated.

**UNDERTAKING: The Company will provide without charge its Annual Report or SEC Form 17-A to its stockholders upon receipt of written request addressed to: The Office of the Corporate Secretary, 11<sup>th</sup> Floor, Rockwell Santolan Town Plaza, Col. Bonny Serrano Ave., San Juan City.**

## **SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of San Juan on the 18th day of May 2023.

By:



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**JAIME P. DEL ROSARIO**  
*Corporate Secretary*

**NOTICE OF ANNUAL STOCKHOLDERS’ MEETING**

Notice is hereby given that the annual stockholders’ meeting of **Citicore Energy REIT Corp.** (the “**Company**”) will be conducted virtually via [Event Link](#) on Thursday, **June 8, 2023** at **3:00 p.m.** with the following agenda:

**AGENDA**

**I. Call to Order**

- The Chairman will call the meeting to order.

**II. Certification of Notice and Quorum**

- The Corporate Secretary will certify that notices of the meeting have been duly sent to the stockholders of record date as required by the By-Laws. He will also attest to the attendance at the meeting and whether a quorum is present. Except as otherwise provided by law, a quorum shall consist of stockholders owning majority of the outstanding capital stock (exclusive of treasury stock) participating in person, *in absentia*, or by proxy.

**III. Approval of the Minutes of the Annual Stockholders’ Meeting held last 8 June 2022**

- The Minutes of the Annual Stockholders’ Meeting held last 8 June 2022 will be submitted for approval.

**IV. President’s Report – Annual Sustainability Report**

- The President of the Company will give a report and provide the operational highlights of 2022.

**V. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors and Officers up to 8 June 2023**

- For ratification of the stockholders are all acts of the Board of Directors and Management conducted in the ordinary course of the Company’s business.

**VI. Ratification of the Audited Financial Statements for the year ended Dec. 31, 2022**

- The 2022 Audited Financial Statements of the Company will be submitted for ratification of the stockholders.

**VII. Election of Directors (including independent directors) to serve for 2023-2024**

- The stockholders will approve the election of the regular and independent directors to hold office until the next Annual Stockholders’ Meeting and until their respective successors have been elected and qualified. The nominees were evaluated on the basis of all qualifications required by the Company’s By-Laws, Manual on Corporate Governance, and that no provision on disqualification would apply to them.

## EXHIBIT "1"

### VIII. Appointment of External Auditor

- The stockholders will approve the appointment of Isla Lipana & Co. as the Company's external auditor.

### IX. Amendment of By-Law with respect to the fixing of record date

- Amendment of Section 9, Article II of the Corporation's By-Laws with respect to the fixing of record date.
- A resolution on this agenda item will be presented to the stockholders for adoption by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock voting in absentia or voting through the Chairman of the meeting as proxy.

### X. Other Matters

### XI. Adjournment

Only stockholders on record as of **18 May 2023** are entitled to notice of, and to vote at, this meeting.

Stockholders intending to participate by remote communication should notify the stock transfer agent of the Company of their intention to attend the 2023 ASM by emailing [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com) or [edelyn.jimeno@professionalstocktransfer.com](mailto:edelyn.jimeno@professionalstocktransfer.com) by **5:00 P.M. of 6 June 2023**. Such Stockholders must provide or attach in the email the requirements listed in Section I (1) (a) or I (1) (b), as the case may be, under **Exhibit 1** in order to be validated.

Stockholders may vote by remote communication, or in absentia subject to validation procedures.

The procedures for participating in the meeting through remote communication and for casting votes in absentia will be set forth in the Information Statement.

Please refer to **Exhibit 1** for the full details on the submission of proxies, procedure for voting, and participation in the Annual Stockholders' Meeting.

The Corporation's Information Statement, Management Report, and 2022 Audited Financial Statements will be made available in the company website at <https://www.creit.com.ph/> and in the Philippine Stock Exchange EDGE disclosure system no later than 18 May 2023.

San Juan City, Philippines, 05 May 2023.



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**JAIME P. DEL ROSARIO**  
*Corporate Secretary*

## **PROCEDURE FOR VOTING AND PARTICIPATION VIA REMOTE COMMUNICATION**

Citicore Energy REIT Corp. (the “Company”) shall be conducting its 2023 Annual Stockholders’ Meeting on **8 June 2023, at 3:00 P.M.** via remote communication (“2023 ASM”). In this regard, stockholders of record as of 18 May 2023 (“Stockholders”), shall be entitled to attend, participate, and vote in the 2023 ASM, in accordance with the procedure outlined below:

### **I. VOTING IN ABSENTIA**

1. The Stockholders who would like to vote in absentia shall register at [Registration Link](#) from 18 May 2023 to 01 June 2023, where they will be asked to provide the following information:
  - a. **For individual Stockholders:**
    - i. Full name;
    - ii. Address;
    - iii. Birthdate;
    - iv. Email address;
    - v. Phone number;
    - vi. Mobile number;
    - vii. Current photograph, with face fully visible;
    - viii. Scanned copy of valid government-issued ID; and
    - ix. For Stockholders with joint accounts, a scanned copy of an authorization letter signed by the other Stockholders, indicating who among them is authorized to cast the vote for the account.
  - b. **For corporate Stockholders:**
    - i. Corporate Name;
    - ii. Address;
    - iii. Email address;
    - iv. Phone number;
    - v. Mobile number;
    - vi. Scanned copy of the Secretary’s Certificate or Board Resolution authorizing the representative of the corporation to cast the vote;
    - vii. Current photograph of the representative authorized to cast the vote for the corporation, with face fully visible; and
    - viii. Scanned copy of valid government-issued ID of the authorized representative.

The submissions of Stockholders shall immediately be validated by the stock transfer agent of the Company, Professional Stock Transfer, Inc., in coordination with the Corporate Secretary.

2. Upon validation, a Stockholder shall be sent a username and password to the email address he/she has provided during registration. The Stockholder shall use this username and password to log in to the voting page at [Voting Link](#) to be able to cast his/her vote in all the matters included in the agenda of the Company’s 2023 ASM.

When a Stockholder has finished voting, he/she shall be shown a summary of the votes he/she has cast. If the Stockholder is satisfied, he/she may click the "Submit" button; otherwise, the Stockholder may click the "Back" button to make any desired changes in his/her votes.

**The registered Stockholders shall be allowed to vote until 11:59 P.M. of 1 June 2023.** The votes shall be considered cast for all the shares of the Stockholder.

3. The Stockholders who register and vote in absentia are deemed to have given their permission to the collection, use, transfer, disclosure, sharing, storage, and other forms of processing (collectively "Processing"), by the Company or any relevant third party, of the personal data they have provided. The Processing of the Stockholders personal data shall be used for the purpose of voting in absentia during the 2023 ASM, including for any reason necessary or incidental thereto.

## II. **VOTING BY PROXY**

The Stockholders of the Company may also vote by completing the proxy form attached to the Information Statement. The completed and signed proxy form shall be submitted by the Stockholder to the Company's stock transfer agent, through electronic mail and/or personal service, from **18 May 2023 until 30 May 2023**. Please refer to the details provided below:

Through Electronic Mail:

**PROFESSIONAL STOCK TRANSFER, INC.**

Ms. Edelyn S. Jimeno – [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com);

[edelyn.jimeno@professionalstocktransfer.com](mailto:edelyn.jimeno@professionalstocktransfer.com)

Through Personal Service:

**PROFESSIONAL STOCK TRANSFER, INC.**

10<sup>th</sup> Floor Telecom Plaza

316 Sen. Gil Puyat Avenue,

1209 Makati City

Contact Person: Ms. Edelyn S. Jimeno [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com);

[edelyn.jimeno@professionalstocktransfer.com](mailto:edelyn.jimeno@professionalstocktransfer.com)

For the purpose of validation, the Stockholder must include the following in transmitting the completed and signed proxy form:

1. Full name of contact person;
2. Phone or mobile number of contact person;
3. Scanned copy of valid government-issued ID of the Stockholder and his/her appointed proxy (if not the Chairman of the Company); and
4. For corporate Stockholders, scanned copy of Secretary's Certificate or Board Resolution authorizing the representative to act as the proxy.



### III. **TABULATION OF VOTES**

Thereafter, the stock transfer agent of the Company shall tabulate the votes cast in absentia and by proxy. The results shall be verified by the Company's independent auditor, Isla Lipana & Co.

The total votes made in absentia and by proxy, as well as the number of shares represented by the same, shall be announced during the 2023 ASM.

### IV. **PARTICIPATION IN THE 2023 ASM THROUGH REMOTE COMMUNICATIONS**

1. The Stockholders may attend the meeting on **8 June 2023, at 3:00 P.M.**, through the following link: [Event Link](#). The 2023 ASM shall be broadcasted live via Microsoft Teams, which may be accessed either through a web browser or the Microsoft Teams application.
2. The Stockholders who have not voted in absentia or submitted their proxies may still attend the 2023 ASM through the link provided above. However, to be included in the determination of the quorum, they must notify the stock transfer agent of the Company of their intention to attend the 2022 ASM by emailing [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com) or [edelyn.jimeno@professionalstocktransfer.com](mailto:edelyn.jimeno@professionalstocktransfer.com) by **5:00 P.M. of 6 June 2023**. Such Stockholders must provide or attach in the email the requirements listed in Section I (1) (a) or I (1) (b), as the case may be, in order to be validated.
3. In view of the foregoing, the quorum for the 2023 ASM shall be determined based on the following:
  - a. The Stockholders who were validated and voted in absentia;
  - b. The Stockholders who submitted their proxy forms and were validated; and
  - c. The Stockholders who notified the Corporate Secretary of their intention to attend the 2023 ASM and were validated.
4. During the 2023 ASM, Stockholders will be given the opportunity to raise any questions or comments, by submitting the same in a chat box that will be made available to them throughout the live broadcast. The Company shall acknowledge, read out loud, and address such questions or comments.

The Stockholders are, however, encouraged to furnish all questions, concerns, or comments to the Company prior to the 2023 ASM, by emailing the same to the stock transfer agent of the Company at [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com), [edelyn.jimeno@professionalstocktransfer.com](mailto:edelyn.jimeno@professionalstocktransfer.com) and/or to the Corporate Secretary at [corpsecretary@creit.com.ph](mailto:corpsecretary@creit.com.ph) by **5:00 P.M. of 6 June 2023**. These questions, concerns, or comments shall be answered during the 2023 ASM. Any unanswered questions shall be addressed via email.

**EXHIBIT "1"**

**PROXY**

The undersigned stockholder of **CITICORE ENERGY REIT CORP.** (the "Company") hereby appoints \_\_\_\_\_ or in his/her absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution and delegation, to represent and vote all shares registered in the name of the undersigned stockholder, at the **virtual Annual Stockholders' Meeting** of the Company on **June 8, 2023 at 3:00 p.m., through Microsoft Teams**, and any adjournment/s thereof, as fully and to all intents and purposes as the undersigned might or could do if present and acting in person, hereby ratifying and confirming any and all acts which such proxy may do in or upon any and all matters which may properly come before any said meeting, or any adjournment/s thereof, upon the following proposals:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on June 8, 2022

☐ Yes                      ☐ No                      ☐ Abstain

2. Election of Directors

☐ Vote for all nominees listed below:

Edgar B. Saavedra	Leonilo G. Coronel (independent director)
Oliver Y. Tan	Pacita U. Juan (independent director)
Manuel Louie B. Ferrer	Jose M. Layug, Jr. (independent director)
Jez G. Dela Cruz	Elizabeth Anne C. Uychaco (independent director)

☐ Withhold authority for all nominee listed above

☐ Withhold authority to vote for the nominees listed below

_____	_____
_____	_____
_____	_____

3. Ratification of the 2022 Audited Financial Statements

☐ Yes                      ☐ No                      ☐ Abstain

4. Appointment of Isla Lipana & Co. as external auditor

☐ Yes                      ☐ No                      ☐ Abstain

5. Ratification of all acts of Management and the Board of Directors

☐ Yes                      ☐ No                      ☐ Abstain

6. Approval of the Amendment of By-Laws changing the record date setting for the annual stockholders' meeting.

☐ Yes      ☐ No      ☐ Abstain

7. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder/ Authorized Signatory

**WE ARE NOT ASKING OR SOLICITING YOU FOR A PROXY.**

**Instructions**

This proxy should be received by the Corporate Secretary from **18 May 2023 until 30 May 2023**, the deadline for the submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "Yes" for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a corporate secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. Meanwhile, a proxy executed by a broker must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for five (5) years from the date hereof unless otherwise indicated in the box herein provided.

No director or executive officer, nominee for election as director, or associate of such director, executive officer, or nominee of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect by security holdings or otherwise, in any of the matters to be acted upon in the meeting.

**WE ARE NOT ASKING YOU FOR A PROXY.  
YOU ARE NOT BEING REQUESTED TO SEND US A PROXY.**

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LEONILLO G. CORONEL**, Filipino, of legal age and a resident of No. 16 Avocado Street, Valle Verde 1, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Citicore Energy REIT Corp. ("CREIT")** and have been its independent director since 25 May 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Software Ventures International	Director	1992-Present
Philippine National Bank	Vice Chairman / Director	2013-Present
Toyota - Pasong Tamo	Director	2021-Present
Toyota - Bonifacio Global City	Director	2021-Present
Toyota - Angeles	Director	2021-Present
M2 Car Accessories Corp.	Director	2021-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of CREIT as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of CREIT other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

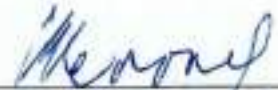
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of MAY 16 2023 in San Juan City.

*[Signature page follows.]*



**Leonilo G. Coronel**

*Affiant*

MAY 16 2023

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ in San Juan City, affiant personally appeared before me and exhibited to me his Senior Citizen ID No. 07747 issued on 20 September 2006.

Doc. No.: 144;

Page No.: 34;

Book No.: 3;

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

1/F Santolan Town Plaza, 276 Santolan Rd.,

San Juan City

Roll of Attorneys No. 77312

PTR No. 1673663 / 01-06-2023 / San Juan Ci.

ISDOR No. 275028 / 01-07-2023 / RSM



### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE M. LAYUG, JR.**, Filipino, of legal age and a resident of No. 120 Aquarius St., Cinco Hermanos Subdivision, Marikina City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Citicore Energy REIT Corp. ("CREIT")** and have been its independent director since 25 May 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
University of Makati School of Law	Dean	2019-Present
Developers of Renewable Energy for Advancement, Inc.	President	2018-Present
Vivant Corporation	Independent Director	2018-Present
Hacienda Asia Plantations, Inc.	Independent Director	2021-Present
Divina Law	Senior Partner	February 2023-Present
Phinma Solar Corp. Oriental Petrol	Independent Director	May 2023-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of CREIT as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of CREIT other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of MAY 16 2023 in SAN JUAN CITY

*[Signature page follows.]*

  
Jose M. Layug, Jr.  
Affiant

**SUBSCRIBED AND SWORN** to before me this MAY 16 2023 day of \_\_\_\_\_ in San Juan City, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. CCI2020-08827008 issued in Makati City.

Doc. No.: 162 ;  
Page No.: 34 ;  
Book No.: 3 ;  
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  
c/o Santolan Town Plaza, 276 Santolan Rd.  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan City  
IRP O.R. No. 275028 / 01-07-2023 / RSM

# **CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Pacita U. Juan, Filipino, of legal age and a resident of 106 Valero Street, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Citicore Energy REIT Corp. ("CREIT")** and have been its independent director since 25 May 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
M.D. Juan Enterprises, Inc.	President	1978-Present
Centro Mfg. Corporation	Vice President for Finance and Treasurer	1997-Present
Peace and Equity Holdings, Inc.	Treasurer	2017-2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of CREIT as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of CREIT other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of MAY 16 2023 in San Juan City.

*[Signature page follows.]*





Pacita U. Juan  
Affiant

MAY 16 2023

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ in San Juan City,  
affiant personally appeared before me and exhibited to me her Driver's License No. N01-73-064166  
issued on 19 September 2017.

Doc. No.: 163  
Page No.: 34  
Book No.: 3  
Series of 2023.



**FRA ANGELICA S. ALEJANDRE**

Appointment No. 109 (2023-2024)

Notary Public for and in the City

Pasig and San Juan

Municipality of Pasig

Until 31 December 2024

11/F Santolan Town Plaza, 27th Century

San Juan City

Roll of Attorneys No. 77312

PTR No. 1673663 / 01-06-2023 / San Juan C.

IBP O.R. No. 275028 / 01-07-2023 / RSM

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ELIZABETH ANNE C. UYCHACO**, Filipino, of legal age and a resident of 10M Amorsolo West, Rockwell Center, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Citicore Energy REIT Corp. ("CREIT")** and have been its independent director since 25 May 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation	Senior Vice President	2009-Present
Belle Corporation	Director and Vice Chairman	2009-Present
NEO Group	Chairman	2019-Present
Republic Glass Corporation	Director	2013-Present
Goldilocks Bakeshop, Inc.	Director	2018-Present
Philippine Urban Living Solutions Inc.	Director	2021-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of CREIT as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of CREIT other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this \_\_\_\_\_ day of MAY 16 2023 in San Juan City.

*[Signature page follows.]*



**Elizabeth Anne C. Uychaco**  
*Affiant*

MAY 16 2023

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ in San Juan City, affiant personally appeared before me and exhibited to me her Passport No. P8965244A issued at DFA-Manila on 01 October 2018.

Doc. No.: 145 ;  
Page No.: 34 ;  
Book No.: 3 ;  
Series of 2023.



**FRANCISCO 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 Rd.  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan City  
IBO No. 275028 / 01-07-2023 / RSM

## MANAGEMENT REPORT

### (A) Management's Discussion and Analysis or Plan of Operation

On May 25, 2021, the Company amended its articles of incorporation to, among others, change the primary purpose of the business from operation of renewable energy power-generating plant to a REIT Company. Upon SEC approval on the amended Articles of Incorporation, the Company also executed several lease contract with solar operating plants, lessees whereby Armenia and Dalayap properties commenced its lease contract on November 1, 2021 and Toledo and Silay properties commenced on January 1, 2022.

On October 13, 2021, the Company assigned its Service Contract to operate the Clark Solar Plant to CREC and accordingly, on the same date, executed lease contract beginning November 1, 2021 for a period 18 years. The assignment of service contract was approved on December 24, 2021, hence, the commencement date of the lease was moved to January 1, 2022.

The foregoing financial statements as of and for the year ended December 31, 2021, 2020 and 2019 pertains to the operation and maintenance of the Clark Plant while the lease income for Dalayap and Armenia represents two months duration only in 2021. Meanwhile for 2022 financials, the Company successfully operated as a full REIT Company beginning January 1, 2022 with the infusion of two properties also in Bulacan and South Cotabato in 2022.

	For the three months ended March 31,			
	2023	2022	Increase (decrease)	% Change
	₱ thousands (Unaudited)	₱ thousands (Unaudited)	₱ thousands	
<b>Rental income</b> .....	<b>376,450</b>	<b>331,792</b>	<b>44,658</b>	<b>13.5%</b>
Cost of service.....	(24,166)	(19,680)	(4,486)	22.8%
<b>Gross profit</b> .....	<b>352,283</b>	<b>312,112</b>	<b>40,172</b>	<b>12.9%</b>
Operating expenses .....	(3,305)	(8,080)	4,775	(59.1%)
<b>Income from operations</b> .....	<b>348,979</b>	<b>304,032</b>	<b>44,947</b>	<b>14.8%</b>
Other expenses – net.....	(44,020)	(3,703)	(40,317)	91.6%
<b>Income before income tax</b> .....	<b>304,959</b>	<b>300,329</b>	<b>4,630</b>	<b>1.5%</b>
Income tax expense.....	—	(30)	30	100.0
<b>Net income</b> .....	<b>304,959</b>	<b>300,299</b>	<b>4,660</b>	<b>1.6%</b>

### Results of Operations

*Review of results for the three (3) months ended March 31, 2023, as compared with the results for the three (3) months ended March 31, 2022.*

#### **Revenues increased by 13% or P44.66 million**

Revenues for the period amounted to P376.45 million, 13% or P44.66 million higher from the same period last year. The increase in revenue for the period pertains to the new parcels of land acquired by the

Company from the use of proceeds of its green bond offering last February 10, 2023. These parcels of land were then leased out to the new projects that are currently under construction.

**Direct Costs increased by 23% or P4.49 million**

Direct costs amounted to P24.17 million and were higher by 23% or P4.49 million. The increase mainly pertains to related property and fund management fee recognized for the period which is equivalent to three months and which were based on the fixed based rental revenue. March 31, 2022 only recognized equivalent to one month property and fund management fee immediately after the Company's IPO in February 2022.

**Gross Profit increased by 13% or P40.17 million**

Gross profit amounted to P352.28 million for the first three months of 2023, translating to a gross profit margin of 94%. The increase is related to the Company's expansion of leasing activities beginning 2022 arising from various acquisitions and transfers of freehold and leasehold assets.

**Other Operating Expenses decreased by 59% or P4.78 million**

Net Other Operating Expenses for the three-month period amounted to P3.30 million. The previous period's net other operating expenses mainly related to expenses incurred from the Company's initial public offering attributable to secondary offer and hence are not deductible against the Company's additional paid-up capital.

**Finance cost increased by 1,034% or P45.34 million**

The increase in finance cost is mainly related to the first coupon payment of the green bond of the Company accrued and recognized for the period amounting to P43 million. The first coupon payment is due on May 10, 2023. On February 10, 2023, the Company issued a 5-year green bond amounting to P4.5 billion with a coupon rate of 7.0543%. Other finance cost for the period is mainly related to finance cost on long term lease contract which are accounted for under PFRS 16, Leases.

**Others - net increased by 738% or P5.02 million**

Other charges - net, which consists of finance income and unrealized foreign currency gains amounted to P5.70 million, 738% higher from year-ago levels. Interest income increased due to the proceeds it received from its green bond offering recognized for the period.

**Net Income increased by 2% or P4.66 million**

Net income amounted to P304.96 million compared to year ago level of P300.30 million. The increase is mainly related to commencement of the Company's lease contracts on its newly- acquired properties in Lumbangan and Luntal, Batangas offset by the accrual of the interest expensed recognized for the period for the first coupon payment of the P4.5 billion green bond issuance.

***FY2022 vs FY2021******Results of Operations***

*Review of results for the year ended December 31, 2022 as compared with the results for the year ended December 31, 2021.*

	For the year ended December 31,			
	2022	2022	Increase (decrease)	% Change
	₱ thousands	₱ thousands	₱ thousands	
	(Audited)	(Audited)		
Sale of electricity .....	-	334,519	(334,519)	(100.0%)
Lease revenue.....	1,374,530	17,774	1,356,756	7621.9%
<b>Revenue .....</b>	<b>1,374,530</b>	<b>352,293</b>	<b>1,022,237</b>	<b>290.2%</b>
Cost of service.....	(91,269)	(74,208)	(17,061)	(23.0%)
<b>Gross profit.....</b>	<b>1,283,261</b>	<b>278,085</b>	<b>1,005,175</b>	<b>361.5%</b>
Operating expenses .....	(8,441)	(56,973)	48,532	(85.3%)
<b>Income from operations .....</b>	<b>1,274,820</b>	<b>221,112</b>	<b>1,053,707</b>	<b>476.6%</b>
Other expenses – net.....	(14,206)	(3,433)	(10,773)	317.6%
<b>Income before income tax.....</b>	<b>1,260,613</b>	<b>217,679</b>	<b>1,043,934</b>	<b>479.1%</b>
Income tax expense.....	(8,200)	8,200	(16,400)	(200.0%)
<b>Net income .....</b>	<b>1,252,413</b>	<b>225,879</b>	<b>1,026,533</b>	<b>454.4%</b>

***Year ended December 31, 2022 compared with year ended December 31, 2021***

***Revenues increased by 290% or ₱1.02 billion***

Revenues for the period amounted to ₱1.37 billion, 290% or ₱1.02 billion higher from the same period last year. The Company’s revenue in 2022 mainly consists of lease revenue from its freehold properties amounting to ₱381.7 million, leasehold properties amounting to ₱709.9 million and solar plant amounting to ₱282.9 million which lease agreement mostly commenced beginning January 1, 2022.

Guaranteed based lease revenue amounted to to ₱1.33 billion while variable lease revenue amounted to ₱43.9 million. The significant increase in variable lease income of ₱17.7 million against what was planned and reported in the CREIT Final Prospectus was due to higher output generation of the solar plants and increase in the tariff rates during the year taking advantage of the higher WESM prices. Variable rental income is 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.

In 2021, revenue consists mainly of sale of electricity from the Company’s Clark solar plant which was assigned to its Parent Company beginning January 1, 2022 as approved by the Department of Energy.

***Direct Costs increased by 23% or ₱17.1 million***

Direct costs amounted to ₱91.3 million and were higher by 23% or ₱17.1 million. The increase mainly pertains to related property and fund management fee recognized in 2022 which were based on the fixed based rental revenue.

***Gross Profit increased by 362% or P1.01 billion***



Gross profit amounted to ₱1.28 billion for the twelve months of 2022, translating to a gross profit margin of 93%. The increase is related to the Company’s expansion of leasing activities beginning 2022 arising from various acquisitions and transfers of freehold and leasehold assets.

**Other Operating Expenses decreased by 85% or P48.6 million**

Net Other Operating Expenses for the twelve-month period amounted to ₱8.4 million. The decrease of ₱48.6 million was mainly related to the change in business operations of CREIT from a Clark plant operation and maintenance in 2021 to a full REIT Company operations in 2022.

**Finance cost decreased by 40% or P11.8 million**

The decrease in finance cost is mainly related to the decrease in finance cost charged by a local bank from the Company’s loans. In May 2021, the loan was assumed by the Parent Company via debt-to- equity conversion, hence, by the end of 2021, the Company is unlevered. Finance cost for the period ending 2022 is mainly related to finance cost on long term lease contract which are accounted for under PFRS 16, Leases.

**Other Income - net decreased by 87% or P22.6 million**

Other income - net, which consists mainly of finance income and other income (expenses) amounted to ₱3.4 million, 87% lower from year-ago levels. Significant amount last year was due to the reversal of prior year provisions on business taxes on property. Interest income increased due to the proceeds it received from its IPO recognized for the period.

**Net Income increased by 454% or P1.03 billion**

Net income amounted to ₱1.25 billion compared to year ago level of ₱225.9 million. The increase is mainly related to commencement of the Company’s lease contracts on its freehold properties in Armenia, Tarlac City and San Ildefonso, Bulacan City, its leasehold properties in Brgy. Talavera, Toledo City, Cebu, Silay City, Negros Occidental and Brgy. Dalayap, Tarlac City and its solar farm in Clark Freeport Zone, Pampanga.

***FY2021 vs FY2020******Results of Operations***

*Review of results for the year ended December 31, 2021 as compared with the results for the year ended December 31, 2020.*

	For the year ended December 31,			
	2021	2020	Increase (decrease)	% Change
	₱ thousands (Audited)		₱ thousands	
Sale of electricity .....	334,519	269,077	65,442	24.3%
Rental income .....	17,774	—	17,774	100.0%
<b>Revenues .....</b>	<b>352,293</b>	<b>269,077</b>	<b>83,216</b>	<b>30.9%</b>
Cost of services.....	74,208	94,624	20,416	(21.6)
<b>Gross profit.....</b>	<b>278,085</b>	<b>174,453</b>	<b>103,632</b>	<b>59.4%</b>
Operating expenses .....	56,973	7,988	(48,984)	613.2%
<b>Income from operations .....</b>	<b>221,112</b>	<b>166,465</b>	<b>54,647</b>	<b>32.8%</b>
Finance costs .....	(29,439)	(64,054)	34,615	54.0%
Other expenses – net.....	26,005	1,704	24,302	1426%
<b>Income before income tax .....</b>	<b>217,680</b>	<b>104,115</b>	<b>113,565</b>	<b>109.1%</b>
Income tax expense .....	8,200	—	8,200	100.0%
<b>Net income .....</b>	<b>225,880</b>	<b>104,115</b>	<b>121,816</b>	<b>117.0%</b>

***Year ended December 31, 2021 compared with year ended December 31, 2020***

***Revenues***

The Company’s revenues pertain to sale of electricity and lease revenues amounting to ₱352.3 million and ₱269.1 million for the years ended December 31, 2021 and 2020, respectively.

Revenues increased by P83.2 million or 31%. The Company’s land rental income amounting to P17.8 million which represents rental from two properties which commenced on November 1, 2021. Meanwhile, electricity sales increased by P65.4 million primarily due to the feed in tariff rate adjustment.

***Cost of services***

The Company’s cost of services decreased by P20.4 million or 22% or amounted to ₱74.2 million and ₱94.6 million for the years ended December 31, 2021 and 2020, respectively which majority pertain to depreciation of the Clark Solar Power Plant reported under property, plant and equipment. The decrease in costs of services pertains to the reversal of retirement benefit obligation amounting to P5.5 million and the recalibration of the accrual of taxes and licenses with actual tax payments which resulted to a decrease in expense by P16.7 million.

***Gross Profit***

The Company’s gross profit stands at ₱278.1 million and ₱174.5 million for the years ended December 31, 2021 and 2020, respectively. The increase in gross profit is in line with the increase in revenue and decrease cost of services in 2021.

***Operating expenses***

The Company’s operating expenses increased by ₱49.0 million, or 613% from ₱8.0 million for the year ended December 31, 2020 to ₱57.0 million for the year ended December 31, 2021, primarily due to expenses related to the Company’s initial public offering (IPO). For purposes of recognition, IPO cost are allocated between the primary and secondary shares where the amount allocated to secondary shares are recognized in profit or loss while the amount allocated to primary shares will be deducted against Additional Paid In Capital at the time of offer.



**Other expenses – net**

The Company's other expenses – net decreased by ₱58.9 million, or 94% from ₱63.4 million for the year ended December 31, 2020 to ₱3.4 million for the year ended December 31, 2021, primarily due to the decrease in the Company's interest expense as a result of the Company's capital restructuring initiatives.

**Income before income tax**

As a result of the foregoing, the Company's income before income tax increased by ₱113.6 million, or 109% from ₱104.1 million for the year ended December 31, 2020 to ₱217.7 million for the year ended December 31, 2021 due to significant increase in gross profit and decrease in finance costs.

**Income tax benefit**

The Company's income tax benefit increased by ₱8.2 million, or 100% from nil for the year ended December 31, 2020 for the year ended December 31, 2021, due to the recognition of deferred tax asset on Net Operating Losses arising from non-ITH activities. The Company's sale of electricity is covered by its seven-year income tax holiday with BOI.

**Net income**

As a result of the foregoing, the Company's net income increased by ₱121.8 million, or 117% from ₱104.1 million for the year ended December 31, 2020 to ₱225.9 million for the year ended December 31, 2021.

	For the year ended December 31,			
	2020	2019	Increase (decrease)	% Change
	₱ thousands (Audited)	₱ thousands	₱ thousands	
Sale of electricity .....	269,077	248,011	21,066	8.5%
Rental income .....	—	—	—	—
<b>Revenues</b> .....	<b>269,077</b>	<b>248,011</b>	<b>21,066</b>	<b>8.5%</b>
Cost of services .....	94,624	98,376	3,752	3.8%
<b>Gross profit</b> .....	<b>174,453</b>	<b>149,635</b>	<b>24,818</b>	<b>16.6%</b>
Operating expenses .....	7,988	3,387	(4,601)	(135.9%)
<b>Income from operations</b> .....	<b>166,465</b>	<b>146,248</b>	<b>20,217</b>	<b>13.8%</b>
Finance costs .....	(64,054)	(68,727)	4,672	6.8%

	For the year ended December 31,			
	2020	2019	Increase (decrease)	% Change
	₱ thousands (Audited)	₱ thousands	₱ thousands	
Other expenses – net .....	1,704	2,050	346	16.9%
<b>Income before income tax</b> .....	<b>104,115</b>	<b>79,571</b>	<b>24,544</b>	<b>30.8%</b>
Income tax expense .....	—	—	—	—
<b>Net income</b> .....	<b>104,115</b>	<b>79,571</b>	<b>24,544</b>	<b>30.8%</b>

***Year ended December 31, 2020 compared with year ended December 31, 2019******Revenues***

The Company's total revenues increased by 8% or ₱21.1 million from ₱248.0 million for the year ended December 31, 2019 to ₱269.1 million for the year ended December 31, 2020. Increase in revenue was due to increase in output generation for the period as a result of normalized irradiation and outages from 2019.

***Cost of services***

The Company's cost of services decreased by ₱3.8 million or 4% from ₱94.6 million in 2020 to ₱98.4 million in 2019 primarily due to the Company's cost management initiatives in operating and managing the Clark Plant.

***Gross Profit***

The Company's gross profit stands at ₱174.5 million in 2020 to ₱149.6 million in 2019 which translated to an increase of ₱24.8 million or 17% due to the increase in revenue and cost of service reductions.

***Operating expenses***

The Company's operating expenses increased by ₱4.6 million, or 136% from ₱3.4 million for the year ended December 31, 2019 to ₱7.9 million for the year ended December 31, 2020, primarily due to higher business taxes *as a result of higher revenues and recognition of provision on doubtful accounts amounting to ₱1.9 million.*

***Other expenses - net***

The Company's other expenses – net decreased by ₱4.3 million, or 65% from ₱66.7 million for the year ended December 31, 2019 to ₱62.4 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.

***Net Income***

As a result of the foregoing, the Company's net income increased by ₱24.5 million, or 31% from ₱79.6 million for the year ended December 31, 2019 to ₱104.1 million for the year ended December 31, 2020. The increase is driven by the increase in gross profit and reduction in other expenses – net.

**FINANCIAL POSITION**

*Review of financial conditions as of March 31, 2023, as compared with the financial conditions as of December 31, 2022.*

**ASSETS****Current Assets increased by 299% or by ₱1.97 billion**

The following discussion provides a detailed analysis of the increase in current assets:

**Cash and Cash Equivalents increased by 353% or P2.02 billion**

The increase in cash and cash equivalents pertains to the proceeds from the Company's green bond issuance and related to cash generated from its operations, net of the acquisition of the new parcels of land and dividend payments for the period.

**Trade and Other Receivables decreased by 78% or by P40.66 million**

The decrease in trade and other receivables is mainly due to collection of lease receivables pertaining to variable lease income billed last December 2022. The trade receivables also include the current portion of the actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

**Prepayments and Other Current Assets decreased by 4% or by P1.53 million**

Prepayments and other current assets decreased by P1.53 million due to reversal and reclassification of deferred issuance costs to bonds payable of the expenses related to the green bonds issuance. These expenses were incurred prior to the bonds issuance which were later reclassified to bonds payable as contra account upon issuance. The decrease was offset by the increase in input vat and by the unused creditable withholding taxes recognized from collection of lease receivables from the solar plant operator tenants.

**Non-Current Assets increased by P2.54 billion or 57%**

The following discussion provides a detailed analysis of the increase in non-current assets:

**Trade and other receivables – noncurrent increased by P11.55 million or 5%**

The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company's lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule. This is partially offset by the reclassification to current assets of the FIT receivables that are due to be collected in one year.

**Property, Plant and Equipment decreased by 1% or by P14.78 million**

The movement in the Company's property, plant and equipment mainly pertains to the depreciation charges for the period.

**Investment Properties increased by 87% or by P2.55 billion**

Investment properties increased due to the acquisition of various parcels of land in Batangas and Arayat, Pampanga amounting to P2.55 billion during the period. Meanwhile, amortization of leasehold asset amounted to P2.53 million during the period.

**Right of Use Assets decreased P0.53 million or 2%**

The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

**Other Non-Current Assets amounted to P5.28 million**

Other Non-Current Assets pertain to the security deposits for the lease agreement with Clark Development. These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term.

**LIABILITIES AND EQUITY****Current Liabilities increased by 26% or by P101.82 million**

The following discussion provides a detailed analysis of the increase in current liabilities:

**Trade and Other Payables increased by 91% or by P46.59 million**

The increase is mainly due to the accrual of interest payable pertaining to coupon payment of the bonds payable for the period amounting to P43 million. Trade payable also increased pertaining to the property and fund management fees billed towards end of the quarter by both the Citicore Property Managers, Inc. and Citicore Fund Managers, Inc. These billings are then paid the following month.

**Due to related parties – current decreased by 2% or P1.19 million**

This account pertains to liabilities to Parent Company which are to be demanded within one year. The decrease pertains to the payment made by the Company during the period.

**Lease liabilities – current portion increased by 126% or by P3.04 million**

The increase is due to reclassification from non-current to current portion during the period.

**Non-Current Liabilities increased by 1199% or P4.4 billion**

The following discussion provides a detailed analysis of the increase in non-current liabilities:

**Security deposits and deferred rent income decreased by P0.55 million**

The decrease pertains to the amortization of deferred rent income during the period.

**Lease liabilities – noncurrent portion decreased by 1% or by P1.26 million**

The decrease was due to the payments made and reclassifications to current portion during the period.

**Bonds payable increased by 100% or P4.4 billion**

The account pertains to the green bond issuance last February 10, 2023 amounting to P4.5 billion. The amount was reduced by bond issue costs amounting to P54 million pertaining to all expenses incurred in relation to the bond's issuance. Bond issuance cost is recorded as contra account and is deducted from the bonds payable account in the balance sheet. The same is amortized over the period of the bond's life and related amortization is recorded as an addition to the finance cost and a deduction to the bond issue costs.

**Retirement benefit obligation amounted to P0.31 million**

This account pertains to retirement obligation of the Company's employees as computed by an actuary as of the end of December 31, 2021. There are no movements in this account.

**Equity decreased by 1% or by P28.86 million**

The Company's equity stands at P4.33 billion as of March 31, 2023. Movement in the equity is a function of the declaration of dividends for the fourth quarter of 2022 last March 28, 2023 payable on May 15, 2023 which were taken out from the 2022 retained earnings amounting to P333 million and recognition of net income amounting to P304.96 million during the period.

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As of

**EXHIBIT “3”**

	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>	<b>Increase (decrease)</b>	<b>% Change</b>
	<b>₱ thousands</b>		<b>₱ thousands</b>	
<b>Current Assets</b>				
Cash and cash equivalents .....	2,587,557	571,423	2,016,133	352.8%
Trade and other receivables .....	11,791	52,447	(40,656)	(77.5%)
Other current assets .....	34,604	36,131	(1,526)	(4.2%)
	<u>2,633,952</u>	<u>660,001</u>	<u>1,973,951</u>	<u>299.1%</u>
<b>Non-current Assets</b>				
Trade and other receivables - noncurrent.....	225,519	213,970	11,549	5.4%
Property plant and equipment – net.....	1,257,274	1,272,055	(14,782)	(1.2%)
Investment properties - net.....	5,473,174	2,925,297	2,547,877	87.1%
Right-of-use assets – net .....	34,895	35,426	(531)	(1.5%)
Other non-current assets .....	5,279	5,279	—	—
	<u>6,996,141</u>	<u>4,452,029</u>	<u>2,544,113</u>	<u>57.1%</u>
<b>Total Assets</b> .....	<b>9,630,094</b>	<b>5,112,030</b>	<b>4,518,064</b>	<b>88.4%</b>
<b>Current Liabilities</b>				
Trade and other payables.....	97,847	51,254	46,594	90.9%
Dividends payable.....	333,818	280,442	53,376	19.0%
Due to a related party.....	52,031	53,224	(1,192)	(2.2%)
Lease liabilities – current portion .....	5,445	2,406	3,038	126.3%
	<u>489,141</u>	<u>387,326</u>	<u>101,815</u>	<u>26.3%</u>
<b>Noncurrent Liabilities</b>				
Security deposit and deferred rent income.....	142,576	143,130	(554)	(0.4%)
Bonds payable.....	4,446,925	—	4,446,925	100.0%
Lease liabilities – net of current portion.....	225,938	227,202	(1,264)	(0.6%)
Retirement benefit obligation .....	315	315	—	—
	<u>4,815,755</u>	<u>370,647</u>	<u>4,445,108</u>	<u>1199.3%</u>
<b>Total Liabilities</b> .....	<b>5,304,896</b>	<b>757,973</b>	<b>4,546,923</b>	<b>599.9%</b>
<b>Equity</b>				
Share capital .....	1,636,364	1,636,364	—	—
Additional paid-in-capital .....	2,307,336	2,307,336	—	—
Retained earnings .....	381,448	410,307	(28,859)	(7.0%)
Other comprehensive income .....	51	51	—	—
<b>Total Equity</b> .....	<b>4,325,198</b>	<b>4,354,057</b>	<b>(28,859)</b>	<b>(0.7%)</b>
<b>Total Liabilities and equity</b> .....	<b>9,630,094</b>	<b>5,112,030</b>	<b>4,518,064</b>	<b>88.4%</b>

*Review of financial conditions as of March 31, 2023 as compared with financial conditions as of December 31, 2022*

**ASSETS**

**Current Assets increased by 299% or by P1.97 billion**

The following discussion provides a detailed analysis of the increase in current assets:

***Cash and Cash Equivalents increased by 353% or P2.02 billion***

The increase in cash and cash equivalents pertains to the proceeds from the Company's green bond issuance and related to cash generated from its operations, net of the acquisition of the new parcels of land and dividend payments for the period.

***Trade and Other Receivables decreased by 78% or by P40.66 million***

The decrease in trade and other receivables is mainly due to collection of lease receivables pertaining to variable lease income billed last December 2022. The trade receivables also include the current portion of the actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

***Prepayments and Other Current Assets decreased by 4% or by P1.53 million***

Prepayments and other current assets decreased by P1.53 million due to reversal and reclassification of deferred issuance costs to bonds payable of the expenses related to the green bonds issuance. These expenses were incurred prior to the bonds issuance which were later reclassified to bonds payable as contra account upon issuance. The decrease was offset by the increase in input vat and by the unused creditable withholding taxes recognized from collection of lease receivables from the solar plant operator tenants.

***Non-Current Assets increased by P2.54 billion or 57%***

The following discussion provides a detailed analysis of the increase in non-current assets:

***Trade and other receivables – noncurrent increased by P11.55 million or 5%***

The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company's lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule. This is partially offset by the reclassification to current assets of the FIT receivables that are due to be collected in one year.

***Property, Plant and Equipment decreased by 1% or by P14.78 million***

The movement in the Company's property, plant and equipment mainly pertains to the depreciation charges for the period.

***Investment Properties increased by 87% or by P2.55 billion***

Investment properties increased due to the acquisition of various parcels of land in Batangas and Arayat, Pampanga amounting to P2.55 billion during the period. Meanwhile, amortization of leasehold asset amounted to P2.53 million during the period.

***Right of Use Assets decreased P0.53 million or 2%***

The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

***Other Non-Current Assets amounted to P5.28 million***

Other Non-Current Assets pertain to the security deposits for the lease agreement with Clark Development. These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term.

## **LIABILITIES AND EQUITY**

### ***Current Liabilities increased by 26% or by P101.82 million***

The following discussion provides a detailed analysis of the increase in current liabilities:

#### ***Trade and Other Payables increased by 91% or by P46.59 million***

The increase is mainly due to the accrual of interest payable pertaining to coupon payment of the bonds payable for the period amounting to P43 million. Trade payable also increased pertaining to the property and fund management fees billed towards end of the quarter by both the Citicore Property Managers, Inc. and Citicore Fund Managers, Inc. These billings are then paid the following month.

#### ***Due to related parties – current decreased by 2% or P1.19 million***

This account pertains to liabilities to Parent Company which are to be demanded within one year. The decrease pertains to the payment made by the Company during the period.

#### ***Lease liabilities – current portion increased by 126% or by P3.04 million***

The increase is due to reclassification from non-current to current portion during the period.

### ***Non-Current Liabilities increased by 1199% or P4.4 billion***

The following discussion provides a detailed analysis of the increase in non-current liabilities:

#### ***Security deposits and deferred rent income decreased by P0.55 million***

The decrease pertains to the amortization of deferred rent income during the period.

#### ***Lease liabilities – noncurrent portion decreased by 1% or by P1.26 million***

The decrease was due to the payments made and reclassifications to current portion during the period.

#### ***Bonds payable increased by 100% or P4.4 billion***

The account pertains to the green bond issuance last February 10, 2023 amounting to P4.5 billion. The amount was reduced by bond issue costs amounting to P54 million pertaining to all expenses incurred in relation to the bond's issuance. Bond issuance cost is recorded as contra account and is deducted from the bonds payable account in the balance sheet. The same is amortized over the period of the bond's life and related amortization is recorded as an addition to the finance cost and a deduction to the bond issue costs.

#### ***Retirement benefit obligation amounted to P0.31 million***

This account pertains to retirement obligation of the Company's employees as computed by an actuary as of the end of December 31, 2021. There are no movements in this account.

#### ***Equity decreased by 1% or by P28.86 million***

The Company's equity stands at P4.33 billion as of March 31, 2023. Movement in the equity is a function



of the declaration of dividends for the fourth quarter of 2022 last March 28, 2023 payable on May 15, 2023 which were taken out from the 2022 retained earnings amounting to P333 million and recognition of net income amounting to P304.96 million during the period.

***As of December 31, 2022 compared with as of December 31, 2021***

	As of			
	December 31, 2022 (Audited)	December 31, 2021 (Audited)	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
<b>Current Assets</b>				
Cash and cash equivalents .....	571,423	49,014	522,409	1065.8%
Trade and other receivables .....	52,447	41,893	10,554	25.2%
Other current assets .....	36,131	54,208	(18,078)	(33.3%)
	660,001	145,115	514,885	354.8%
<b>Non-current Assets</b>				
Trade and other receivables - noncurrent.....	213,970	85,982	127,988	148.9%
Property plant and equipment – net.....	1,272,055	1,331,185	(59,130)	(4.4%)
Investment properties - net.....	2,925,297	288,013	2,637,284	915.7%
Right-of-use assets – net .....	35,426	37,559	(2,133)	(5.7%)
Deferred income tax assets .....	—	8,200	(8,200)	(100.0%)
Other non-current assets .....	5,279	12,766	(7,487)	(58.6%)
	4,452,029	1,763,705	2,688,323	152.4%
<b>Total Assets</b> .....	<b>5,112,030</b>	<b>1,908,820</b>	<b>3,203,209</b>	<b>167.8%</b>
<b>Current Liabilities</b>				
Trade and other payables.....	51,254	51,397	(144)	(0.3%)
Dividends payable.....	280,442	—	280,442	100.0%
Due to a related party.....	53,224	56,145	(2,921)	(5.2%)
Lease liabilities – current portion .....	2,406	1,263	1,143	90.4%
	387,326	108,805	278,520	256.0%
<b>Noncurrent Liabilities</b>				
Due to a related party – net of current portion	—	68,522	(68,522)	(100.0%)
Security deposit and deferred rent income.....	143,130	—	143,130	100.0%
Lease liabilities – net of current portion.....	227,202	103,133	124,069	120.3%
Retirement benefit obligation .....	315	315	—	—
	370,647	171,970	198,678	115.5%
<b>Total Liabilities</b> .....	<b>757,973</b>	<b>280,775</b>	<b>477,198</b>	<b>170.0%</b>
<b>Equity</b>				
Share capital .....	1,636,364	1,374,546	261,818	19.0%
Additional paid-in-capital .....	2,307,336	2,465	2,304,871	93501.4%
Retained earnings .....	410,307	250,985	159,322	63.5%
Other comprehensive income .....	51	51	—	—
<b>Total Equity</b> .....	<b>4,354,057</b>	<b>1,628,046</b>	<b>2,726,011</b>	<b>167.4%</b>



Total Liabilities and equity .....	5,112,030	1,908,821	3,203,209	167.8%
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## **Assets**

### **Current Assets increased by 355% or by P514.9 million**

The following discussion provides a detailed analysis of the increase in current assets:

#### ***Cash and Cash Equivalents increased by 1,066% or P522.4 million***

The increase in cash and cash equivalents is related to cash generated from its operations.

#### ***Trade and Other Receivables increased by 25% or by P10.6 million***

The increase in trade and other receivables mainly pertains to the variable lease income billed at end of the reporting period which is due 30 days upon billing. The trade receivables also include the current portion of the actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

#### ***Prepayments and Other Current Assets decreased by 33% or by P18.1 million***

Prepayments and other current assets decreased by P18.1 million due to reclassification to additional paid-up capital (APIC) of the deferred transactions as of December 31, 2021 amounting to P35.66 million. Upon listing and issuance of the primary shares in 2022, said cost were deducted against the APIC. The decrease was offset by the unused creditable withholding taxes recognized from collection of lease receivables from the solar plant operator tenants.

### **Non-Current Assets increased by P2.69 billion or 152%**

The following discussion provides a detailed analysis of the increase in non-current assets:

#### ***Trade and other receivables – noncurrent increased by P128.0 million or 149%***

The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company’s lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule. This is partially offset by the reclassification to current assets of the FIT receivables that are due to be collected in one year.

#### ***Property, Plant and Equipment decreased by 4% or by P59.1 million***

The movement in the Company’s property, plant and equipment mainly pertains to the depreciation charges for the period.

#### ***Investment Properties increased by 916% or by P2.64 billion***

Investment properties increased due to the acquisition of Bulacan property and South Cotabato property amounting to P1.75 billion and P753.80 million, respectively in 2022 and the recognition of leasehold asset and related lease liability on long term lease contract in Toledo, Cebu and Silay City, Negros Occidental

totaling to P139.5 million. Meanwhile, amortization of leasehold asset amounted to P10.1 million during the period.

***Right of Use Assets decreased P2.1 million or 6%***

The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

***Deferred tax assets decreased by 100% or P8.2 million***

The decrease in deferred tax assets pertains to the reversal of the P8.2 million income tax benefit recognized in the previous year.

***Other Non-Current Assets decreased by 59% or P7.5 million***

The decrease in Other Non-Current Assets is mainly due to assignment of restricted funds to its Parent Company as the related loan which requires the set-up of the restricted fund was also transferred or assigned to the Parent Company in 2021.

**LIABILITIES AND EQUITY**

**Current Liabilities increased by 256% or by P278.5 million**

The following discussion provides a detailed analysis of the increase in current liabilities:

***Trade and Other Payables increased by P0.14 million***

The minimal increase in trade and other payables is due to accrued dues to government agencies which were paid the following month.

***Dividends payable increased by 100% or by P280.4 million***

The increase in dividends payable is mainly attributable to the cash dividends declared last November 9, 2022 which were paid on January 5, 2023.

***Due to related parties – current increased by 5% or P2.9 million***

The increase in the due to related parties – current was mainly due to reclassification from non-current portion offset by the payments made during the period of the previous year's balance of P56.1 million. This account pertains to liabilities to Parent Company.

***Lease liabilities – current portion increased by 90% or by P1.1 million***

The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P125.58 million. As a result, current portion of lease liabilities increased as well.

**Non-Current Liabilities increased by 116% or P198.7 million**

The following discussion provides a detailed analysis of the increase in non-current liabilities:

***Lease liabilities – noncurrent portion increased by 120% or by P124.1 million***

The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P125.58 million. The amount was reduced by payments during the period and reclassifications to current portion.

**Due to related parties – noncurrent decreased by 100% or P68.5 million**

The decrease in the due to related parties – noncurrent was due to reclassification to current portion. This account pertains to liabilities to Parent Company.

**Security deposit increased by 100% or P143.1 million**

The increase in other non-current liability pertains to recognition of security deposit equivalent to one to three months guaranteed base lease for each solar plant operator tenant.

**Retirement benefit obligation amounted to P0.31 million**

This account pertains to retirement obligation of the Company’s employees as computed by an actuary as of the end of December 31, 2022. There are no movements in this account.

**Equity increased by 167% or by P2.73 billion**

On February 22, 2022, the Company successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by the Company as Primary Offer Shares, and (ii) 1,134,547,000 existing Shares offered by the Parent Company, Selling Shareholder, pursuant to a Secondary Offer Shares with Option shares up to 327,273,000 which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized Additional Paid-Up Capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Shares which were treated as deduction to APIC amounted to P103.85 million. Net income during the period amounted to P1.25 billion while dividend payments for the first quarter of the year which were taken from the earnings in 2021 amounted to P229.09 million. Last June 24, 2022, September 14, 2022, the Company also paid dividends amounting to P285.09 and P285.86 million, respectively pertaining to 1Q 2022 and 2Q 2022 results of operations and were taken from the earnings of the same periods. On November 9, 2022, the Company also declared dividend for 3Q 2022 amounting to P290.23 million payable on January 5, 2023.

**As of December 31, 2021 compared with as of December 31, 2020**

	As of			
	December 31, 2021 (Audited)	December 31, 2020 (Audited)	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
<b>Current Assets</b>				
Cash and cash equivalents .....	49,014	71,738	(22,723)	(31.7%)
Trade and other receivables .....	41,893	258,905	(217,012)	(83.8%)
Other current assets .....	54,208	11,601	42,607	(367.2%)
	145,115	342,244	(197,129)	(57.6%)
<b>Non-current Assets</b>				
Trade and other receivables - noncurrent .....	85,982	—	85,982	100.0%
Property plant and equipment – net .....	1,331,185	1,390,338	(59,152)	(4.3%)
Investment properties - net .....	288,013	—	288,013	100.0%
Right-of-use assets – net .....	37,559	39,685	(2,126)	(5.4%)

## EXHIBIT “3”

Deferred income tax assets .....	8,200	—	8,200	100.0%
Other non-current assets .....	12,766	8,975	3,791	(42.2%)
	<u>1,763,705</u>	<u>1,438,998</u>	<u>324,708</u>	<u>22.6%</u>
<b>Total Assets .....</b>	<b><u>1,908,820</u></b>	<b><u>1,781,242</u></b>	<b><u>127,578</u></b>	<b><u>7.2%</u></b>
<b>Current Liabilities</b>				
Trade and other payables.....	51,395	125,610	(74,215)	(59.1%)
Loans payable – current portion .....	—	126,446	(126,446)	(100.0%)
Due to a related party.....	56,145	—	56,145	100.0%
Lease liabilities – current portion .....	1,263	294	969	329.6%
	<u>108,805</u>	<b><u>252,350</u></b>	<u>(143,545)</u>	<u>(56.9%)</u>
<b>Noncurrent Liabilities</b>				
Loans payable – net of current portion .....	—	909,810	(909,810)	(100.0%)
Due to a related party – net of current portion .....	68,522	—	68,522	(100.0%)
Lease liabilities – net of current portion.....	103,133	51,061	52,072	102.0%
Retirement benefit obligation .....	315	2,916	(2,601)	(89.2%)
	<u>171,970</u>	<u>963,787</u>	<u>(791,817)</u>	<u>(82.2%)</u>
<b>Total Liabilities .....</b>	<b><u>280,775</u></b>	<b><u>1,216,137</u></b>	<b><u>(935,362)</u></b>	<b><u>(76.9%)</u></b>
<b>Equity</b>				
Share capital .....	1,374,545	540,000	834,545	154.5%
Additional paid-in-capital .....	2,465	—	2,465	100.0%
Retained earnings .....	250,985	25,105	225,880	899.7%
Other comprehensive income .....	51	—	51	100.0%
<b>Total Equity .....</b>	<b><u>1,628,046</u></b>	<b><u>565,105</u></b>	<b><u>1,062,941</u></b>	<b><u>188.1%</u></b>
<b>Total Liabilities and equity .....</b>	<b><u>1,908,821</u></b>	<b><u>1,781,242</u></b>	<b><u>127,579</u></b>	<b><u>7.2%</u></b>

### Assets

The Company's total assets amounted to ₱1.9 billion as of December 31, 2021, which was ₱127.6 million, or 7% higher than the Company's total assets of ₱1.8 billion as of December 31, 2020.

### ***Cash and cash equivalents***

The Company's cash and cash equivalents decreased by ₱22.7 million or 32% to ₱49.0 million as of December 31, 2021, compared to ₱71.7 million as of December 31, 2020, due to payments made related to the Company's IPO.

### ***Trade and other receivables - current***

The Company's trade and other receivables – current increased by ₱0.1 million to ₱41.9 million as of December 31, 2021, compared to ₱42.0 million as of December 31, 2020, due to recognition of straight line PFRS lease adjustment amounting to ₱2.5 million.

### ***Due from related parties***

The Company's due from related parties decreased by ₱216.9 million or 100% due to collection of said advances.

***Other current assets***

The increase of ₱42.6 million or 367% in the Company’s other current assets from ₱11.6 million as of December 31, 2020, to ₱54.2 million as of December 31, 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.

***Trade and other receivables – noncurrent***

The Company’s trade and other receivables – noncurrent increased by ₱86.0 million or 100% as a result of recognition of feed in tariff rate adjustment which shall be payable over the five-year period.

***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 ₱1,331.2 million as of December 31, 2021 which is ₱59.2 million or 4% lower compared with ₱1,390.3 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 parcels of land leased out to solar power plant operators, amount to ₱234.5 million as of December 31, 2021. The increase is mainly related to asset-for-share of Armenia property in 2021.

***Right-of-use assets***

The Company’s right-of-use assets increased by ₱51.3 million or 129% from ₱39.7 million as of December 31, 2020, to ₱91.0 million as of December 31, 2021 due to additional lease contract executed between the Company and the owner of Dalayap property for the lease of land where Citicore Solar Tarlac 2 operates its solar plant. Movement in the right-of-use assets was also offset by the amortization of such assets for the year ended December 31, 2021.

***Deferred tax asset***

The Company’s increase in deferred tax asset of ₱8.2 million or 100% from nil as of December 31, 2020, to ₱8.2 million as of December 31, 2021 was due to recognition of Net Operating Loss Carried Over on Lease Segment. For tax purposes, sale of electricity is still under income tax holiday.

***Other noncurrent assets***

The Company’s other noncurrent assets, which pertains to security deposit, increased by ₱3.8 million or 42% from ₱9.0 million as of December 31, 2020 to ₱12.8 million as of December 31, 2021 due to 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 ₱280.8 million as of December 31, 2021, which was ₱935.4 million, or 77% lower than the Company’s total liabilities of ₱1,216.1 million as of December 31, 2020.

***Trade and other payables***

The Company’s trade and other payable decreased by ₱74.2 million or 59% from ₱125.6 million as of December 31, 2020, to ₱51.4 million as of December 31, 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 ₱56.1 million as of December 31, 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 December 31, 2021, compared to ₱126.4 million as of December 31, 2020. Pursuant to the Conversion of Advances, the Company's assigned its bank loan payable to CREC.

***Lease liabilities – current***

The Company's lease liabilities - current increased by ₱1.0 million or 330% from ₱0.3 million as of December 31, 2020, to ₱1.3 million as of December 31, 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 December 31, 2021. The decrease in the amount of ₱909.8 million as of December 31, 2020 was due to the assignment of bank loan payable to CREC in 2021.

***Lease liabilities – net of current portion***

The Company's lease liabilities – net of current portion increased by ₱52.1 million or 102% from ₱51.1 million as of December 31, 2020, to ₱103.1 million as of December 31, 2021 due to the increase in right-of-use assets brought about by the additional lease contract executed by the Company with the owner of Dalayap property.

***Due to related parties – net of current portion***

The Company's due to related parties – net of current portion increased by ₱68.5 million or 100% from nil as of December 31, 2020, to ₱68.5 million as of December 31, 2021 due to the reclassification of a portion of the loan payable of the Company expected to be settled beyond 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.

***Equity***

The Company's Equity stands at ₱1,628.0 million as of December 31, 2021, which increased by ₱1,062.9 million or 188%, from ₱565.1 million as of December 31, 2020, mainly relating to various debt to equity conversion and asset for share swap which increased capital stock by ₱834.5 million and the net income for the period amounting to ₱225.6 million.

	As of December 31,			
	2020	2019	Increase (decrease)	% Change
	₱ thousands		₱ thousands	
<b>Current Assets</b>				
Cash and cash equivalents .....	71,738	47,065	24,673	52.4%
Trade and other receivables .....	258,905	128,630	130,275	101.3%
Prepayments and other current assets .....	11,601	11,443	158	1.4%
	<b>342,244</b>	<b>187,138</b>	<b>155,106</b>	<b>82.9%</b>
<b>Noncurrent Assets</b>				
Property, plant and equipment - net .....	1,390,338	1,449,497	(59,159)	(4.1%)
Right-of-use assets - net .....	39,685	41,811	(2,126)	(5.1%)
Other noncurrent assets .....	8,975	8,668	306	3.5%
	<b>1,438,998</b>	<b>1,499,976</b>	<b>(60,978)</b>	<b>(4.1%)</b>
<b>Total Assets</b> .....	<b>1,781,242</b>	<b>1,687,114</b>	<b>94,128</b>	<b>5.6%</b>
<b>Current Liabilities</b>				
Trade payables and other liabilities .....	125,611	78,380	47,231	60.3%
Loans payable .....	126,446	120,914	5,532	4.6%
Lease liabilities .....	294	21	273	1287.4%
	<b>252,351</b>	<b>199,315</b>	<b>53,036</b>	<b>26.6%</b>
<b>Noncurrent Liabilities</b>				
Loans payable, net of current portion .....	909,809	974,342	(64,533)	(6.6%)
Lease liabilities, net of current portion .....	51,061	51,410	(349)	(0.7%)
Retirement benefit obligation .....	2,916	—	2,916	100.0%
Other non-current liabilities .....	—	1,057	(1,057)	(100.0%)
	<b>963,786</b>	<b>1,026,809</b>	<b>(63,023)</b>	<b>(6.1%)</b>
<b>Total Liabilities</b> .....	<b>1,240,797</b>	<b>1,226,124</b>	<b>(9,987)</b>	<b>(0.8%)</b>
<b>Equity</b>				
Share capital .....	540,000	540,000	—	—
Retained earnings (deficit) .....	25,105	(79,010)	104,115	(131.8%)
<b>Total Equity</b> .....	<b>565,105</b>	<b>460,990</b>	<b>1,062,941</b>	<b>22.6%</b>
<b>Total Liabilities and equity</b> .....	<b>1,781,242</b>	<b>1,687,114</b>	<b>127,579</b>	<b>5.6%</b>

***As of December 31, 2020 compared with as of December 31, 2019***

Assets

The Company's total assets amounted to ₱1.8 billion as of December 31, 2020, which was ₱94.1 million, or 6% higher than the Company's total assets of ₱1.7 billion as of December 31, 2019.

***Cash and cash equivalents***

The Company's cash and cash equivalents increased by ₱24.7 million or 523% to ₱71.7 million as of December 31, 2020, compared to ₱47.1 million 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 ₱3.7 million or 10% to ₱42.0 million as of December 31, 2020, compared to ₱38.3 million as of December 31, 2019, due to higher revenue billings for the months of November and December compared with 2019.



***Due from related parties***

The Company's Due from related parties increased by ₱126.6 million or 140% to ₱216.9 million as of December 31, 2020, compared to ₱90.4 million as of December 31, 2019, due to cash sweep policy of the Group to consolidate unutilized cash at the holding level.

***Other current assets***

The increase of ₱0.2 million or 1% in the Company's other current assets from P11.4 million as of December 31, 2019 to ₱11.6 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, and amounted to ₱1,390.3 million as of December 31, 2020, which is ₱59.2 million or 4.1% lower compared with ₱1,449.5 million as of December 31, 2019. The decrease is due to depreciation charges for the period.

***Right-of-use assets***

The Company's right-of-use assets decreased by ₱2.1 million or 5% from ₱41.8 million as of December 31, 2019, to ₱39.7 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 increased slightly by P0.3 million or 4% due to small adjustments on bill deposits.

**Liabilities**

The Company's total liabilities amounted to ₱1,216.1 million as of December 31, 2020, which was ₱10.0 million, or 1% lower than the Company's total liabilities of ₱1,226.1 million as of December 31, 2019.

***Trade and other payables***

The Company's trade and other payable increased by ₱47.2 million or 60% from ₱78.4 million as of December 31, 2019, to ₱125.6 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 increased by ₱5.5 million or 5% from ₱120.9 million as of December 31, 2019, to ₱126.4 million as of December 31, 2020 due to increase in expected principal payments for the next year based on the loan amortization schedule with the bank.

***Lease liabilities – current***

The Company's lease liabilities - current increased by ₱0.3 million or 1,287% from ₱21,201 as of December 31, 2019, to ₱0.3 million as of December 31, 2020 due to increase in expected lease payment for the next year.

***Loans payable – noncurrent***



The Company's loans payable - noncurrent decreased by ₱64.5 million or 7% from ₱974.3 million as of December 31, 2019, to ₱909.8 million as of December 31, 2020 due to principal payments made during the period.

***Lease liabilities – net of current portion***

The Company's lease liabilities – net of current portion decreased by ₱0.3 million or 1% from ₱51.4 million as of December 31, 2019, to ₱51.1 million as of December 31, 2020 due to lease payments made during the period.

***Retirement Benefit Obligation***

The Company's retirement benefit obligation increased by ₱2.9 million or 100% due to recognition of post-employment benefit obligation based on the provisions of Republic Act 7641, Retirement Law.

***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 ₱565.1 million as of December 31, 2020, which increased by ₱104.1 million or 23%, from ₱461.0 million as of December 31, 2019, mainly relating to net income for the period.

	As of December 31,			
	2019	2018	Increase (decrease)	% Change
	P thousands	P thousands	P thousands	
<b>Current Assets</b>				
Cash and cash equivalents .....	47,065	86,794	(39,730)	(45.8%)
Trade and other receivables .....	128,630	63,454	65,176	102.7%
Prepayments and other current assets .....	11,443	12,599	1,155	(9.2%)
	187,138	162,847	24,290	14.9%
<b>Noncurrent Assets</b>				
Property, plant and equipment - net .....	1,449,497	1,508,465	(58,969)	(3.9%)
Right-of-use assets - net .....	41,811	—	41,811	100.0%
Other noncurrent assets .....	8,668	10,110	(1,442)	(14.3%)
	1,499,976	1,518,576	(18,600)	(1.2%)
<b>Total Assets</b> .....	<b>1,687,114</b>	<b>1,681,423</b>	<b>5,691</b>	<b>0.3%</b>
<b>Current Liabilities</b>				
Trade payables and other liabilities .....	78,380	62,609	15,770	25.4%
Due to related parties .....	—	10,875	(10,875)	(100.0%)
Loans payable .....	120,914	120,914	164	0.1%
Lease liabilities .....	21	—	21	100.0%
	199,315	194,234	5,081	2.6%
<b>Noncurrent Liabilities</b>				
Loans payable, net of current portion .....	974,342	1,095,265	(120,923)	(11.0%)
Lease liabilities, net of current portion .....	51,410	—	51,410	100.0%
Other non-current liabilities .....	1,057	10,505	(9,449)	(89.9%)
	1,026,809	1,105,771	(78,961)	(7.1%)
<b>Total Liabilities</b> .....	<b>1,226,124</b>	<b>1,300,004</b>	<b>(73,880)</b>	<b>(5.7%)</b>
<b>Equity</b>				
Share capital .....	540,000	540,000	—	—
Retained earnings (deficit) .....	(79,010)	(158,581)	79,571	(50.2%)
<b>Total Equity</b> .....	<b>460,990</b>	<b>381,419</b>	<b>79,571</b>	<b>20.9%</b>
<b>Total Liabilities and equity</b> .....	<b>1,687,114</b>	<b>1,681,423</b>	<b>5,691</b>	<b>0.3%</b>

### Material Events and Uncertainties

There are no other material changes in CREIT’s financial position by five percent (5%) or more and no condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of CREIT.

Other than the impact of COVID-19 on the business which is disclosed in Note 1 of the audited financial statements or **Exhibit “4”**, 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 CREIT’s liquidity in any material way. CREIT does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of CREIT with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of CREIT.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of CREIT other than the variable leases which is computed and billed based on the actual revenue of the Lessees versus its base revenue at the end of each year.

There are no material events subsequent to 31 December 2022 that have not been reflected in the audited financial statements or **Exhibit “4”** of the Company.

#### Liquidity and Capital Resources

As regards internal and external sources of liquidity, the Company’s funding is sourced from internally generated cash flows, and also from borrowings or available credit facilities from other local and international commercial banks.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business. Additionally, there is no significant element of income not arising from continuing operations.

There have not been any seasonal aspects that had a material effect on the financial condition or results of operations of CREIT.

#### Cash Flows

The following table sets forth information from CREIT’s audited statements of cash flows for the periods indicated:

<b>(Amounts in PHP Millions)</b>	<b>For the years ended December 31</b>		
<b>Cash Flow</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net cash provided by operating activities	1,263	86	120
Net cash used in investing activities	(2,508)	-	-
Net cash provided by (used in) financing activities	1,767	(109)	(95)

#### Key Performance Indicators (KPIs)

CREIT’s KPIs are as follows:

<b>All Ratios except Earnings per Share and Book Value per Share</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current Ratio <sup>1</sup>	1.70	1.33	1.36
Debt to Equity Ratio <sup>2</sup>	-	-	1.83

Book Value Per Share <sup>3</sup>	0.67	0.30	8.06
Earnings per Share <sup>4</sup>	0.20	0.08	0.04
Return on Assets <sup>5</sup>	0.36	0.12	0.06
Return on Equity <sup>6</sup>	0.42	0.21	0.20
Net Profit Margin <sup>7</sup>	0.91	0.64	0.39

<sup>1</sup> *Current Assets/Current Liabilities*

<sup>2</sup> *Interest bearing loans and borrowings /Stockholder’s Equity*

<sup>3</sup> *Total Equity/Issued and Outstanding Shares*

<sup>4</sup> *Net Profit/Issued and Outstanding Shares*

<sup>5</sup> *Net Profit/Average Shares*

<sup>6</sup> *Net Profit/Average Equity*

<sup>7</sup> *Net Profit/Revenue*

The KPIs were chosen to provide management with a measure of CREIT’s sustainability on financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Net Profit Margin).

#### *Risk Management Objectives and Policies*

CREIT is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors and focuses on actively securing CREIT’s short-to-medium term cash flows by minimizing the exposure to financial markets.

CREIT does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in Note 32 of the consolidated audited financial statements or **Exhibit “4”**.

#### **Item 7. Financial Statements**

CREIT’s audited financial statements and the supplementary schedules to the same, which were submitted to the Bureau of Internal Revenue are attached hereto as **Exhibit “2”**.

#### **Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure**

There were no changes in and disagreements with CREIT’s external accountants with respect to any matter relevant with any accounting and financial disclosure.

#### *Audit and Audit-Related Fees*

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by CREIT’s external auditors:

Particulars	Nature	Audit Fees (amounts in PhP) For the years ended December 31
-------------	--------	--

		2022	2021	2020
Isla Lipana & Co. (“PwC Philippines”)	1. Audit of Financial Statements	500,000.00	300,000.00	100,000.00
	2. Other assurance and related services provided, as described below:	-	-	-
	Quarterly audits for initial public offering		730,000.00	
	Quarterly reviews for bond offering	580,000.00	-	-
	Pro forma financial statements	600,000.00	750,000.00	-
	Profit forecast and profit projections	-	250,000.00	-
	Agreed Upon Procedures - Increase in authorized capital stock	-	75,000.00	-
	Agreed-upon procedures - Issuance of comfort letter	1,500,000.00	2,000,000.00	-
	<b>TOTAL:</b>	<b>3,180,000.00</b>	<b>4,105,000.00</b>	<b>100,000.00</b>

Isla Lipana did not provide any other types of service other than the abovementioned.

#### **The Board’s Audit and Risk Oversight Committee (AROC)**

The AROC is composed of Mr. Leonilo G. Coronel, *Chairman of the AROC*, Ms. Elizabeth Anne C. Uychaco, *Vice Chairman of the AROC*, and Atty. Jose M. Layug, Jr.

The AROC is required to pre-approve all audit and non-audit services to be rendered by independent accountants and approve the engagement fee and any other compensation to be paid to such independent accountants. When deciding whether to approve these items, the AROC takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the AROC communicates with the external auditors with regard to any relationship or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take the necessary action to ensure their independence.

#### **Item 9. Description of the General Nature and Scope of Business**

Citicore Energy REIT Corp. (the “Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company attained its status as “public company” on February 22, 2022 when it listed its shares as a Real Estate Investment Trust (REIT) in the main board of the PSE.

Prior to May 25, 2021, the Company’s primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of

the Philippines, or any subdivision, instrumentality or agency thereof, or any government- owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of the Company is to engage in the business of owning income- generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the “Real Estate Investment Trust Act of 2009” and its implementing rules and regulations.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under RA No. 9513, otherwise known as the “Renewable Energy Act of 2008”.

The Company’s 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC to the Parent Company, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021.

## **Item 10. Market Price of and Dividends on the Registrant’s Common Equity**

### **A. Market Information**

CREIT’s common shares are traded on the PSE under the symbol “CREIT.” The shares were listed on the PSE on February 22, 2022. The following table sets out the high and low prices of CREIT’s common shares as reported to the PSE:

<b>2022</b>	<b>High</b>	<b>Low</b>
First Quarter (January-March)	2.65	2.57
Second Quarter (April-June)	2.44	2.41
Third Quarter (July-September)	2.30	2.16
Fourth Quarter (October-December)	2.31	1.97

<b>2023</b>	<b>High</b>	<b>Low</b>
First Quarter (January-March)	2.53	2.28

### **B. Holders**

As of April 30, 2023, there are **Six Billion Five Hundred Forty-Five Million Four Hundred Fifty-Four Thousand Four (6,545,454,004)** outstanding common shares registered in the names of the following:

	<b>Stockholder</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Total Shares</b>
a.	Citicore Renewable Energy Corporation	3,117,641,132	47.63%
b.	PCD Nominee Corporation - Filipino	2,260,257,037	34.53%
c.	Citicore Solar Tarlac 1, Inc.	918,720,864	14.04%
d.	PCD Nominee Corporation	246,743,963	3.77%
e.	Metropolitan Management Corporation	2,000,000	0.03%
f.	Myra P. Villanueva	40,000	Nil
g.	Milagros P. Villanueva	20,000	Nil
h.	Myrna P. Villanueva	20,000	Nil
i.	Marietta V. Cabreza	10,000	Nil
j.	Jennifer T. Ramos	1,000	Nil
k.	Oliver Y. Tan	1	Nil
l.	Edgar B. Saavedra	1	Nil
m.	Manuel Louie B. Ferrer	1	Nil
n.	Jez G. Dela Cruz	1	Nil
o.	Leonilo G. Coronel	1	Nil
p.	Jose M. Layug Jr.	1	Nil
q.	Pacita U. Juan	1	Nil
r.	Elizabeth Anne C. Uychaco	1	Nil
	<b>Total</b>	<b>6,545,454,004</b>	<b>100.00%</b>
	<b>Shares Owned By Foreigners</b>	<b>242,786,069</b>	<b>3.71%</b>

Every stockholder of the common shares shall be entitled to one (1) vote for each share of stock held as of established record date and shall have all the rights attributable to a stockholder of record under the Revised Corporation Code, other pertinent laws, rules, and regulations.

The beneficial owners of the shares registered in the name of the PCD Nominee Corporation are the participants of PCD who hold the shares on behalf of their clients, including the top 20 shareholders.

For the list of top 20 shareholders of CREIT, please refer to **Exhibit “7”**.

### **C. Dividends**

The Company did not declare any dividends for the years ended December 31, 2019, 2020 and 2021. 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. 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.

During the year, CREIT has consistently declared and paid out cash dividends as follows:

<b>Date Approved</b>	<b>Record Date</b>	<b>Dividend per share (in PhP)</b>	<b>Date of Payment</b>	<b>Type of Dividend</b>
March 9, 2022*	March 23, 2022	0.035	March 29, 2022	Regular
May 11, 2022	June 8, 2022	0.044	June 24, 2022	Regular
July 20, 2022	August 19, 2022	0.044	September 14, 2022	Regular
November 9, 2022	December 9, 2022	0.044	January 5, 2023	Regular
March 22, 2023	April 18, 2023	0.044	May 15, 2023	Regular
March 22, 2023	April 18, 2023	0.007	May 15, 2023	Special

*\*Dividends declared March 9, 2022 were taken from FY2021 net earnings which were substantially based on the sale of electricity from the Clark Solar Plant as full year REIT transaction impact took effect only starting January 1, 2022.*

#### ***D. Recent Sales of Unregistered or Exempt Securities***

CREIT has not sold any unregistered securities within the past three (3) years.

#### **E. Corporate Governance**

It is the firm belief of CREIT that an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperform and outshine its competitors. Thus, CREIT is in full compliance with the rules and regulations of the SEC, the PSE, and all other relevant rules and regulations, especially those involving public-listed companies.

##### *Policies and Programs*

The basic mechanisms for corporate governance are principally contained in CREIT’s Articles of Incorporation, By-Laws, and Manual of Corporate Governance. These constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of CREIT.

Below are some of the Company’s policies and programs in relation to corporate governance:



1. In compliance with SEC M.C. No. 19, Series of 2016, CREIT adopted its New Manual and has taken several steps to apply its principles, such as constituting all the Board Committees required therein:
  2. Executive Committee;
  3. Audit and Risk Oversight Committee
  4. Related Party Transaction Review & Compliance Committee Meetings
  5. Nominations, Compensation & Personnel Committee
  6. Environmental, Social & Governance Committee

The charters and compositions of the foregoing Board Committees are in accordance with the Manual.

2. The Company has elected four (4) Independent Directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.
3. To further its corporate governance initiatives, CREIT, in 2018, implemented its Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, Insider Trading Policy, and Conflict of Interest Policy Supplemental Guidelines and Conflict of Interest Disclosure Form. Further, CREIT actively rolled out its Whistleblowing Policy to its employees, suppliers, vendors, and clients, to encourage the disclosure of illegal and dishonest activities occurring within the Company.
4. In 2019, CREIT adopted its Anti-Fraud Policy, Board Self-Evaluation Policy, and introduced changes to its Related Party Transactions Policy in compliance with SEC M.C. No. 10 series of 2019. It also conducted an Annual Corporate Governance Training on November 13, 2019, with the assistance of the Institute of Corporate Directors, which was attended by the Company’s Directors and key officers.
5. The Board revised the Company’s vision, mission, and values, which it launched in 2019.
6. To reinforce the CREIT’s adherence to good corporate governance, and in compliance with its Manual and SEC M.C. No. 04, Series of 2019, attached is the Company’s Sustainability Report as **Exhibit “3”**.
7. The Company also adheres with the regulatory requirements on corporate governance through the timely submission of its Integrated Annual Corporate Governance Report with the SEC and the regular updating of its corporate website ([www.creit.com.ph](http://www.creit.com.ph)).

CREIT adopts an evaluation policy, championed by its Environmental, Social, and Governance Committee (“ESGC”), which evaluation policy is outlined in its Manual of Corporate Governance. This allows CREIT to determine and ensure compliance by the members of the Board and top level management with good corporate governance practice. The Company’s ESGC is continuously monitoring the company and is also using the SEC Integrated Annual Corporate Governance Report (I-ACGR) as a guide to improve on and adopt the best practices in corporate governance.

The Company is currently in the midst of preparing its annual corporate governance report due to be submitted to the SEC on May 30, 2023. As of date of the submission of this document, the Company has not imposed on any individual any penalty for non-compliance with CREIT’s Manual of Corporate Governance.

**SECURITIES AND EXCHANGE COMMISSION**

SEC Headquarters, 1901 Market Avenue, Second Village, Barangay Bal Ay, Makati City, 1200, Metro Manila Philippines  
Tel: (632) 818-6921 Fax: (632) 818-5293 Email: [sec@sec.gov.ph](mailto:sec@sec.gov.ph)



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### Company Information

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Industry Classification: E40100

Company Type: Stock Corporation

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## SEC Registration Number

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



March 22, 2023

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

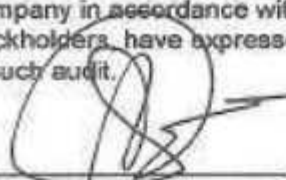
The management of Citicore Energy REIT Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the periods ended December 31, 2022, 2021 and 2020 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
Edgar B. Staavedra  
Chairman of the Board

  
Oliver Y. Tan  
President and Chief Executive Officer

  
Jez G. Dela Cruz  
Treasurer

MAR 23 2023  
Signed this \_\_\_\_ day of \_\_\_\_

  
**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  
1/F Santolan Town Plaza, 276 Santolan Road  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan City  
MPO No. 775026 / 01-07-2023 / RS:





ENFINITY RENEWABLE &lt;epri2010@gmail.com&gt;

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Tue, Apr 11, 2023 at 10:25 AM

Hi Citicore Energy REIT, Corp.,

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Transaction Code: AFS-0-4YY2VYSX0QY2QV43PNX3X1WMZ042QW3VR1  
Submission Date/Time: Apr 11, 2023 10:25 AM  
Company TIN: 007-813-849

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## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

## **Report on the Audits of the Financial Statements**

### ***Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRS).

### ***What we have audited***

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

---

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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
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Page 2

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<b><u>Initial public offering and Real Estate Investment Trust (REIT) formation transactions</u></b>  The Company listed its shares in the Philippine Stocks Exchange on February 22, 2022 (Note 14) and completed the last tranche of REIT formation transactions during 2022 which include:  a. Acquisition of new investment properties using the offering proceeds from primary shares and the subsequent lease of these investment properties to related parties (Note 8); and  b. Commencement of new lease agreements with third parties and the subsequent sublease to related parties (Notes 8 and 20).	We addressed the key audit matter by obtaining understanding of these transactions and by performing certain audit procedures, which included the following:  a. Primary offering of shares - We traced the full amount of primary offering proceeds to the Company's bank statement and also ascertained the proper accounting treatment of share issuance costs based on the requirement of Philippine Accounting Standards (PAS) 32, "Financial Instruments: Presentation".  b. Acquisition of new investment properties using the offering proceeds from primary shares and the subsequent lease of these to related parties - We obtained respective deeds of absolute sale for the purchase of these investment properties including appraisal reports to determine proper valuation and also traced payments to bank statements to ascertain actual disbursement.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
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Page 3

Key audit matters	How our audit addressed the key audit matters
<p>The transactions are identified to be non-recurring, have material impact to the financial statements and involved complex accounting treatment and judgement. In addition, the future operation of the Company as a REIT is anchored on these transactions.</p>	<p>For subsequent lease to related parties, we obtained the related supporting documents including lease contracts and performed validation and recalculation of the amounts reported in the financial statements. We also considered the requirement of PFRS 16, "Leases" in the recognition of lease receivables and lease income.</p> <p>c. Commencement of new lease agreements with third parties and the subsequent sublease to related parties for leasehold land assets - We obtained the related supporting documents including lease contracts and performed validation and recalculation of the amounts reported in the financial statements. We also considered the requirement of PFRS 16, "Leases" in the recognition of right-of-use assets, lease liabilities, lease receivables and lease income and expenses.</p>
<p><u>Fair value of investment properties</u></p> <p>The Company leases three (3) freehold land and subleases three (3) leasehold land to its related parties. All freehold and leasehold land assets are classified as investment properties which are accounted for using the cost model. The Company discloses the fair value of investment properties as required by PAS 40, "Investment Property". The carrying value and fair value of investment properties amounted to P2.93 billion and P11.21 billion, respectively, as at December 31, 2022. Management determined the fair value of the investment properties based on the report issued by an accredited appraiser. The appraiser used the discounted cash flow model based on the lessor's interest in the land. The determination of the fair values of these properties involved significant assumption and estimations and complex calculations.</p>	<p>We evaluated the competence and capabilities of the accredited appraiser and their objectivity by considering the accredited appraiser's qualifications, experience and reporting responsibilities. We also obtained an understanding of accredited appraiser's work including the data used, assumptions and calculation methods and evaluated the relevance and reasonableness of the accredited appraiser's findings and conclusions and consistency with other audit evidence we obtained. Data and assumptions used were validated as follows:</p> <p>a. Contract rent and unexpired lease term were traced to the lease agreements with related parties; and</p> <p>b. We compared the parameters used for discount rate and terminal value of the land against market data.</p>



To the Board of Directors and Shareholders of  
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Page 4

Key audit matters	How our audit addressed the key audit matters
<p><u>Fair value of investment properties (continued)</u></p> <p>These assumptions include discount rates which are influenced by the prevailing market rates and comparable market transactions. Discount rates are subject to higher level of estimation uncertainty due to the current economic conditions. The disclosures on the fair value of investment properties are included in Note 8 to the financial statements.</p>	<p>We also assessed the adequacy of the fair value disclosures based on the requirements of PFRS 13, "Fair Value Measurement".</p>

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
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Page 5

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





Independent Auditor's Report  
To the Board of Directors and Shareholders of  
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Page 6

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is  
Pocholo C. Domondon.

**Isla Lipana & Co.**

Pocholo C. Domondon

Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

March 22, 2023



Isla Lipana & Co.

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of  
**Citicore Energy REIT Corp.**  
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(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

None of the partners of the firm have any financial interest in Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) or any family relationships with its president, manager, or principal shareholders.

The supplemental information on taxes and licenses is presented in Note 25 to the financial statements.

**Isla Lipana & Co.**

Pochoy C. Domondon

Partner

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Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 22, 2023.

In compliance with Revised Rule 68 of the SRC and based on the certification we received from the Company's corporate secretary, the Company has 135 shareholders, each owning one hundred (100) or more shares, as at December 31, 2022.

**Isla Lipana & Co.**

Pochan C. Domondon  
Partner

CPA Cert. No. 108839

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March 22, 2023

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11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 22, 2023. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

Pocho C. Domondon  
Partner

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(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 22, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

**Isla Lipana & Co.**

Pocholo C. Domondon  
Partner

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March 22, 2023

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**Citicore Energy REIT Corp.**  
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Statements of Financial Position  
As at December 31, 2022 and 2021  
(All amounts in Philippine Peso)

	Notes	2022	2021
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	3	571,423,464	49,014,348
Trade and other receivables, net	4	52,446,926	41,892,701
Prepayments and other current assets	5	36,130,547	54,208,397
Total current assets		660,000,937	145,115,446
<b>Non-current assets</b>			
Trade and other receivables, net of current portion	4	213,970,456	85,982,098
Property, plant and equipment, net	6	1,272,055,348	1,331,185,212
Investment properties, net	8	2,925,297,244	288,013,130
Right-of-use assets, net	20	35,426,372	37,559,128
Deferred income tax assets, net	19	-	8,200,316
Other non-current assets	7	5,279,310	12,765,682
Total non-current assets		4,452,028,730	1,763,705,566
<b>Total assets</b>		<b>5,112,029,667</b>	<b>1,908,821,012</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	9	51,253,584	51,397,336
Dividends payable	9, 14	280,442,419	-
Due to a related party	11	53,223,717	56,144,929
Lease liabilities	20	2,406,282	1,263,480
Total current liabilities		387,326,002	108,805,745
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	20	227,201,879	103,132,719
Security deposits and deferred rent income	11	143,130,106	-
Due to a related party, net of current portion	11	-	68,521,747
Retirement benefit obligation	13	314,672	314,672
Total non-current liabilities		370,646,657	171,969,138
Total liabilities		757,972,659	280,774,883
<b>Equity</b>			
Share capital	14	1,636,363,501	1,374,545,501
Additional paid-in-capital	14	2,307,335,739	2,465,066
Remeasurement on retirement benefits	13	50,894	50,894
Retained earnings		410,306,874	250,984,668
Total equity		4,354,057,008	1,628,046,129
<b>Total liabilities and equity</b>		<b>5,112,029,667</b>	<b>1,908,821,012</b>

The notes on pages 1 to 54 are integral part of these financial statements.



**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Total Comprehensive Income  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Rental income	11, 15	1,374,529,631	17,773,892	-
Sale of electricity	15	-	334,519,230	269,076,808
<b>Revenues</b>		<b>1,374,529,631</b>	<b>352,293,122</b>	<b>269,076,808</b>
Cost of services	16	(91,269,041)	(74,207,762)	(94,623,573)
<b>Gross profit</b>		<b>1,283,260,590</b>	<b>278,085,360</b>	<b>174,453,235</b>
Operating expenses	17	(8,440,959)	(56,972,789)	(7,987,959)
<b>Income from operations</b>		<b>1,274,819,631</b>	<b>221,112,571</b>	<b>166,465,276</b>
Finance costs	18	(17,584,040)	(29,438,870)	(64,054,226)
Other income, net	18	3,377,749	26,005,926	1,703,762
<b>Income before income tax</b>		<b>1,260,613,340</b>	<b>217,679,627</b>	<b>104,114,812</b>
Income tax (expense) benefit	19	(8,200,316)	8,200,316	-
<b>Net income for the year</b>		<b>1,252,413,024</b>	<b>225,879,943</b>	<b>104,114,812</b>
<b>Other comprehensive income</b>				
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurement gain on retirement benefits, net of tax	13	-	50,894	-
<b>Total comprehensive income for the year</b>		<b>1,252,413,024</b>	<b>225,930,837</b>	<b>104,114,812</b>
<b>Earnings per share</b>				
Basic and diluted	21	0.20	0.08	0.04

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

**Statements of Changes in Equity**  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	share capital (Note 14)	Total share capital (Note 14)	Additional paid-in-capital (Note 14)	Remeasurement on retirement benefits	Retained earnings	Total
<b>Balances at January 1, 2020</b>	72,860,309	467,139,690	539,999,999	539,999,999	-	-	(79,010,087)	460,989,912
<b>Comprehensive income</b>								
Net income for the year	-	-	-	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	104,114,812	104,114,812
<b>Balances at December 31, 2020</b>	72,860,309	467,139,690	539,999,999	539,999,999	-	-	25,104,725	565,104,724
<b>Comprehensive income</b>								
Net income for the year	-	-	-	-	-	-	225,879,943	225,879,943
Other comprehensive income for the year	-	-	-	-	-	50,894	-	50,894
Total comprehensive income for the year	-	-	-	-	-	50,894	225,879,943	225,930,837
<b>Transactions with owners</b>								
Reclassification of preference shares to common shares	467,139,690	(467,139,690)	-	-	-	-	-	-
Issuance of shares	834,545,502	-	834,545,502	834,545,502	2,465,066	-	-	837,010,568
Total transactions with owners	1,301,685,192	(467,139,690)	834,545,502	834,545,502	2,465,066	-	-	837,010,568
<b>Balances at December 31, 2021</b>	1,374,545,501	-	1,374,545,501	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129
<b>Comprehensive income</b>								
Net income for the year	-	-	-	-	-	-	1,252,413,024	1,252,413,024
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	1,252,413,024	1,252,413,024
<b>Transactions with owners</b>								
Issuance of shares	261,818,000	-	261,818,000	261,818,000	2,408,725,600	-	-	2,670,543,600
Share issuance costs	-	-	-	-	(103,854,927)	-	-	(103,854,927)
Cash dividends	-	-	-	-	-	-	(1,093,090,818)	(1,093,090,818)
Total transactions with owners	261,818,000	-	261,818,000	261,818,000	2,304,870,673	-	(1,093,090,818)	1,473,597,855
<b>Balances at December 31, 2022</b>	1,636,363,501	-	1,636,363,501	1,636,363,501	2,307,335,739	50,894	410,306,874	4,354,057,008

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Cash Flows  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
<b>Cash flows from operating activities</b>				
Income before income tax		1,260,613,340	217,679,627	104,114,812
Adjustments for:				
Depreciation and amortization	6,20	71,363,428	61,751,372	61,285,334
Finance costs	18	17,584,040	29,438,870	64,054,226
Unrealized foreign exchange losses, net	22	113,799	55,318	11,175
Provision for doubtful account of other receivable	4	-	-	1,944,096
Reversal of provision for asset retirement obligation	12	-	-	(1,056,902)
Retirement benefit (income) expense	13	-	(2,550,098)	2,915,664
Gain on compromise settlement of due to government agencies	9,18	-	(25,200,913)	-
Interest income	3,4,18	(3,070,975)	(277,078)	(662,181)
Operating income before working capital changes		1,346,603,632	280,897,098	232,606,224
Changes in working capital:				
Trade and other receivables		(136,326,810)	(166,432,084)	(132,219,223)
Prepayments and other current assets		(17,586,521)	(6,942,596)	(158,182)
Other non-current assets		7,486,370	(3,790,634)	(306,840)
Trade payables and other liabilities		(7,701,307)	(17,741,987)	19,004,500
Due to a related party		(71,442,959)	-	-
Security deposits		141,239,078	-	-
Net cash generated from operations		1,262,271,483	85,989,797	118,926,479
Interest received		855,202	277,078	662,181
Net cash provided by operating activities		1,263,126,685	86,266,875	119,588,660
<b>Cash flows from an investing activity</b>				
Additions to investment properties	8	(2,507,918,610)	-	-
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	14	2,670,543,600	-	-
Principal payment of loans from a bank	10	-	(31,611,570)	(61,363,636)
Interest payment on loans from a bank	10	-	(36,940,830)	(29,438,488)
Principal payment of lease liabilities	20	(20,109,933)	(955,048)	(87,598)
Interest payment on lease liabilities	20	(9,951,228)	(4,464,960)	(4,026,048)
Payments of share issuance costs	5,14	(68,190,556)	(35,017,592)	-
Payments of dividends	14	(805,090,842)	-	-
Net cash provided by (used in) financing activities		1,767,201,041	(108,990,000)	(94,915,770)
<b>Net increase (decrease) in cash and cash equivalents</b>		522,409,116	(22,723,125)	24,672,890
Cash and cash equivalents at January 1	3	49,014,348	71,737,473	47,064,583
<b>Cash and cash equivalents at December 31</b>	3	571,423,464	49,014,348	71,737,473

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

**Notes to the Financial Statements**

As at December 31, 2022 and 2021 and

for each of the three years in the period ended December 31, 2022

(All amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information****(a) Corporate information**

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010.

Prior to May 25, 2021, the Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the "Real Estate Investment Trust Act of 2009" and its implementing rules and regulations.

The Company's 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC to Citicore Renewable Energy Corp. (the "Parent Company" or CREC), making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholders approved, among others, the following amendments to the Company's Articles of Incorporation (AOI): (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share.

On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2.4 billion shares as consideration for the assignment by Parent Company of its advances to the Company amounting to P602,465,066. In addition, Parent Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vugt Philippine Solar Energy Three, Inc.) 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 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (Note 14).

The Company's submission to the SEC for the foregoing amendments was approved on October 12, 2021. Upon issuance of the shares during 2021, the Company's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively. Prior to October 12, 2021, the Parent Company owns 100% of the Company.

The Company's ultimate parent company is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On November 4, 2021, the Company's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". The Company's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

On January 14, 2022 and February 2, 2022, the Philippine Stock Exchange ("PSE") issued notice of acceptance and the Philippine SEC issued permit to sell, respectively, in relation to the Company's application for initial public offering. The Company attained its status as "public company" on February 22, 2022 when it listed its shares as a REIT in the main board of the PSE. As a public company, it is covered by the Part II of Securities Regulation Code ("SRC") Rule 68.

As at December 31, 2021, the Company has two (2) shareholders, each owning one hundred (100) or more shares. As at December 31, 2022, the Company has 135 shareholders, each owning one hundred (100) or more shares.

The total shares outstanding are held by the following shareholders as at December 31, 2022:

	Percentage
CREC	47.63%
CST1	14.04%
Public	38.33%
	100.00%

On June 8, 2022, the Company's stockholders approved the issuance of fixed-rate bonds not exceeding thirty five percent (35%) of the value of the deposited property of the Company or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations. On February 10, 2023, the Company listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp.

*(b) Impact of COVID-19*

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve. Based on the management's assessment, the COVID-19 pandemic had no significant impact on the Company's financial statements for the years ended December 31, 2022 and 2021.

The Company's financial statements as at and for the year ended December 31, 2022 have been prepared applying the going concern principle. The management of the Company is not aware of any significant uncertainties arising after December 31, 2022 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.



*(c) Russia-Ukraine conflict*

The Russian military invasion of Ukraine (the "Russian-Ukraine conflict") has a wide economic impact on entities in the immediate region, but also impact entities globally where businesses engage in economic activities that might be affected by the conflict. The entities in the intermediate region could be impacted through imposed economic sanctions, disruptions to the supply chain, equity and commodity market volatility and other uncertainties.

Based on the management's assessment, the Russian-Ukraine conflict had no significant impact in the Company's financial statements as at and for the years ended December 31, 2022.

*(d) Approval and authorization for the issuance of financial statements*

These financial statements have been approved and authorized for issuance by the Company's BOD on March 22, 2023.

**Note 2 - Segment reporting**

The Company's operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

The Company derives revenues from two (2) main segments as follows:

*(a) Sale of solar energy*

This business segment pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. National Transmission Corporation (TransCo) is the Company's sole customer for its sale of solar energy. As a result of assignment of SESC of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE on December 24, 2021 effective December 25, 2021 (Note 11). The assignment entailed the transfer of rights as a service contractor with the Philippine government but did not convey ownership over the assets. This was a change in the revenue model using the same solar plant and equipment. The Company still generates cash flows from these assets in the form of lease income instead of sale of solar energy before the assignment. Notwithstanding the change in revenue model, the cash-generating unit remains intact and owned by the Company.

*(b) Leasing*

This business segment pertains to the rental operations of the Company with related parties which commenced in November 2021 (Note 15).

All amounts reported in the financial statements of the Company as at and for the years ended December 31, 2022 are attributable to this segment except for trade receivables from TransCo amounting to P86.20 million and interest income arising from amortization of discount on trade receivables amounting to P2.68 million (Note 4), which are attributable to sale of solar energy segment.

The results of operations of the reportable segments of the Company for the years ended December 31 are as follows:

	2022			2021		
	Leasing	Sale of solar energy	Total	Leasing	Sale of solar energy	Total
Revenue	1,374,529,631	-	1,374,529,631	17,773,892	334,519,230	352,293,122
Cost of services	(91,269,041)	-	(91,269,041)	(806,147)	(73,401,615)	(74,207,762)
Gross profit	1,283,260,590	-	1,283,260,590	16,967,745	261,117,615	278,085,360
Operating expense	(8,440,959)	-	(8,440,959)	(47,238,419)	(9,734,370)	(56,972,789)
Finance costs	(17,584,040)	-	(17,584,040)	(453,855)	(28,985,015)	(29,438,870)
Other income, net	690,020	2,687,729	3,377,749	-	26,005,926	26,005,926
Income before income tax	1,257,925,611	2,687,729	1,260,613,340	(30,724,529)	248,404,156	217,679,627
Income tax expense	-	(8,200,316)	(8,200,316)	16,597,226	(8,396,910)	8,200,316
Net income for the year	1,257,925,611	(5,512,587)	1,252,413,024	(14,127,303)	240,007,246	225,879,943

The segment assets and liabilities of the reportable segments of the Company as at December 31 are as follows:

	2022			2021		
	Leasing	Sale of solar energy	Total	Leasing	Sale of solar energy	Total
Segment assets						
Current	653,134,328	6,668,809	660,000,937	35,664,371	109,451,075	145,115,446
Non-current	4,372,694,328	79,334,402	4,452,028,730	307,067,354	1,465,035,122	1,772,102,476
	5,025,828,656	86,201,011	5,112,029,667	342,731,725	1,574,486,197	1,917,217,922
Segment liabilities						
Current	387,326,002	-	387,326,002	940,077	107,865,668	108,805,745
Non-current	370,646,657	-	370,646,657	52,699,238	127,666,810	180,366,048
	757,972,659	-	757,972,659	53,639,315	235,532,478	289,171,793

Difference in total assets and total liabilities under segment reporting and in the statements of financial position as at December 31, 2021 pertains to the deferred income tax assets, net of leasing segment and deferred income tax liabilities, net of sale of solar energy amounting to P16.60 million and P8.40 million, respectively, which were presented as deferred income tax assets, net amounting to P8.20 million in the statements of financial position (Note 19).

During 2020, the Company only had one (1) operating segment, the sale of solar energy. All the amounts reported in the financial statements of the Company for the year ended December 31, 2020 are attributable to this segment.

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by Philippine Financial Reporting Standards (PFRS) 8, "Operating Segments".

### **Note 3 - Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash on hand	65,000	65,000
Cash in banks	571,358,464	10,783,402
Short-term placements	-	38,165,946
	571,423,464	49,014,348

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.076% to 1.00% (2021 - 0.087% to 1.00%).

Total interest income earned from cash in banks and short-term placements for the years ended December 31 is as follows:

	Note	2022	2021	2020
Interest income	18	383,246	246,942	662,181

**Note 4 - Trade and other receivables, net**

Trade and other receivables, net as at December 31 consist of:

	Note	2022	2021
Current			
Trade receivables from TransCo		6,866,609	41,892,701
Lease receivables	11	43,875,912	-
Other receivable		3,648,501	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		1,704,405	-
		52,446,926	41,892,701
Non-current			
Trade			
Receivables from TransCo		79,334,402	83,525,100
Lease receivables	11	134,636,054	2,456,998
		213,970,456	85,982,098

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that TransCo fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%. There are no interest income arising from late payments of TransCo for the years ended December 31, 2022, 2021 and 2020.

Details of trade receivables from TransCo as at reporting periods are as follows:

	Current	Non-current	Total
December 31, 2022			
Trade receivables	11,282,887	84,972,301	96,255,188
Discount on receivables	(4,416,278)	(5,637,899)	(10,054,177)
	6,866,609	79,334,402	86,201,011
December 31, 2021			
Trade receivables	41,904,520	96,255,187	138,159,707
Discount on receivables	(11,819)	(12,730,087)	(12,741,906)
	41,892,701	83,525,100	125,417,801

In 2020, the ERC issued Resolution No. 06, Series of 2020, which was further clarified in February 2021, to confirm that the actual recovery of the arrears FIT rate adjustment shall be for a period of 5 years whereas those from January 2016 generation shall start billing in December 2020 and payment schedule starts in January 2021. During 2021, a reversal was made amounting to P4.85 million for the November and December 2020 billings where TransCo confirmed that the FIT rate adjustments will be collected beginning December 2021. This reversal was offset with the additional revenue recognized during December 2021 amounting to P83.53 million to be recovered within the next 5 years after December 31, 2021 (Note 15).



Discount on trade receivables from TransCo arising from this amounted to P9.16 million as at December 31, 2022 (December 31, 2021 - P12.74 million). Interest income arising from amortization of discount on trade receivables from TransCo for the year ended December 31, 2022 amounted to P2.68 million (2021 - P30 thousand; 2020 - nil) (Note 18).

Lease receivables pertain to accrued rent resulting from the straight-line method of recognizing rental income.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality. The provision was recognized as part of operating expenses in the statements of total comprehensive income (Note 17).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at December 31, 2022 and 2021, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature except from non-current portion of receivable from TransCo related to FTT-rate adjustments. All previous billings of the Company were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

#### **Note 5 - Prepayments and other current assets**

Prepayments and other current assets as at December 31 consist of:

	2022	2021
Input value-added tax (VAT)	18,353,780	12,081,806
Prepaid taxes	11,441,865	906,900
Deferred bond issuance costs	6,334,902	-
Deferred share issuance costs	-	35,664,371
Advances to suppliers	-	5,094,408
Advances to employees	-	448,662
Others	-	12,250
	36,130,547	54,208,397

Input VAT represents VAT on purchases of goods and services which can be recovered either as tax credit against future output VAT or through refund.

Prepaid taxes include creditable withholding tax, overpayment of withholding taxes and income taxes.

Deferred bond issuance costs pertain to expenses incurred relative to the maiden ASEAN Green Bonds offering of the Company (Note 1).

Deferred share issuance costs pertain to expenses incurred relative to the listing and offering of the Company's shares to the public (Note 1).

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Advances to employees represent unliquidated cash advances for business related purposes and are to be liquidated from completion of the activity.

**Note 6 - Property, plant and equipment, net**

Details and movements of property, plant and equipment, net as at and for the years ended December 31 are as follows:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
January 1, 2021, December 31, 2021 and 2022	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2021	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	55,906,693	3,205,091	13,334	27,100	59,152,218
December 31, 2021	362,820,894	14,837,301	36,667	70,008	377,764,870
Depreciation	55,895,001	3,204,430	3,333	27,100	59,129,864
December 31, 2022	418,715,895	18,041,731	40,000	97,108	436,894,734
Net book values					
December 31, 2022	1,245,581,069	26,435,887	-	38,392	1,272,055,348
December 31, 2021	1,301,476,070	29,640,317	3,333	65,492	1,331,185,212

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP. As a result, the chattel mortgage agreement was rescinded by DBP on November 3, 2021.

There were no additions for the years ended December 31, 2022 and 2021.

Depreciation expenses for the years ended December 31 are recognized as follows:

	Notes	2022	2021	2020
Cost of services	16	59,099,431	59,111,784	59,118,913
Operating expenses	17	30,433	40,434	40,433
		59,129,864	59,152,218	59,159,346

Following the approval of the DOE on the assignment of SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company effective December 25, 2021, the Company leased out the Clark Solar Plant to its Parent Company in exchange of fixed and variable lease rental (Note 11). The Parent Company became the Clark Solar Plant operator.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at December 31, 2022 and 2021.

**Note 7 - Other non-current assets**

Other non-current assets as at December 31 consist of:

	Note	2022	2021
Security deposits	20	5,279,310	5,279,310
Electric utility deposits		-	6,580,541
Restricted cash		-	905,831
		5,279,310	12,765,682

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated and all bills have been paid.

Restricted cash pertains to cash deposited in a local bank pursuant to Section 5(i) of RA No. 7638, otherwise known as, the “*Department of Energy Act of 1992*”, Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

During 2022, the electric utility deposits and restricted cash were assigned and transferred to the Parent Company in line with the assignment of SESC of the Clark Solar Plant to its Parent Company.

#### **Note 8 - Investment properties, net**

Details and movements of investment properties as at December 31 are as follows:

	Freehold land assets	Leasehold land assets	Total
Cost			
January 1, 2021	-	-	-
Additions	234,545,502	53,940,794	288,486,296
December 31, 2021	234,545,502	53,940,794	288,486,296
Additions	2,507,918,610	139,466,312	2,647,384,922
December 31, 2022	2,742,464,112	193,407,106	2,935,871,218
Accumulated amortization			
January 1, 2021	-	-	-
Amortization	-	473,166	473,166
December 31, 2021	-	473,166	473,166
Amortization	-	10,100,808	10,100,808
December 31, 2022	-	10,573,974	10,573,974
Net book values			
December 31, 2022	2,742,464,112	182,833,132	2,925,297,244
December 31, 2021	234,545,502	53,467,628	288,013,130

The amounts recognized in the statements of total comprehensive income for the years ended December 31 (December 31, 2020 - nil) related to the investment properties are as follows:

	Notes	Freehold land assets	Leasehold land assets	Total
2022				
Rental income		380,451,085	708,621,591	1,089,072,676
Amortization of deferred rent income		1,220,610	1,291,823	2,512,433
Total revenue	15	381,671,695	709,913,414	1,091,585,109
Cost of services				
Depreciation		-	(10,100,808)	(10,100,808)
Property management fee		(3,810,812)	(7,804,735)	(11,615,547)
Fund management fee		(1,953,054)	(2,601,578)	(4,554,632)
	16	(5,763,866)	(20,507,121)	(26,270,987)
Finance costs	18	-	(11,346,680)	(11,346,680)
Profit arising from investment properties		375,907,829	678,059,613	1,053,967,442
2021				
Rental income	15	9,681,801	8,092,091	17,773,892
Cost of services	16	-	(473,166)	(473,166)
Operating expenses	17	(6,020,669)	-	(6,020,669)
Finance costs	18	-	(453,855)	(453,855)
Profit arising from investment properties		3,661,132	7,165,070	10,826,202

*(a) Freehold land asset*

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4.87 million in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and CST1 executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229.68 million in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 14). These parcels of land are recognized with reference to its fair value. The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021. The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

In 2022, the Company executed a deed of absolute sale with Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation) and Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.), entities under common control, for the purchase of several parcels of land located in San Ildefonso, Bulacan and Brgy. Centrala, Suralla, South Cotabato for a total consideration of P1.75 billion and P753.80 million, respectively (Note 11).

The aggregate fair value of these parcels of land as determined by an independent appraiser as at December 31, 2022 amounted to P4.15 billion (October 31, 2021 - P4.24 billion). The fair value of the parcels of land was estimated by the independent appraiser using the discounted cash flow analysis grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future (i.e., economic benefits come in the form of lease of the solar power plant). This approach requires a forecast of the economic entity's stream of net income based on lease contract. These net income or rents are then summed up and discounted back to present value by an appropriate discount rate, then add the terminal value of the property. The valuation process consists of estimation of the current market value of the leased property and present value of the unexpired contract rentals. The discounted cash flow analysis falls under the income approach which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value. This approach falls under Level 3 of the fair value hierarchy. As required by the REIT Implementing Rules and Regulations (REIT IRR), a full valuation of the Company's assets shall be conducted by an independent property valuer at least once a year. Management assessed that there are no significant changes in the business environment from the date of last valuation up to reporting date which would impact the fair value of the properties.

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rates (fixed and variable lease) which were based on the signed lease contracts and (2) discount rate 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.

The current use of the parcels of land is its highest and best use.

*(b) Leasehold land assets*

The Company, as a lessee, entered on the following lease agreements:

- On July 26, 2021, the Company entered into a contract of sublease and contract of lease with the owners of parcels of land with a total aggregate area of approximately 4.8 hectares and 5.6 hectares, respectively, which are located in Brgy. Dalayap, Tarlac City, Tarlac. Each of these land properties are covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company subleased the land back to CST2 effective November 1, 2021 (Note 11). These lease agreements are effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.
- On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016. The Company shall pay an advance rental every two years, subject to escalation rate of 12% every five years, for a period of 25 years, reckoned from the effective date stipulated in the Renewable Energy Payment Agreement but not later than May 31, 2016, subject to renewal. The agreement took effect on January 1, 2022. On July 26, 2021, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area effective January 1, 2022 (Note 11).
- On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental. These land properties are covered by an existing lease contract that commenced on June 1, 2016 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company subleased the land back to CSNO. The new lease agreement commenced on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. The lease payment is subject to annual escalation rate of 2% beginning in the third year of the lease. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016. On July 28, 2021, the Company entered into sublease agreement with CSNO (sublessee) to sublease the identified leased area effective January 1, 2022 (Note 11).

The aggregate fair value of these parcels of land classified as leasehold land assets as determined by an independent appraiser as at December 31, 2022 amounted to P7.06 billion (October 31, 2021 - P7.13 billion). The same valuation technique was used in measuring the fair value as that of the freehold land assets.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets. Land is the underlying asset to which the right-of-use assets would be grouped if these were owned by the Company.



**Note 9 - Trade payables and other liabilities**

Trade payables and other liabilities as at December 31 consist of:

	Note	2022	2021
Trade payables		44,629	16,798,407
Due to government agencies		41,421,188	33,723,763
Deferred rent income, current portion	11	6,126,256	-
Accrued expenses		3,661,511	875,166
		51,253,584	51,397,336

Trade payables to third parties are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the statements of total comprehensive income. The remaining balance of due to government agencies pertains to unpaid real property taxes and business taxes to a local government unit, withholding taxes and mandatory government contributions. Withholding taxes include P7.55 million final withholding tax for cash dividends declared on November 9, 2022 and paid on January 5, 2023 (Note 14).

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

**Note 10 - Loans payable**

In 2016, the Company entered into a P1.35 billion Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Clark Solar Power Project. The entire facility was drawn on December 9, 2016.

The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement have been collected by the bank, the Company agrees, unless the bank otherwise consent in writing, that the Company will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, the Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 2:1 and current ratio and debt service coverage ratio of not less than one (1) as defined in the Term Loan Facility Agreement.

The Company made a principal payment amounting to P31.61 million for the year ended December 31, 2021.

On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP with principal balance amounting to P1.01 billion. Consequently, the Company derecognized the loan and the corresponding interest payable amounting P13.02 million and recognized as part of due to a related party (Note 11). No gain or loss was recognized for the loan assignment. As a result of the assignment, the Company became indebted to its Parent Company for the same amount. Subsequently, the Parent Company used a portion of the amount recognized as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital (Note 14). These are considered as non-cash transactions.

Finance costs including amortization of debt issuance cost for the year ended December 31, 2021 recognized in the statements of total comprehensive income amounted to P24.97 million (Note 18).

Movements in loans payable for the year ended December 31, 2021 are as follows:

	Amount
Principal amount	
January 1	1,043,181,818
Assignment of loan	(1,011,570,248)
Payments	(31,611,570)
December 31	-
Debt issuance cost	
January 1	(6,925,986)
Amortization	6,925,986
December 31	-
	-

Movements in interest payable for the year ended December 31, 2021 are as follows:

	Amount
January 1	31,916,918
Interest expense	18,047,924
Assumed by Parent Company	(13,024,012)
Interest payments	(36,940,830)
December 31	-

## Note 11 - Related party transactions

In the normal course of business, the Company transacts with companies which are considered related parties under Philippine Accounting Standards (PAS) 24, "Related Party Disclosures".

The transactions and outstanding balances of the Company as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 with related parties are as follows:

	Transactions			Outstanding balance Receivables (Payables)		Terms and conditions
Related parties	2022	2021	2020	2022	2021	
Parent Company						
Lease income	282,393,829	-	-	16,226,090	-	Refer to (e) and Notes 4 and 15.
Advances to (from)	71,442,959	265,850,948	39,525,344	(53,223,717)	265,850,948	Refer to (a). Refer to (b) and Note 10.
Assignment of loans payable	-	(1,011,570,248)	-	-	(377,493,612)	Refer to Note 10.
Assumed interest payable	-	(13,024,012)	-	-	(13,024,012)	Refer to Note 10.
				(53,223,717)	(124,666,676)	
Security deposits						
Additions	22,180,645	-	-	(22,180,645)	-	Refer to (e).
Accretion of interest expense	406,868	-	-	10,066,877	-	
				(12,113,768)	-	
Deferred rent income						
Additions	10,473,745	-	-	(10,473,745)	-	Refer to (e).
Amortization	550,694	-	-	550,694	-	
				(9,923,051)	-	
Issuance of shares	-	607,330,352	-	-	-	Refer to (c), Notes 8, 10 and 14.
Entities under common control						
Lease income	1,089,072,676	17,773,892	-	162,285,876	2,456,998	Refer to (e) and Notes 4 and 15.
Advances to	-	87,021,747	87,021,747	-	87,021,747	Refer to (a). Refer to (e) and Note 8.
Acquisition of properties	2,507,918,610	-	-	-	-	Refer to (f).
Property management fee	14,942,644	-	-	-	-	Refer to (g).
Fund management fee	4,980,881	-	-	-	-	
Security deposits						
Additions	128,247,815	-	-	(128,247,815)	-	Refer to (e).
Accretion of interest expense	1,484,160	-	-	82,945,307	-	
				(45,302,508)	-	
Deferred rent income						
Additions	84,429,467	-	-	(84,429,467)	-	Refer to (e).
Amortization	2,512,432	-	-	2,512,432	-	
				(81,917,035)	-	
Issuance of shares	-	229,680,216	-	-	-	Refer to (c) and Notes 8 and 14.

### (a) Advances

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). As at December 31, 2021, the Parent Company and the Company agreed to offset all related party receivables and payables resulting in a net payable to the Parent Company amounting to P124.67 million. These are considered as non-cash transactions.



The offset amounts as at December 31, 2021 are as follows:

	Amount
Receivables	265,850,948
Payables	(390,517,624)
	(124,666,676)

There was no offsetting as at and for the year ended December 31, 2022.

Details of net payable to the Parent Company as at December 31 are as follows:

	2022	2021
Current	53,223,717	56,144,929
Non-current	-	68,521,747
	53,223,717	124,666,676

In December 2022, the Company and the Parent Company agreed that the remaining balance of due to Parent Company amounting to P53.22 million is to be settled in cash within 12 months from December 31, 2022.

In December 2021, the Company and the Parent Company agreed that portion of the net payable amounting to P56.14 million is to be settled in cash upon demand by the Parent Company while the remaining balance of P68.52 million is to be settled in cash after more than 12 months from December 31, 2021.

These are non-interest bearing and not covered by guarantees or collaterals.

*(b) Loan assignment*

The loan assignment was recognized as part of due to a related party. Details and movement of due to a related party pertaining to the loan assignment for the year ended December 31, 2021 are as follows:

	Notes	Amount
Beginning		1,043,181,818
Cash settlement prior assignment		(31,611,570)
Assignment of loan	10	1,011,570,248
Cash settlement after assignment		(31,611,570)
Subscription of shares	14 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

On May 7, 2021, the Company made another cash settlement which was after the assignment, amounting to P31.61 million. This was paid by the Company on behalf of the Parent Company, hence, offset against due from the Parent Company account.

*(c) Shares subscriptions*

Details of additional shares subscriptions for the year ended December 31, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	8, 10, 14	602,465,066	4,865,286	607,330,352
CST1	8, 14	-	229,680,216	229,680,216
		602,465,066	234,545,502	837,010,568

*(d) Key management compensation*

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the year ended December 31, 2022 amounted to P1.98 million (2021 - P0.84 million and 2020 - nil) (Note 17).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for each of the three years in the period ended December 31, 2022.

*(e) Lease agreements*

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:

- Land property located in Brgy. Dalayap, Tarlac City, Tarlac with CST2

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P61.76 million (2021 - P8.09 million) (Note 15).

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with CSNO

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P279.05 million (Note 15).

- Land property located in Brgy. Talavera, Toledo City, Cebu with CSCI

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P369.10 million (Note 15).

- Lease agreement of below land properties to related parties:

- Land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P72.38 million (2021 - P9.68 million) (Note 15).

- o Land property located in San Ildefonso, Bulacan with CSBI

In 2021, the Company entered into a memorandum of agreement with CSBI for the future sale of land properties owned by CSBI to the Company. In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from CSBI for a total consideration of P1.75 billion (Note 8). The purchase price was fully paid as at December 31, 2022. The land properties were recognized as part of investment properties as at December 31, 2022. Subsequently, the Company and CSBI entered into a lease agreement for the same land properties.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these land properties for the year ended December 31, 2022 amounting to P215.46 million (Note 15).

- o Land property located in Brgy. Centrala, Suralla, South Cotabato with CSSCI

In 2021, the Company entered into a memorandum of agreement with CSSCI for the future sale of land properties located in Brgy. Centrala, Suralla, South Cotabato to the Company. In 2022, the Company entered into a contract to sell with CSSCI related to the acquisition of said property, on which CSSCI committed that from the signing of the contract until the signing of deed of absolute sale, CSSCI shall not make any offer, or entertain or discuss any offer, for the sale, mortgage, lease of said property with any person other than the Company. This has resulted in addition to the Company's investment properties. On June 6, 2022, the Company executed a deed of absolute sale for the purchase of said properties for a total consideration of P753.80 million. The purchase price was fully paid as at December 31, 2022. Subsequently, the Company and CSSCI entered into a lease agreement for the same property.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these properties for the year ended December 31, 2022 amounting to P93.84 million (Note 15).

- Assignment of SESC of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P282.94 million (Note 15).

In addition to the clauses discussed above, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The recognized lease receivables from related parties as at December 31, 2022 and 2021 pertain to accrued rent resulting from the straight-line method of recognizing rental income.

During 2022, the Company received security deposits from its lessees amounting to P150.43 million, which is equivalent to three-month lease payments for freehold land properties and one-month lease payment for solar property and leasehold land properties. The security deposits shall remain valid until expiration of the lease agreements and shall serve as guarantee for the lessees' faithful compliance with the terms, conditions, and obligations of lease agreements. The security deposits shall be adjusted annually and the lessees shall provide the necessary amount to keep the security deposits equivalent to the number of months' rent. Upon termination of the lease agreements, the security deposits will be refunded without interest by the Company less payment of all remaining monetary obligations of the lessees to the Company. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessees within 60 days from the return of the leased properties to the Company. These security deposits were presented as non-current liabilities in the statements of financial position as at December 31, 2022.

Details of security deposits and deferred rent income as at December 31, 2022 are as follows:

	Notes	Amount
Security deposits		
Gross amount		150,428,460
Allowance for amortization of security deposits		
Additions		(94,903,212)
Accretion of interest expense	18	1,891,028
		93,012,184
		57,416,276
Deferred rent income		
Additions		94,903,212
Amortization	15	(3,063,126)
		91,840,086
Less: Current portion	9	(6,126,256)
Non-current portion		85,713,830

Accretion of interest expense for the year ended December 31, 2022 amounted to P1.89 million (Note 18).

Deferred rent income pertains to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred rent income for the year ended December 31, 2022 amounted to P3.07 million which was recognized as part of rental income in the statements of total comprehensive income (Note 15).

*(f) Property management fee*

On August 9, 2021, the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI), an entity under common control. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement. Property management commenced in 2022 in line with the date of Company's listing to PSE. Property management fee amounted to P14.94 million for the year ended December 31, 2022 (Note 16).

*(g) Fund management fee*

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI), an entity under common control. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company and plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement. Fund management agreement commenced in 2022 in line with the date of Company's listing to PSE. Fund management fee amounted to P4.98 million for the year ended December 31, 2022 (Note 16).

*(h) Agreement for future assignment and sale transactions*

In September 2022, the Company entered into an agreement with the Parent Company and Greencore Power Solutions 2, Inc. (GPS2) and Greencore Power Solutions 4, Inc. (GPS4), entities under common control, for the future assignment of rights to purchase several parcels of land owned by the Parent Company, GPS2 and GPS4 to the Company.

In addition, the Company also entered into an agreement with Sunny Side Up Power Corp. (SSUPC), entity under common control, for the future sale of solar rooftops system owned by SSUPC to the Company.

This will result in the recognition of investment properties and property, plant and equipment in the statements of financial position for the parcels of land and solar rooftop systems, respectively, to be acquired.

*(i) Agreement for future lease agreement*

In September 2022, the Company entered into a memorandum of agreement with the Parent Company, GPS2, GPS4 and SSUPC for the subsequent lease of parcels of land and solar rooftop systems owned by the Parent Company, GPS2, GPS4 and SSUPC to the Company.

This will result in the recognition of rental income on a straight-line basis over the lease term for the leaseback to the related parties. These lease agreements will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position upon the consummation of the agreement.

On July 26, 2021, the BOD approved the Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.



### **Note 12 - Other non-current liability**

Other non-current liability consists of provision for asset retirement obligation amounting to P1.06 million which pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement. In 2020, the Company reversed the full amount of the provision as management assessed that this is no longer expected to be settled or incurred upon termination of the lease agreement.

### **Note 13 - Retirement benefits**

The Company provides for the estimated retirement benefits based on the requirements of RA No. 7641, otherwise known as the "Retirement Pay Law". Under the Retirement Pay Law, the retirement benefit obligation is computed as one-half of monthly salary for every year of service, a fraction of six months being considered as one whole year. The term one-half of monthly salary shall mean 15 days plus the one-twelfth of the 13th month, and the cash equivalent of not more than five days service incentive leaves.

The retirement benefit obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation was sought from an independent actuary last June 30, 2021. Management has assessed that there are no significant changes in the data and assumptions used in computing the present value of defined benefit obligation as at December 31, 2022 from the date of last actuarial valuation.

The retirement benefit obligation recognized in the statement of financial position as at December 31, 2022 and 2021 amounted to P314,672.

The movements in present value of defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
January 1	2,915,664	-
Current service cost	203,989	2,915,664
Interest cost	3,308	-
Reversal of retirement benefit obligation	(2,757,395)	-
Remeasurement gain arising from:		
Changes in financial assumptions	(44,744)	-
Deviations of experience from assumptions	(6,150)	-
December 31	314,672	2,915,664

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by the Company to employees. This is recognized directly in profit or loss as part of retirement benefit (income) expense.

The components of retirement benefit (income) expense for the years ended December 31 are as follows:

	Note	2021	2020
Current service cost		203,989	2,915,664
Interest cost		3,308	-
Reversal of retirement benefit obligation		(2,757,395)	-
	16	(2,550,098)	2,915,664



The movements in remeasurement on retirement benefits for the year ended December 31, 2021 are as follows:

	Amount
January 1	-
Remeasurement	
Changes in financial assumptions	(44,744)
Experience adjustment	(6,150)
December 31	(50,894)

Remeasurements during 2020 is not material due to insignificant changes in financial and demographic assumptions and experience adjustments, hence, not recognized.

The principal assumptions used for the periods December 31 are as follows:

	2021	2020
Discount rate	5.34%	4.07%
Salary increase rate	5.00%	5.00%

The present value of the defined benefit obligation is measured in terms of actuarial assumptions such as discount rate, salary increases and expected retirement age. The resulting amount was discounted based on the spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds. Salary increase rate was also considered which comprise of the general inflationary increase plus a further increase for individual productivity, merit and promotion. The salary increase rate is set by reference over the period over which benefits are expected to be paid.

The Company does not expect to create a fund in the next reporting period.

The weighted average duration of the defined benefit obligation as at December 31, 2022 and 2021 is 17.8 years

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
<i>December 31, 2021</i>			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)
<i>December 31, 2020</i>			
Discount rate	+/-1.00%	(1.02 million)	0.01 million
Salary increase rate	+/-1.00%	0.69 million	(0.56 million)

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2021	2020
One year to five years	81,802	1,590,324
More than five years to ten years	214,170	4,159,676
	295,972	5,750,000

## Note 14 - Share capital

The details and movements of the Company's share capital as at December 31 are as follows:

	2022		2021		2020	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorized share capital						
Common shares - P0.25 par value	15,360,000,000	3,840,000,000	15,360,000,000	3,840,000,000	The number of shares and amount are the same as the issued and outstanding shares.	
Issued and outstanding						
Common shares - P0.25 par value						
January 1	5,498,182,004	1,374,545,501	-	-	-	-
Reclassification	-	-	15,031,366	539,999,999	-	-
Effect in reduction in par value	-	-	2,144,968,628	-	-	-
Issuances	1,047,272,000	261,818,000	3,338,182,010	834,545,502	-	-
December 31	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501	-	-
Common class A - P1 par value						
January 1	-	-	7,291,011	7,291,011	7,291,011	7,291,011
Reclassification	-	-	(7,291,011)	(7,291,011)	-	-
December 31	-	-	-	-	7,291,011	7,291,011
Common class B - P13.5 par value						
January 1	-	-	4,856,985	65,569,298	4,856,985	65,569,298
Reclassification	-	-	(4,856,985)	(65,569,298)	-	-
December 31	-	-	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value						
January 1	-	-	1,729,922	46,707,894	1,729,922	46,707,894
Reclassification	-	-	(1,729,922)	(46,707,894)	-	-
December 31	-	-	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value						
January 1	-	-	1,153,448	420,431,796	1,153,448	420,431,796
Reclassification	-	-	(1,153,448)	(420,431,796)	-	-
December 31	-	-	-	-	1,153,448	420,431,796
	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501	15,031,366	539,999,999

The holders of common class A and B shares are entitled to the same rights and privileges except for the right to dividend distribution which is in accordance with the par value ratio.

Redeemable preference shares A and B are non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends. In case of dissolution or liquidation, redeemable preference shares shall enjoy preference on the distribution of the Company's assets. Redeemable preference shares are not redeemable at the option of the holder.

Foreign nationals may own and hold common class B and redeemable preference shares B.

### (a) Share reclassifications and increase in authorized share capital

On March 12, 2021, the Company's BOD and shareholder approved that the redeemable preferred shares and other classes of common shares previously authorized and issued are and shall be convertible to one class common share and reduced the par value of all previously issued shares to P0.25 per share.

Consequently, the Company amended its AOI to reflect the change and converted all its previously issued shares to one class common share. The Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by the SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021 (Note 1).

*(b) Share subscriptions*

*(i) Advances from Parent Company to share conversion subscription*

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 2,400,000,000 common shares to be taken from the increase in authorized share capital, upon approval by the SEC for a total consideration of P602,465,066. Total consideration in excess of par value of shares issued amounting to P2,465,066 was credited as additional paid in capital. The Parent Company assigned P602,465,066 of its advances to fully pay the subscription price (Note 10). This is considered as a non-cash transaction.

*(ii) Land properties for share subscription*

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P4.87 million. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229.68 million. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties (Note 8).

The application for the proposed increase in authorized share capital was filed with the SEC on May 25, 2021 and was approved on October 12, 2021, which resulted in the subsequent issuance of shares to the Parent Company and CST1 (Note 1).

*(c) Sale to the public*

On February 22, 2022, the Company successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by the Company as "Primary Offer Shares", and (ii) 1,134,547,000 existing shares offered by the Parent Company, selling shareholder, pursuant to a "Secondary Offer Shares" with an over-allotment option of up to 327,273,000 shares which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized additional paid-up capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Offer Shares which were treated as deduction to APIC amounted to P103.85 million. Total transaction costs comprised of deferred share issuance costs amounting to P35.66 million as at December 31, 2021 which was subsequently applied against APIC and additional share issuance costs for the year ended December 31, 2022 amounting to P68.19 million.

*(d) Dividends*

On March 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.035 per common share for shareholders on record as at March 28, 2022. Total dividends amounting to P229.09 million was fully paid on March 31, 2022.

On May 11, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the first quarter of 2022. The cash dividends were paid on June 24, 2022 to shareholders on record as at June 8, 2022.

On July 20, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the second quarter of 2022. The cash dividends were paid on September 14, 2022 to shareholders on record as at August 19, 2022.

On November 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the third quarter of 2022. The cash dividends were paid on January 5, 2023 to shareholders on record as at December 9, 2022.

#### Events after the reporting period

On March 22, 2023, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the fourth quarter of 2022. On the same date, the BOD approved the declaration of special cash dividends of P0.007 per outstanding common share or an aggregate amount of P45.82 million. The cash dividends are payable on May 15, 2023 to shareholders on record as at April 21, 2023. The management has determined that this is a non-adjusting event.

#### **Note 15 - Revenue**

##### *(a) Sale of solar energy*

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the ERC of the Certificate of Compliance (COC). On November 22, 2016, the ERC issued the COC to the Company. As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020. Notwithstanding that the ERC Resolution was dated 2020, the Company has assessed that there was still uncertainty particularly absence of acceptance confirmation from TransCo on the implementation of the resolution including the approach to recover, capacity to settle or pay and the credit period as at December 31, 2020. Consequently, the said uncertainty resulted in the reversal of billings issued in November and December 2020 using the adjusted FIT rates (Note 4). During 2021, additional revenue amounting to P83.53 million was recognized related to FIT-rate adjustments for the generation from 2016 to be recovered in five years starting in December 2021 based on latest discussions with TransCo.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P86.20 million as at December 31, 2022 (December 31, 2021 - P125.42 million) (Note 4).

For the year ended December 31, 2021, revenue from sale of electricity amounted to P334.52 million (2020 - P269.08 million). As a result of assignment of SESC of the Clark Solar Plant to its Parent Company, the sale of solar energy business has been terminated on December 25, 2021 as approved by DOE (Note 1).

(b) Leasing

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the years ended December 31 are as follows:

		2022		2021	
Land properties	Note	Rental income	Amortization of deferred rent income	Total	Amount
Leasehold land assets					
Brgy. Talavera, Toledo City, Cebu		368,402,585	700,356	369,102,941	-
Brgy. Rizal, Silay City, Negros Occidental		278,546,822	500,155	279,046,977	-
Brgy. Dalayap, Tarlac City, Tarlac		61,672,184	91,312	61,763,496	8,092,091
		708,621,591	1,291,823	709,913,414	8,092,091
Freehold land assets					
Brgy. San Ildefonso, Bulacan		214,748,790	706,926	215,455,716	-
Brgy. Centrala, Suralla, South Cotabato		93,526,329	311,785	93,838,114	-
Brgy. Armenia, Tarlac City, Tarlac		72,175,966	201,899	72,377,865	9,681,801
		380,451,085	1,220,610	381,671,695	9,681,801
Solar plant property					
Clark Freeport Zone, Pampanga		282,393,829	550,693	282,944,522	-
	11	1,371,466,505	3,063,126	1,374,529,631	17,773,892

Rental income includes variable lease income amounting to P43.88 million for the year ended December 31, 2022 (2021 - nil).

The future minimum lease receivable under non-cancellable operating leases as at December 31 are as follows:

	2022	2021
Within one year	1,266,472,480	1,195,411,535
After one year but not more than five years	6,512,101,745	6,449,273,035
More than five years	9,493,051,850	10,822,353,040
	17,271,626,075	18,467,037,610

**Note 16 - Cost of services**

The components of cost of services for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Depreciation and amortization	6, 20	71,332,995	61,710,938	61,244,901
Property management fee	11	14,942,644	-	-
Fund management fee	11	4,980,881	-	-
Taxes and licenses		7,165	610,854	17,281,122
Utilities		-	4,500,169	4,933,938
Repairs and maintenance		-	3,846,766	1,023,368
Outside services		-	3,511,285	3,711,108
Insurance		-	1,599,934	1,657,448
Salaries and wages		-	934,099	1,843,562
Retirement benefit (income) expense	13	-	(2,550,098)	2,915,664
Others		5,356	43,815	12,462
		91,269,041	74,207,762	94,623,573



**Note 17 - Operating expenses**

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Outside services		2,700,754	3,904,095	-
Professional fees		2,136,872	20,142,435	41,500
Directors' fees	11	1,975,000	842,105	-
Taxes and licenses		1,046,461	29,202,654	4,340,315
Dues and subscriptions		150,000	1,188,968	949,262
Transportation and travel		48,490	211,306	197,253
Depreciation	6	30,433	40,434	40,433
Bank charges		500	27,828	7,912
Repairs and maintenance		-	191,023	146,405
Communication, light and water		-	107,442	138,214
Charitable contribution		-	100,000	126,000
Provision for doubtful accounts	4	-	-	1,944,096
Others		352,449	1,014,499	56,569
		8,440,959	56,972,789	7,987,959

Portion of outside services, taxes and licenses, and professional fees include costs incurred for the ASEAN Green Bonds offering and for issuance of the Company's shares to the public for the years ended December 31, 2022 and 2021, respectively.

**Note 18 - Other income, net; finance costs**

The components of other income, net for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Interest income	3, 4	3,070,975	277,078	662,181
Foreign exchange losses, net	22	(113,799)	(55,492)	(15,321)
Reversal of asset retirement obligation	12	-	-	1,056,902
Gain on compromise settlement of due to government agencies	9	-	25,200,913	-
Others		420,573	583,427	-
		3,377,749	26,005,926	1,703,762

The components of finance costs for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Interests on security deposits	11	1,891,028	-	-
Interests on lease liabilities	20	15,693,012	4,464,960	4,026,048
Interests on loans payable from DBP	10	-	24,973,910	60,028,178
		17,584,040	29,438,870	64,054,226



## **Note 19 - Income taxes**

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income tax holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

As a REIT-registered enterprise following its listing in the main board of the PSE on February 22, 2022 (Note 1), the Company will avail the following tax incentives:

- 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.
- 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.
- 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.

Income tax expense for the year ended December 31, 2022 pertains to deferred income tax expense amounting to P8.20 million (2021 - deferred income tax benefit of P8.20 million).

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future within the carry-over period of its unused tax losses. The Company is still subject to ITH for the years ended December 31, 2021 and 2020. As a result of the assignment of SESC effective December 25, 2021, the incentives as a BOI-registered enterprise for the sale of solar energy segment was transferred to the Parent Company starting January 1, 2022.

Management has considered this in reaching its conclusion to recognize certain deferred income tax assets in relation to both its sale of solar energy and leasing business segment as at December 31, 2021.

The details of the Company's recognized deferred income tax assets, net as at December 31, 2021 and the temporary differences where these arise are as follows:

	Amount
<i>Lease income segment under regular corporate income tax (RCIT) rate</i>	
Deferred income tax assets - to be recovered beyond 12 months	
Net operating loss carryover (NOLCO)	17,168,553
Leases	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Leases	(614,249)
Total deferred income tax assets, net - lease income segment	16,597,226
<i>Sale of solar energy under special tax rate</i>	
Deferred income tax asset - to be recovered within 12 months	
Discount on receivables	1,182
Deferred income tax asset - to be recovered beyond 12 months	
Discount on receivables	1,273,009
	1,274,191
Deferred income tax liability - to be settled within 12 months	
Accrued revenue	(45,582)
Deferred income tax liability - to be settled beyond 12 months	
Accrued revenue	(9,625,519)
	(9,671,101)
Total deferred income tax liabilities, net - sale of solar energy segment	(8,396,910)
Total deferred income tax assets, net	8,200,316

In 2022, deferred income tax assets, net were reassessed by the management based on the availability of future taxable income and recoverability. The assessment resulted in the derecognition of the deferred income tax assets, net as the Company transitioned to a REIT company following the listing of shares in the PSE on February 22, 2022 (Note 1). The derecognition of deferred income tax assets, net was charged to deferred income tax expense in the statements of total comprehensive income.

The Company's accrued revenue from sale of solar energy was deemed taxable by the Company, hence, fully reported as part of taxable income.

The Company's unrecognized deferred income tax assets as at December 31 arise from the following temporary differences:

	2022	2021
NOLCO	106,018,391	-
Accrued expenses	33,620,012	33,620,012
Leases	11,348,657	3,510,809
Discount on receivables	10,054,177	-
Provision for doubtful accounts	1,944,096	1,944,096
Retirement benefit obligation	314,672	314,672
Unrealized foreign exchange loss	113,799	55,318
	163,413,804	39,444,907
Tax rate	25%	10%
	40,853,451	3,944,491

The details of the Company's NOLCO as at December 31 are as follows:

Year of incurrence	Year of expiration	2022	2021
2021	2026	68,674,211	68,674,211
2022	2025	37,344,180	
		106,018,391	68,674,211
Tax rate		25%	25%
		26,504,598	17,168,553

The Company did not recognize deferred income tax assets arising from NOLCO as at December 31, 2022 as management expects that there is no sufficient future taxable income where this deferred income tax asset would be utilized and considering the effective income tax rate of nil under the REIT law.

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense for the years ended December 31 as shown in the statements of total comprehensive income follows:

	2022		2021		2020
	RCIT	RCIT	Special rate	Total	Special rate
Income tax at statutory tax rate	315,153,335	(7,681,132)	24,840,416	17,159,284	10,411,481
Income tax effects of:					
Non-deductible expenses	134,091	-	346,062	346,062	27,599
Non-taxable income due to ITH	-	-	(11,471,921)	(11,471,921)	(11,742,155)
Deductible expenses recognized as asset	-	(8,916,094)	-	(8,916,094)	-
Interest income subject to final tax	(95,812)	-	(27,708)	(27,708)	(66,218)
Derecognition of deferred income tax assets, net	(8,200,316)	-	-	-	-
Deductible expenses recognized as APIC	(17,047,639)	-	-	-	-
Movement of unrecognized deferred income tax assets	(24,871,271)	-	(5,289,939)	(5,289,939)	1,369,293
Deductible dividends payment	(273,272,704)	-	-	-	-
	(8,200,316)	(16,597,226)	8,396,910	(8,200,316)	-

#### **Note 20 - Lease - Company as a lessee**

The Company has entered into various lease contracts as follows:

- (a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US\$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P5.3 million were presented as part of other non-current assets in the statements of financial position as at December 31, 2022 and 2021 (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI with a third party to the Company (Note 8);
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2 (Note 8); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO (Note 8).

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

*Amounts recognized in the statements of financial position*

Details of right-of-use asset, net for the lease agreement in (a) and movements in the account as at and for the years ended December 31 are as follows:

	Note	2022	2021
Cost			
December 31, 2022 and 2021		43,937,092	43,937,092
Accumulated amortization			
January 1		6,377,964	4,251,976
Amortization	16	2,132,756	2,125,988
December 31		8,510,720	6,377,964
Net book value		35,426,372	37,559,128

Investment properties held by the Company as a right-of-use asset related to lease agreements in (b) measured initially at its cost in accordance with PFRS 16 as at and for the years ended December 31 are as follows:

	Notes	2022	2021
Cost			
January 1		53,940,794	-
Additions		139,466,312	53,940,794
December 31		193,407,106	53,940,794
Accumulated amortization			
January 1		473,166	-
Amortization	16	10,100,808	473,166
December 31		10,573,974	473,166
Net book value	8	182,833,132	53,467,628

Details of the lease liabilities as at December 31 are as follows:

	2022	2021
Current	2,406,282	1,263,480
Non-current	227,201,879	103,132,719
	229,608,161	104,396,199

Movements in lease liabilities for the years ended December 31 are as follows:

	Notes	2022	2021
January 1		104,396,199	51,355,135
Additions	8	139,466,312	53,940,794
Principal payments		(20,109,933)	(955,048)
Interest payments		(9,951,228)	(4,464,960)
Interest expense	8, 16	15,693,012	4,464,960
Translation difference		113,799	55,318
December 31		229,608,161	104,396,199

Translation difference is recognized as part of foreign exchange losses, net under other income, net in the statements of total comprehensive income.

*Amounts recognized in the statements of total comprehensive income*

Amounts recognized in the statements of total comprehensive income for the years ended December 31 related to the lease agreements are as follows:

	Notes	2022	2021	2020
Amortization expense	8, 16	12,233,584	2,599,154	2,125,988
Interest expense	8, 18	15,693,012	4,464,960	4,026,048
Translation difference	22	113,799	55,318	11,175
		28,040,375	7,119,432	6,163,211

The total cash outflows for the years ended December 31 for the lease agreements are as follows:

	2022	2021	2020
Payment of principal portion of lease liabilities	20,109,933	955,048	87,598
Payment of interest on lease liabilities	9,951,228	4,464,960	4,026,048
	30,061,161	5,420,008	4,113,646

*Discount rate*

The lease payments are discounted using the Company's incremental borrowing rate ranging from 6.75% to 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Extension and termination options*

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

**Note 21 - Earnings per share (EPS)**

Basic and diluted EPS for the years ended December 31 are as follows:

	2022	2021	2020
Net income	1,252,413,024	225,879,943	104,114,812
Weighted average number of common shares	6,397,090,471	2,772,000,029	2,772,000,029
Basic and diluted EPS	0.20	0.08	0.04

Weighted average number of common shares for the year ended December 31, 2022 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Beginning		5,498,182,004	1.00	5,498,182,004
Issuance of shares	14	1,047,272,000	0.86	898,908,467
		6,545,454,004		6,397,090,471

Weighted average number of common shares for the years ended December 31, 2021 and 2020 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Beginning		2,159,999,994	1.00	2,159,999,994
Issuance of shares	14	3,338,182,010	0.18	612,000,035
		5,498,182,004		2,772,000,029

In March 2021, the Company's BOD and shareholders approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 14). The conversion, subsequent decrease in par value and share subscriptions and issuance during 2021 were considered in the calculation of weighted average number of common shares outstanding retrospectively.

The Company has no potential dilutive common shares for each of the three years in the period ended December 31, 2022. Therefore, basic and diluted EPS are the same.

## **Note 22 - Financial risk and capital management and fair value estimation**

### **22.1 Financial risk management**

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### **22.1.1 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed in the succeeding section.



*(a) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates relates to loans payable, cash in banks, short-term placements, and lease liabilities.

The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021. Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has no outstanding loans payable as at December 31, 2022 and 2021 (Note 10).

Management believes that the related cash flow and interest rate risk on cash in banks and short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

The Company is also exposed to fixed-rate interest rate risk related to its lease liabilities. The interest rate risk is deemed to have a diminishing impact on the Company over the term of the lease.

*(b) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at December 31, 2022 refers to a portion of lease liabilities amounting to US\$19,858 (2021 - US\$20,052) with Philippine Peso equivalent of P1.11 million (2021 - P1.02 million).

Details of foreign exchange losses, net for the years ended December 31 are as follows:

	Note	2022	2021	2020
Unrealized losses, net		113,799	55,318	11,175
Realized losses, net		-	174	4,146
	18	113,799	55,492	15,321

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Company's functional currency.

**22.1.2 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 and cash equivalents, trade and other receivables, electric utility deposits, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets as at December 31 are as follows:

	Notes	2022	2021
Cash and cash equivalents*	3	571,358,464	48,949,348
Trade and other receivables	4	268,361,478	129,818,895
Security deposits	7	5,279,310	5,279,310
Electric utility deposits	7	-	6,580,541
Restricted cash	7	-	905,831
		844,999,252	191,533,925

\*excluding cash on hand

#### Credit quality of financial assets

##### (i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 3 and 7. The expected credit loss is determined to be immaterial. Cash on hand is not subject to credit risk.

##### (ii) Trade and other receivables

The Company has significant concentration of credit risk for the sale of energy segment business on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

Trade receivables from leasing segment include receivables from related parties. The credit exposure on trade receivables from related parties is considered to be minimal as there is no history of default and collections are expected to be made based on the lease agreement. In addition, the related parties are considered to have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at December 31, 2022 and 2021.

##### (iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

### 22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
<i>December 31, 2022</i>				
Trade payables and other liabilities*	9	-	9,832,396	-
Dividends payable	9, 14	-	280,442,419	-
Due to a related party	11	-	53,223,717	-
Lease liabilities	20	-	2,406,282	227,201,879
Interest**		-	16,309,125	167,227,646
Security deposits	11	-	-	57,416,276
		-	362,213,939	451,845,801
<i>December 31, 2021</i>				
Trade payables and other liabilities*	9	-	17,673,573	-
Due to a related party	11	56,144,929	-	68,521,747
Lease liabilities	20	-	1,263,480	103,132,719
Interest**		-	7,579,060	85,887,552
		56,144,929	26,516,113	257,542,018

\*excluding due to government agencies

\*\*expected interest on borrowings up to assignment date and on lease liabilities up to maturity date

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Company expects to settle the above financial liabilities within their contractual maturity date.

### 22.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholders or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry.

The capital structure of the Company consists of issued capital, retained earnings and remeasurement on retirement benefits. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings from third parties less cash and cash equivalents, while equity is total equity as shown in the statements of financial position. The Company has no outstanding short-term and long-term bank borrowings from third parties as at December 31, 2022 and 2021. The net debt reconciliation and gearing ratio as at December 31, 2021 are as follows:

	Notes	2021
Loans payable, January 1	10	1,036,255,832
Cash flows		(31,611,570)
Non-cash movement	10	(1,004,644,262)
Loans payable, December 31	10	-
Cash and cash equivalents	3	(49,014,348)
Net (asset) debt		(49,014,348)
Total equity		1,628,046,129
Net gearing ratio		(0.03):1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

As a REIT entity, the Company is subject to externally imposed capital requirements based on the requirement of the Aggregate Leverage Limit under the REIT IRR. Per Rule 5 - Section 8 of the REIT IRR issued by the SEC, the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its deposited properties. Provided, further, that in no case shall a fund manager, borrow from the REIT any of the funds under its management. As at December 31, 2022, the Company is compliant with the externally imposed capital requirements of REIT IRR and met the provisions of the REIT law related to the borrowing requirements to its fund manager.

### **22.3 Fair value estimation**

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), dividends payable, due to a related party and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, non-current portion of trade receivables, security deposits and non-current portion of lease liabilities and due to a related party are close to market rates. The fair value of the non-current portion of due to a related party as at December 31, 2021 amounting to P64.99 million was determined using discounted cash flow approach by applying current market interest rates of 2.68% (Level 2).

As at December 31, 2022 and 2021, the Company does not have financial instruments that are measured using the fair value hierarchy.

### **Note 23 - Critical accounting estimates and assumptions and judgments**

The preparation of the financial statements in conformity with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and the related notes. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

### **23.1 Critical accounting estimates and assumptions**

#### *(a) Impairment of trade and other receivables*

Provision for impairment of trade and other receivables is based on assumptions about risk of default and expected loss rates. The Company uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 24.3 and 24.4.

In 2020, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million. This is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary. No additional allowance for doubtful accounts was made during 2022 and 2021.

The carrying values of the Company's trade and other receivables are shown in Note 4.

#### *(b) Estimated useful lives of property, plant and equipment*

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax for the years ended December 31 would be as follows:

	Impact on income before tax Increase (Decrease)	
	2022	2021
Prolonged by 5 years	P10.29 million	P 8.91 million
Shortened by 5 years	(P9.26 million)	(P13.03 million)

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Company's property, plant and equipment are shown in Note 6.



*(c) Determining incremental borrowing rate*

To determine the incremental borrowing rate, the Company uses the government bond yield, adjusted for the credit spread specific to the Company and security using the right-of-use asset. The basis of the discount rates applied by the Company are disclosed in Note 20. Any change in the rates would have direct impact to interest expense for the period and on lease liabilities. Higher discount rate will result in lower interest expense and lease liabilities and vice versa.

The Company is exposed to fixed-rate interest rate risk related to its lease liabilities. Lease liabilities are subject to amortization where each of the lease payments is treated partly as a payment of principal and partly as payment of interest. Accordingly, the interest rate risk will have a diminishing impact on the Company over the term of the lease.

**23.2 Critical judgments in applying the Company's accounting policies**

*(a) Recoverability of non-financial assets*

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

*(b) Critical judgment in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreements have not been included in the lease liabilities because the Company's lease agreements state that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful lives of the solar power plants of the related parties and the assignment of the SESC with Parent Company. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

*(c) Estimating cost of dismantling, removing or restoring items of fixed assets*

Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.



During 2020, the Company reversed the full amount of the provision amounting to P1.06 million as at December 31, 2019 as management assessed that this is no longer expected to be settled in the future. No asset retirement obligation was recognized in 2022 and 2021.

*(d) Income taxes*

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The details of recognized and unrecognized deferred income taxes are shown in Note 19.

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized.

*(e) Distinction between investment properties and property, plant and equipment*

The Company determines whether a property is to be classified as an investment property or property, plant and equipment through the following:

- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation; and
- Property, plant and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

*(f) "No tax" regime*

As a REIT entity, the Company can effectively operate under a "no tax" regime provided that it meets certain conditions (e.g. listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income-tax free entity. As at December 31, 2022, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Company had determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Company has not recognized deferred taxes as at December 31, 2022. The Company recognized deferred income tax asset as at December 31, 2021 prior to its listing on February 22, 2022, to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company started to avail of its tax incentive as a REIT after its listing to PSE.

*(g) Effective interest rates of security deposits*

The Company measures security deposits from its lessees at amortized cost using a zero-coupon yield curve as the appropriate effective interest rate. This rate is determined by estimating the yield of a security from the yields of a set of coupons bearing products through bootstrapping or interpolation with reference to the maturity date of each security deposit. Effective interest rates are reviewed by the Company periodically and updated if there have been material movements with the rates.

*(h) Contingencies*

The Company is a party to an arbitration case to which respective regulatory bodies have not rendered any final decision as at reporting date. The Company's management and its legal counsel believe that they are in a favorable legal position, as such any possible loss that the Company may incur, if any, will not have a material effect on the Company's financial position and results of operations as at and for the year ended December 31, 2022.

**Note 24 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**24.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements of the Company have been prepared using historical cost basis.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

*(a) New standards, amendment to existing standards and interpretations applied by the Company*

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to PAS 16
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37, and
- Annual Improvements to PFRS Standards 2018-2020.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

*(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## **24.2 Cash and cash equivalents; Restricted cash**

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

## **24.3 Trade and other receivables**

Trade receivables from Transco which have a 60-day credit term, lease receivables and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

The Company applies the simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income.

When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 12 months before the beginning of each reporting period and the corresponding historical credit losses experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product and inflation to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Other relevant policies are disclosed in Note 24.4.

## **24.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

### **Financial assets**

#### ***(a) Classification***

The Company classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Company did not hold financial assets under the category financial assets at FVPL and FVOCI as at December 31, 2022 and 2021.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 24.2), trade and other receivables (Note 24.3), security deposits and electric utility deposits (Note 24.7) and restricted cash in bank (Note 24.2) in the statement of financial position. These are included in current assets, except for those expected to be realized greater than 12 months after the reporting period which are classified as non-current assets.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

*(b) Recognition and measurement*

*(i) Initial recognition and measurement*

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

*(ii) Subsequent measurement*

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

*(c) Impairment*

The Company recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For cash and cash equivalents, due from related parties, other receivables, security deposits and electric utility deposits and restricted cash, the Company applies a general approach in calculating expected credit losses. The Company recognizes a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk on these financial assets since initial recognition. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income. When the financial asset remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.



For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment testing of trade receivables is described in Note 24.3.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

#### *(d) Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### Financial liabilities

#### *(a) Classification*

The Company classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and financial liabilities at amortized cost. The Company's financial liabilities are limited to financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's trade payables and other liabilities (excluding due to government agencies) (Note 24.11), dividends payable (Note 24.13), security deposits (Note 24.18), due to a related party (Note 24.19), loans and interest payables (Note 24.15) and lease liabilities (Note 24.18) are classified under financial liabilities at amortized cost.

#### *(b) Recognition and measurement*

##### *(i) Initial recognition*

Financial liabilities at amortized cost are initially recognized at fair value plus transaction costs.

##### *(ii) Subsequent measurement*

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

#### *(c) Derecognition*

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

## Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The details of the Company's financial assets and liabilities subject to offsetting are disclosed in Note 11.

## **24.5 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company uses specific valuation technique such as discounted cash flow analysis to determine fair value for the remaining financial instruments.

The Company does not hold financial and non-financial assets and liabilities at fair value as at December 31, 2022 and 2021.

## **24.6 Input value-added tax**

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses. Input VAT is derecognized once applied against output VAT or claimed for refund.



## **24.7 Prepayments and other assets**

Prepayments and other assets are expenses paid in cash and recorded as assets before these are used or consumed, as the services or benefits will be received in the future. Prepayments and other assets expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Security deposits and electrical utility deposits pertain to advances to lessor relating to rent and service providers, respectively, which will be refunded at the end of the service periods, as determined in the contract agreements. Other relevant policies are disclosed in Note 24.4.

## **24.8 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within cost of services or operating expenses whichever is applicable during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Solar plant and equipment	30
Substation and transmission lines	15
Computer equipment	3
Service vehicle	5

The assets' residual values, depreciation method and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 24.10).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation is removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

## **24.9 Investment properties**

Investment properties are properties (land or building - or part of a building - or both) held by the owner or by lessee under a lease to earn rentals or for capital appreciation or both, rather than for use in the operations or for administrative purposes; or sale in the ordinary course of business.

The initial cost of the investment properties consists of its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. After initial recognition, investment properties are measured at cost and accounted in accordance with PAS 16, *“Property, plant and equipment”*. Land is not depreciated.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized under other operating income or expense in the statement of total comprehensive income in the period of the retirement or disposal.

Investment properties acquired through equity-settled transactions are measured in reference to the fair value of investment properties, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the investment properties received, the entity shall measure the value of the investment properties, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument.

Other relevant accounting policies are disclosed in Note 24.8.

#### **24.10 Impairment of non-financial assets**

Assets that have an indefinite useful life such as investment properties (related to land) not subject to amortization is evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that have definite useful lives and are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to other income in the statement of total comprehensive income.

#### **24.11 Trade payables and other liabilities**

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of total comprehensive income within other income or expense.

Due to government agencies are not considered financial liabilities but are derecognized similarly.

Other relevant accounting policies are disclosed in Note 24.4.

#### **24.12 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in the statement of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized in the statement of financial position.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

#### **24.13 Equity**

##### *(a) Share capital*

The Company's share capital is composed of common and preferred shares at par value. The amount of proceeds from the issuance or sale of common and preferred shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to share premium.

Redeemable preference shares are classified as equity if the redemption is at the option of the Company. However, if redeemable at the option of the holder, these are classified as liabilities.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

##### *(b) Retained earnings (Deficit)*

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

##### *(c) Dividend distribution*

Dividend distribution to Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved and declared by the BOD.

*(d) Share issuance costs*

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares. Share issuance costs which might be incurred in anticipation of an issuance of shares are recorded as an asset and deferred in the statement of financial position until the shares are issued. Upon issuance of shares, the deferred costs are charged to share premium or retained earnings, if no available share premium. If the shares are not subsequently issued, the transaction costs are recognized as expense under both approaches.

**24.14 Revenue and cost recognition**

(i) The following is a description of principal activities from which the Company generates its revenue.

*(a) Sale of solar energy*

The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which the Company expects to be settled in exchange for the services.

The Company's generation of electricity from solar power energy is assessed by management as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration.

Revenue from sale of electricity is based on the applicable FIT rate as transaction price as approved by the ERC. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

*(b) Rental income*

Rental income arising from operating lease agreements on its investment properties is recognized as income on a straight-line basis over the lease term or based on a certain percentage of the earnings of the lessees plus any variable component which are measured based on the actual results of operations of the lessees, as provided under the terms of the lease contract.

Other relevant accounting policies are disclosed in Note 24.18.

(ii) Interest income

Interest income is accrued on a time proportion basis by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

(iii) Costs and expenses

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.



Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

#### **24.15 Borrowings and borrowing costs**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan capitalized as a contra liability account and amortised over the period of the facility to which it relates.

Borrowings are derecognized in the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the statement of total comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized as other income or expense in the statement of total comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the statement of total comprehensive income in the year in which they are incurred.

Other relevant accounting policies are disclosed in Note 24.4.

#### **24.16 Current and deferred income tax**

Income tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

#### **24.17 Employee benefits**

##### *(a) Short-term benefits obligation*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

##### *(b) Retirement benefits*

The Company has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the "Retirement Pay Law".

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the retirement benefit obligation.

The retirement benefit obligation recognized in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, if material, are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.



### *(c) Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Liabilities related to employee benefits are derecognized once settled, cancelled or have expired.

## **24.18 Leases**

### Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

### *(a) Measurement of lease liabilities*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*(b) Measurement of right-of-use assets*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

*(c) Extension and termination options*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Right-of-use assets that meet the definition of investment property is presented in the statement of financial position as investment property. Other relevant accounting policies are disclosed in Note 24.9.

Company as a lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

Deposits from lessees which include security deposits are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest rate method. The difference between the cash received and its fair value is deferred and amortized on a straight-line basis over the lease term. Amortization of deferred credits and accretion of discount are recorded in the statement of total comprehensive income under rental income and finance cost accounts, respectively.

**24.19 Related party relationships and transactions**

*(a) Related party relationship*

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

*(b) Related party transaction*

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

**24.20 Foreign currency transactions and translation**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

**24.21 Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**24.22 Earnings per share**

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

**24.23 Events after the reporting period**

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

**Note 25 - Supplementary information required by Bureau of Internal Revenue (BIR)**

The following supplementary information required by Revenue Regulation (RR) No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

**(a) Output VAT**

Output VAT declared and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Zero-rated VAT sales	919,223,620	-

Revenues presented above are based on net receipts for VAT reporting purposes while revenues in the statements of total comprehensive income are based on revenue recognition policy per Note 24.14. Gross receipts from the rental of real properties on its leasing business are subject to zero-rated VAT. The Company's lessees are registered developers of renewable energy (RE) and under the Renewable Energy Act of 2008. RE developers benefit from VAT zero-rating.

**(b) Input VAT**

Movements in input VAT for the year ended December 31, 2022 follow:

	Amount
January 1	12,081,806
Add: Current year's domestic purchases of services	6,271,974
December 31	18,353,780

**(c) Importations**

The Company did not have importations during the year ended December 31, 2022.

**(d) Excise tax**

There were no transactions subject to excise tax for the year ended December 31, 2022.

**(e) Documentary stamp tax**

Documentary stamp taxes (DST) paid for the year ended December 31, 2022 amounted to P2,631,004 pertaining to the issuance of shares and certain payment documents requiring DST. DST related to issuance of shares were recorded as part of share issuance cost deducted from APIC while DST for certain payment documents were recorded as part of taxes and licenses account under operating expenses in the statements of total comprehensive income.

**(f) All other local and national taxes**

	Amount
License and permit fees	594,121
Penalties	440,552
Others	18,953
	1,053,626

The above local and national taxes are lodged under taxes and licenses account in cost of services and operating expenses in the statements of total comprehensive income.

*(g) Withholding taxes*

Withholding taxes paid and accrued for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	38,757	46,707	85,464
Expanded withholding tax	4,543,214	300,954	4,844,168
Final withholding tax	19,287,332	-	19,287,332
	23,869,303	347,661	24,216,964

*(h) Tax assessments and cases*

In 2021, the Company has received letter of authority (LOA) from the BIR for taxable year 2020. The assessment was finalized and paid on February 24, 2022 through settlement of deficiency taxes and interests amounting to P349,552.

There are no other outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2022.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code  
December 31, 2022

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the Financial Statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator



**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule A - Financial Assets

December 31, 2022

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	567,399,280	126,082
Development Bank of the Philippines	-	3,918,489	256,528
Security Bank Corporation	-	40,695	636
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	571,423,464	383,246
Trade and other receivables	-	266,417,382	2,687,729
Security deposits	-	5,279,310	-
Total financial assets	-	843,120,156	3,070,975

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**

December 31, 2022

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	265,850,948	-	(265,850,948)	-	-	-	-
Total due from related parties	265,850,948	-	(265,850,948)	-	-	-	-

\*As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2022.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements

December 31, 2022

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the year
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Schedule D - Long Term Debt  
December 31, 2022

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2022

Name of related party	Balance at the beginning of the year	Balance at the end of the year
Citicore Renewable Energy Corporation	68,521,747	-

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule F - Guarantees of Securities of Other Issuers

December 31, 2022

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A



**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule G - Share Capital

December 31, 2022

Title of Issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares	15,360,000,000	6,545,454,004	N/A	4,036,361,996	4,905,008	2,504,187,000

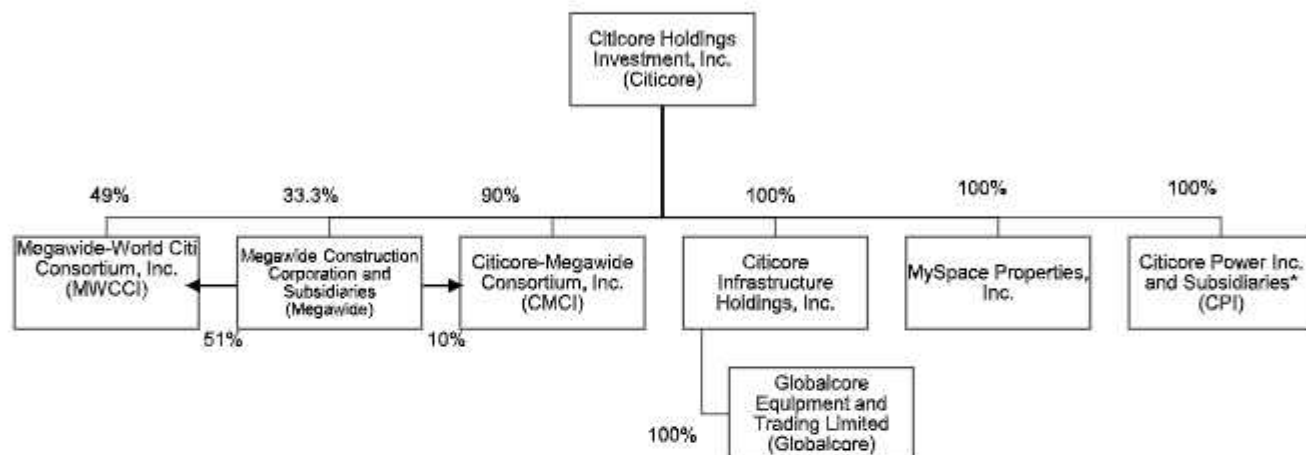
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2022  
(All amounts in Philippine Peso)

<b>Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning</b>	250,984,668
<b>Add : Net income actually earned during the period</b>	
Net income during the period closed to retained earnings	1,252,413,024
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-
Unrealized actuarial gain	-
Fair value adjustment	-
Fair value adjustment of investment property resulting to gain	-
Adjustment due to deviation from PFRS - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<b>Net income actually earned during the period</b>	<b>1,252,413,024</b>
Add (Less):	
Dividends declarations during the period	(1,093,090,818)
Appropriations of retained earnings during the period	-
Reversal of appropriation	-
Effect of prior period adjustments	-
Treasury shares	-
<b>Unappropriated retained earnings available for dividend declaration, ending</b>	<b>410,306,874</b>

**Citicore Energy REIT Corp.**  
 (Formerly Enfinity Philippines Renewable Resources Inc.)  
 (A subsidiary of Citicore Renewable Energy Corporation)

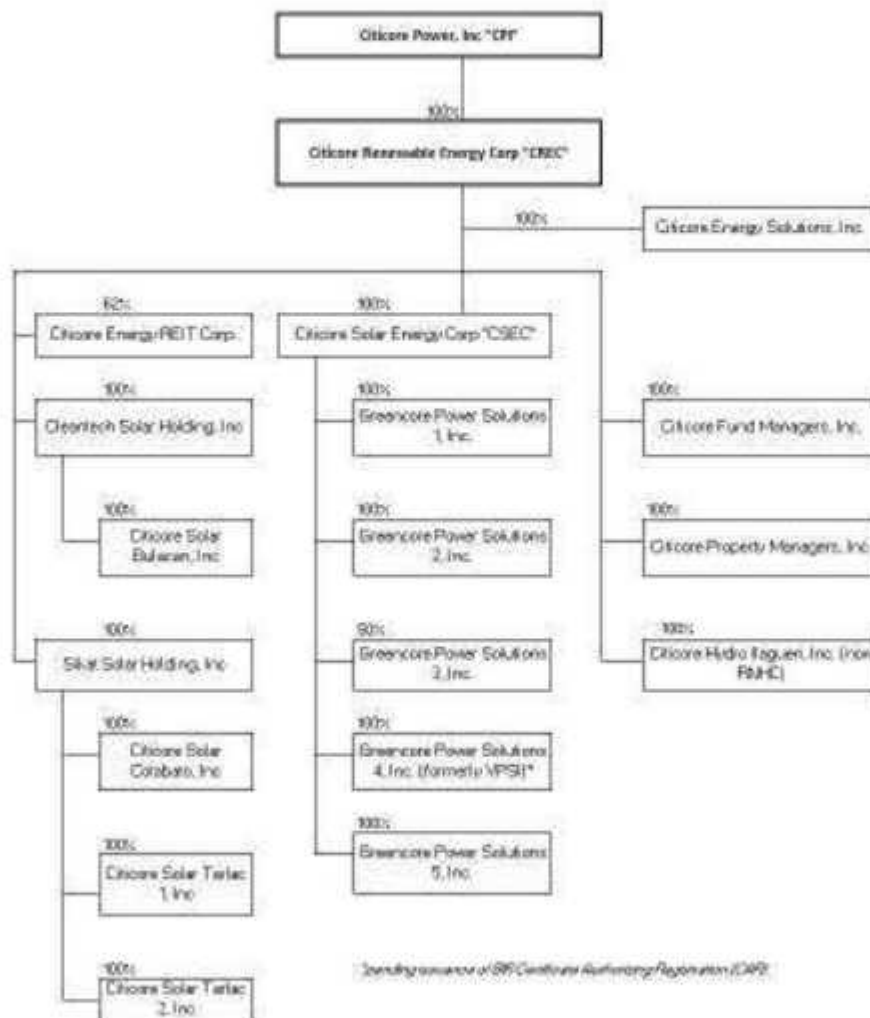
A Map Showing the Relationships between and among the Company and its  
 Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates  
 December 31, 2022



*\*See Schedule I*

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its  
Ultimate Parent Company, Middle Parent, Subsidiaries or  
Co-subsidiaries and Associates (Schedule I)  
December 31, 2022



*Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.*

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule of Financial Soundness Indicator

As at and for the years ended December 31, 2022 and 2021

	2022	2021
Current ratio <sup>a</sup>	1.70x	1.33x
Acid test ratio <sup>b</sup>	1.61x	0.84x
Solvency ratio <sup>c</sup>	-	-
Debt-to-equity ratio <sup>d</sup>	-	-
Asset-to-equity ratio <sup>e</sup>	1.17x	1.17x
Interest rate coverage ratio <sup>f</sup>	76.75x	10.49x
Debt service coverage ratio <sup>g</sup>	67.51x	10.06x
Net debt/ EBITDA <sup>h</sup>	(0.42)x	(0.17)x
Earnings per share (Php) <sup>i</sup>	0.20	0.08
Book value per share <sup>j</sup>	0.67	0.30
Return on assets <sup>k</sup>	35.68%	12.24%
Return on equity <sup>l</sup>	41.87%	20.60%
Net profit margin <sup>m</sup>	91.12%	64.12%

<sup>a</sup> Current assets/current liabilities<sup>b</sup> Cash and cash equivalents + Trade and other receivables, net/Current liabilities<sup>c</sup> Net operating profit after tax + depreciation and amortization/Loans payable<sup>d</sup> Loans payable/ Total equity<sup>e</sup> Total assets/ Total equity<sup>f</sup> Earnings before interest, taxes, depreciation and amortization/Interest expense<sup>g</sup> Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities<sup>h</sup> Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization<sup>i</sup> Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares<sup>j</sup> Total equity less Preferred Equity/Total number of shares outstanding<sup>k</sup> Net income attributable to owners of the Company/Average total assets<sup>l</sup> Net income attributable to owners of the Company/Average total equity<sup>m</sup> Net income/Revenue

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Application of Proceeds from Shares Offering  
As at and for the year ended December 31, 2022

Gross and net proceeds as disclosed in the Real Estate Investment Plan are as follows:

	Amount
Estimated gross proceeds	6,398,184,600
Estimated net proceeds	6,170,817,831

Actual gross and net proceeds are as follows:

	Amount
Gross proceeds	6,398,184,600
Initial public offering (IPO) expenses	(283,288,104)
Net proceeds	6,114,896,496
Less: Disbursements	
Costs incurred for the quarter ended March 31, 2022	870,158,551
Costs incurred for the quarter ended June 30, 2022	1,481,087,613
Costs incurred for the quarter ended September 30, 2022	1,196,171,264
Costs incurred for the quarter ended December 31, 2022	574,903,623
	4,122,321,051
Balance as at December 31, 2022	1,992,575,445

Breakdown of disbursements per project for each of the quarter ended are as follows:

	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	Total
AFAB Solar Rooftop	307,997,768	-	-	-	307,997,768
Arayat Mexico Solar Farm Phase 1	435,993,013	1,117,921,912	-	-	1,553,914,925
Arayat Mexico Solar Farm Phase 2	126,167,770	191,382,046	648,450,184	-	966,000,000
Batangas A Solar Farm	-	-	88,771,903	429,733,423	518,505,326
Batangas B Solar Farm	-	-	186,151,270	139,009,438	325,160,708
Isabela Run-of River Hydro	-	171,783,655	272,797,907	6,160,762	450,742,324
	870,158,551	1,481,087,613	1,196,171,264	574,903,623	4,122,321,051



## COVER SHEET

C S 2 0 1 0 1 0 7 8 0

S.E.C. Registration Number

C I T I C O R E E N E R G Y R E I T C O R P .

(Company's Full Name)

1 1 F R O C K W E L L S A N T O L A N T O W N  
P L A Z A , 2 7 6 C O L . B O N N Y S E R R A N O  
A V E N U E S A N J U A N

(Business Address: No. Street City / Town / Province)

JAIME DEL ROSARIO

Contact Person

(02) 8826-5698

Company's Telephone Number

31 December

Month Day of Fiscal Year

08 June

Month Day of Annual Meeting

SEC FORM 17-A

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**CITICORE ENERGY REIT CORP.**

Company's Full Name

**11F Rockwell Santolan  
Town Plaza, 276 Col. Bonny  
Serrano Avenue, San Juan City**

Company's Address

**(02) 8826-5698**

Telephone Number

**December 31**

Fiscal Year Ending  
(Month & Day)

**SEC FORM 17-A**

Form Type

**December 31, 2022**

Period Ended Date

—  
-----  
(Secondary License Type and File Number)

**cc: The Philippine Stock Exchange, Inc.**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SECTION 141 OF THE CORPORATION CODE

1. For the Fiscal Year Ended **December 31, 2022**
2. SEC Identification Number **CS201010780**
3. BIR Tax Identification No. **007-813-849-00001**
4. Exact Name of Issuer as Specified in its Charter **Citicore Energy REIT Corp.**
5. Province, Country or other Jurisdiction of Incorporation or Organization **Philippines**
6. Industry Classification Code (SEC use only)
7. Address of Principal Office **11F Rockwell Santolan  
Town Plaza, 276 Col. Bonny  
Serrano Avenue, San Juan City**
- Postal Code **1500**
8. Issuer's Telephone Number, including Area Code **(02)8826-5698**
9. Former Name, Former Address and Fiscal Year, if Changed since Last Report **N/A**

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding	Amount of Debt Outstanding (Php)
CREIT (Common)	6,545,454,004	0

11. Are any or all these securities listed on a stock exchange?

Yes [ ☒ ]

No [ ☐ ]

If yes, state the name of such stock exchange and classes of securities listed therein:

**The Philippine Stock Exchange, Inc. 1. Common Shares (CREIT)**

2. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes ☒ No ☐

has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☒

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B"):

Number of non-affiliate shares as of December 31, 2022	2,500,714,000
Closing price per share as of December 31, 2022	Php 2.29
Market value as of December 31, 2022	Php 14,989,089,669.16

## TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION .....	4
<b>Item 1. Business</b> .....	4
<b>Item 2. Properties</b> .....	23
<b>Item 3. Legal Proceedings</b> .....	31
<b>Item 4. Submission of Matters to a Vote of Security Holders</b> .....	33
PART II – OPERATIONAL AND FINANCIAL INFORMATION .....	33
<b>Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters</b> .....	33
<b>Item 6. Management’s Discussion and Analysis or Plan of Operation</b> .....	35
<b>Item 7. Financial Statements</b> .....	47
<b>Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure</b> .....	47
PART III – CONTROL AND COMPENSATION INFORMATION .....	48
<b>Item 9. Directors and Executive Officers of CREIT</b> .....	48
<b>Item 10. Executive Compensation</b> .....	56
<b>Item 11. Security Ownership of Certain Beneficial Owners and Management</b> .....	57
<b>Item 12. Certain Relationship and Related Transactions</b> .....	59
PART IV – CORPORATE GOVERNANCE .....	59
<b>Item 13. Corporate Governance</b> .....	59
PART V – EXHIBITS AND SCHEDULES .....	61
SIGNATURES .....	62
<b>INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES</b>	

## PART I – BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### Description of Business

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.

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, Citicore Renewable Energy Corporation (“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 Solar Tarlac 1, Inc. (“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, 6,545,454,004 Shares are issued and outstanding as of December 31, 2022.

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.

Starting February 22, 2022, the Shares were listed and traded on the Main Board of the PSE under the trading symbol “CREIT” at a price of ₱2.55 per Share.



### Significant Transactions in 2021

**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.

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.

**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.

The Company's renewable energy property portfolio consists of (i) a solar power plant with an installed capacity of 22.3MWp<sub>DC</sub> 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**”).

#### Significant Transactions in 2022

On March 29, 2022, the Company entered into a Deed of Absolute Sale with Citicore Solar Bulacan, Inc. (formerly, “Bulacan Solar Energy Corporation”) (hereinafter referred to as “**Citicore Bulacan**”) for the purchase of seven (7) parcels of land, with an aggregate land area of 253,880 sq. m., located in the Municipality of San Ildefonso, Province of Bulacan (hereinafter collectively referred to as the “**Bulacan Property**”), where Citicore Bulacan’s 15MWp Bulacan Solar Power Plant is located. The Company purchased the San Ildefonso Lots from Citicore Bulacan for the sum of Php1,754,116,629.00.

On June 6, 2022, the Company entered into a Deed of Absolute Sale with Citicore Solar South Cotabato, Inc. (formerly, “nv vogt Philippines Solar Energy One, Inc.”) (hereinafter referred to as “**Citicore South Cotabato**”) for the Company’s purchase of a parcel of land, with an area of 79,997 sq. m., located in the Municipality of Surallah, Province of South Cotabato (hereinafter referred to as the “**South Cotabato Property**”), with purchase price at Php753,801,981.00.

The purchase of the San Ildefonso Lots and the South Cotabato Lot is in accordance with the Company’s REIT plan, in such that it financially and strategically meets and exceeds the Company’s financial and strategic investment criteria.

True to its goal of empowering investments, CREIT believes in championing business excellence and governance to continuously uphold and maximize shareholder value. As the first renewable energy REIT in the country, CREIT is glad to have been recognized through the following awards in 2022:

#### FinanceAsia’s Best Managed Companies in 2022 Poll

- Country Awards
  - Best Managed Company
  - Best Investor Relations
  - Best Small-cap Company
  - Best CEO
  - Most Committed to Environmental Stewardship
  - Most Committed to High Governance Best Standards
  - Most Committed to Social Causes
- Regional Awards
  - Best Managed Company under the Energy Category

#### International Finance Awards 2022

- Best REIT Portfolio Management – Renewable Energy (Philippines)

#### The Asset Asian Awards 2022

- Best IPO (Philippines)

### 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 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. CREC is a wholly owned subsidiary of CPI, also a corporation organized under the laws of the Philippines.

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 11<sup>th</sup> 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.

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:

$$\begin{aligned} \text{Fund Management Fee} = & \quad (0.5\% \times \text{Guaranteed Base Lease}) \\ & + (0.5\% \times \text{acquisition price, for every acquisition, if applicable}) \\ & + (0.5\% \times \text{sales price for every property divested, if applicable}) \end{aligned}$$

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, 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 11<sup>th</sup> 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. 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.

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.

$$\text{Property Management Fee} = \text{Guaranteed Base Lease} \times 1.50\%$$

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.

The Property and Fund Management Fee shall take effect on February 22, 2022 or at listing date, in accordance with REIT Law.

### 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.

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 INVESTMENT HIGHLIGHTS

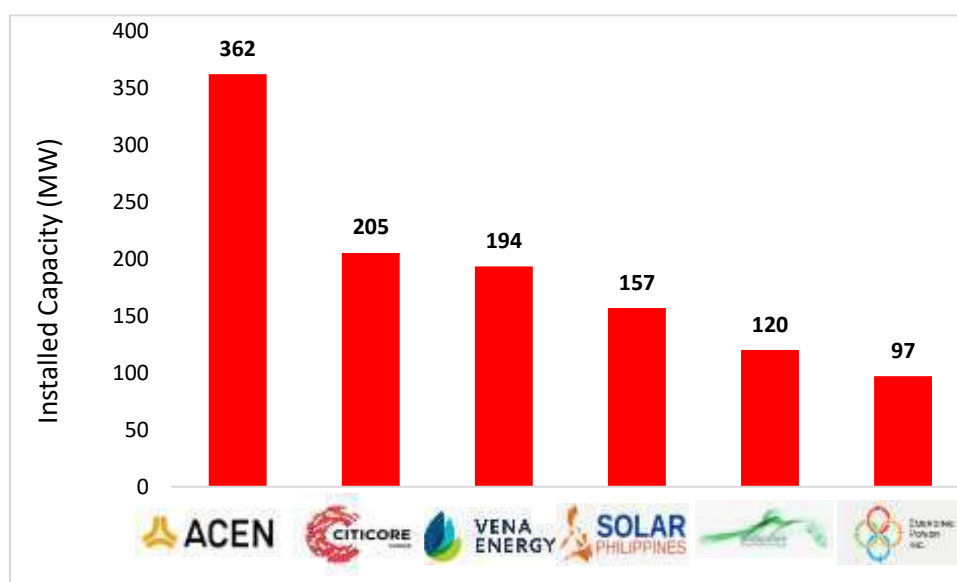
The Company believes that it benefits from the following competitive strengths:

***CREC, one of the Sponsors, is a leading vertically integrated renewable energy generator with a proven track record in greenfield 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 utility-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 of December 31, 2022, the Citicore Group was the second largest solar power generator in the Philippines with an overall capacity of 205MW<sub>DC</sub>.

### ***Ranking by installed capacity (MW<sub>DC</sub>) – based on attributable stake***



The Company and the Lessees of the Leased Properties are all members of the Citicore Group, and the Lessees operate solar power plants with a total combined installed capacity of 145MW<sub>DC</sub>.

***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. The Leased Properties contributed all of the Company's revenue for the year ended December 31, 2022.

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 in its solar power generation or pricing from its contract renewals for the current fiscal year.

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.

***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 December 31, 2022, 95% or 137.8MWpDC, 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 the balance is sold by the lessees who operate the solar power plants on such Leased Properties 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.

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.

***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<sub>DC</sub> broken down as follows: 25,265 MW<sub>DC</sub> for baseload, 14,500 MW<sub>DC</sub> for mid-merit and 4,000 MW<sub>DC</sub> 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<sub>DC</sub> of installed renewable capacity by 2030 (vs c.3,500MW<sub>DC</sub> 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<sub>DC</sub> 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 98.0% from 2018 to 2022. 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, 2018, 2019, 2020, 2021 and 2022:

Solar Power Plant	Availability Ratio <sup>(1)</sup>				
	For the year ended December 31,				
	2018	2019	2020	2021	2022
Clark Solar Power Plant ....	99.5%	99.1%	99.2%	99.7%	99.5%
Armenia Property .....	99.9%	99.7%	99.2%	99.2%	97.3%
Toledo Property .....	97.7%	91.6%	99.3%	97.5%	98.1%
Silay Property <sup>(3)</sup> .....	94.9%	97.6%	97.9%	91.0%	85.9%
Dalayap Property .....	100.0%	99.6%	99.3%	99.1%	98.9%

Solar Power Plant	Availability Ratio <sup>(1)</sup>				
	For the year ended December 31,				
	2018	2019	2020	2021	2022
Bulacan Property .....	97.7%	99.2%	98.0%	99.3%	99.9%
South Cotabato Property..	96.0%	95.1%	98.1%	98.3%	97.9%

Solar Power Plant	Performance Ratio <sup>(2)</sup>				
	For the year ended December 31,				
	2018	2019	2020	2021	2022
Clark Solar Power Plant ....	76.0%	76.0%	76.5%	77.3%	76.6%
Armenia Property .....	80.0%	77.3%	76.9%	76.9%	78.7%
Toledo Property .....	78.3%	76.4%	75.9%	76.1%	75.5%
Silay Property .....	78.4%	76.8%	77.3%	78.6%	75.6%
Dalayap Property .....	78.2%	78.9%	77.7%	78.4%	78.4%
Bulacan Property .....	78.7%	76.3%	77.0%	78.9%	79.3%
South Cotabato Property..	77.5%	75.8%	76.0%	78.9%	78.0%

**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. The formula was aligned to conform to the updated standard performance ratio calculations of National Renewable Energy Laboratory (NREL).
- (3) Silay Property's availability ratio in 2022 was severely affected by curtailments due to Typhoon Odette.

According to the updated National Renewable Energy Laboratory (NREL), the standard performance ratio for a newly built PV system average at 77%, and over time, the performance of the system reduces due to annual degradation of PV Panels. The Company's and its Lessees' solar plants have been operational for more than 6 years already, yet the plants consistently achieved above industry Performance Ratio due to the various plant optimization initiatives of the operators.

The Company strategically selected the locations of the Leased Properties as those with solar irradiation between 4.7-5.5 kWh/m<sup>2</sup>/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 2021 Power Statistics, solar power plants across the Philippines increased their gross generation output by 7.06% from 2019 to 2021.

Gross Power Generation ( DOE 2021 Power Statistics)*					
Year	2017	2018	2019	2020	2021
Solar Power Generation (MWh)	1,201,152	1,249,116	1,246,082	1,372,604	1,469,550

\*2022 data not yet published by DOE

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 2021.

Year	2017	2018	2019	2020	2021
Total Power Generation of solar power plants of Lessees (MWh)					
.....	221,933	226,972	229,490	229,531	214,032
% of Total Solar Power Generation in the Philippines					
.....	18.5%	18.2%	18.4%	16.7%	Not yet available

#### ***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 the Agro-Solar initiative, 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<sub>DC</sub>, which are under various stages of development and which the Citicore Group expects to be completed by 2025.

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 (but not exclusively) be a site suitable for solar power plants, 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<sub>DC</sub> 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.

***The Company is the largest landlord of renewable energy properties that are strategically and diversely located across the Philippines with potential for future development.***

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

The Company's Properties comprise (i) 472,041 sq.m. of land owned by the Company (i.e., the Armenia Property, the Bulacan Property and the South Cotabato Property), and (ii) 1,515,457 sq.m. of land, of 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.

***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 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<sub>2</sub> annually, or an aggregate of 7,000,000 tons of CO<sub>2</sub> for the entire design life of the power plants. On November 22, 2021, the Company received a dark green rating from Cicero Green, the first in Southeast Asia. Cicero Green is a leading provider of second party opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investment. The dark green rating ranks the highest rating on environmental soundness of green projects. 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.



### **Industry Recognition**

True to its goal of empowering investments, CREIT believes in championing business excellence to continuously uphold and maximize shareholder value. As the first renewable energy REIT in the country, CREIT is glad to have been recognized through the following awards in 2022:

FinanceAsia's Best Managed Companies in 2022 Poll

- Country Awards
  - Best Managed Company
  - Best Investor Relations
  - Best Small-cap Company
  - Best CEO
  - Most Committed to Environmental Stewardship
  - Most Committed to High Governance Best Standards
  - Most Committed to Social Causes
- Regional Awards
  - Best Managed Company under the Energy Category
- International Finance Awards 2022
  - Best REIT Portfolio Management – Renewable Energy (Philippines)

### **Risks Relating to the Company**

***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.

***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 2018 to 2022, the Lessees' solar power plants experienced an annual average loss of 11.5 hours or 0.03% of annual average solar power generation hours (i.e., total available operating hours for solar power generation) due to unscheduled internal outages. From 2018 to 2022, the Lessees' solar power plants have also consistently achieved an average plant availability rate of 98.0%.

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 2018 to 2022, the Lessees' solar power plants experienced an annual average loss of 68.4 hours or 0.19% 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 98.0% from 2018 to 2022. 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, 2018 to ₱0.61 per kwh as of December 31, 2022.

***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 December, 2022, the top five customers of the Company's Lessees comprise 78.0% of 145.3MW<sub>AC</sub> or the total contracted capacity of the solar power plants located in the Leased Properties and the largest customer of the Lessees accounted for 34.4% 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 and the Solar Rooftop System to be acquired together have a weighted average (by contracted capacity) term of 6.3 years as of December 31, 2022. Out of the total contracted capacity of such solar power plants of 145.3MW<sub>AC</sub> as of December 31, 2022, 8.7% will expire in 2023, 13.6% will expire in 2024, 10.7% will expire in 2025 and 67.0% 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 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.

***The Company's Properties (other than the Armenia, Bulacan and South Cotabato Properties) 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, the Bulacan Property and the South Cotabato 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. For more details on the leasehold rights of the Company, please refer to the section on "*Business and Properties*".

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, 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 non-renewal 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 has registered 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.

***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.

To manage these risks, the Company believes that its lessees have had, and continue to maintain, strong and stable relationships with their customers.

***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.

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

The Sponsors will continue to collectively hold at least a majority of the Shares of the Company, with a direct shareholding of at least 61.8% as of December 31, 2022. 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.

**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<sub>2</sub> annually, or an aggregate of 7,000,000 tons of CO<sub>2</sub> for the entire design life of the power plants.

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.

#### Major Customers

The Leased Properties (not including the Clark Solar Power Plant) have been 100% occupied by their respective Lessees. 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.

#### 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.

#### Government Approvals and Permits

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of CREIT and its Lessees, were obtained and are in full force and effect.

CREIT and its business operations are subject to various laws and regulatory agencies, nationality restrictions, and environmental laws. CREIT complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

CREIT complies with all local and national tax laws and regulations, and it shall continue to be so by diligently paying all taxes, including (but not limited to) income tax, withholding tax, real property tax, and such other taxes that are assessed against it and which CREIT understands to be due.

#### Employees

As of December 31, 2022, CREIT manpower complement is only three.

The relationship and cooperation between the management and staff remain strong and expected to be maintained in the future. There has not been any incidence of work stoppages. CREIT complies with the minimum wage and employment benefits standards pursuant to Philippine labor laws. It adopts



an incentive system that rewards and recognizes the employees who excel in their respective fields to foster the harmonious relationship between management and employees.

No single person is expected to make a significant contribution to the business, since CREIT considers the collective efforts of all its employees as instrumental to the overall success its performance.

Mr. Edgar B. Saavedra, *Chairman of the Board and Mr. Oliver Tan, CEO, and President*, and the other executives are the key decision makers of the Company. In relation to this, CREIT and Citicore group are continuously hiring experts to further strengthen and professionalize its organizational and management structure.

## Item 2. Properties

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, Bulacan Property and South Cotabato 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, the Dalayap Property, the Bulacan Property and the South Cotabato Property are leased by the Company to its Lessees comprising CREC, Citicore Tarlac 1, Citicore Cebu, Citicore Negros Occidental, Citicore Tarlac 2, Citicore Bulacan, and Citicore South Cotabato, respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145MWp<sub>DC</sub>.

Citicore Tarlac 1, Citicore Tarlac 2, Citicore Bulacan and Citicore South Cotabato 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.

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property, the Dalayap Property, the Bulacan Property and the South Cotabato Property (collectively, the "**Leased Properties**") are leased by the Company to CREC, Citicore Solar Tarlac 1, Inc. (formerly, nv vogt Philippines Solar energy Three, Inc. ("**SE3**") ("**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**")), Citicore Solar Tarlac 2, Inc. (formerly, nv vogt Philippines Solar energy Four, Inc. ("**SE4**") ("**Citicore Tarlac 2**"), Citicore Solar Bulacan, Inc. (formerly Bulacan Solar Energy Corp. ("**BSEC**") ("**Citicore Bulacan**"), and Citicore Solar South Cotabato, Inc. (formerly, nv vogt Philippines Solar energy One, Inc. ("**SE1**") ("**Citicore South Cotabato**") collectively, the "**Lessees**", respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145MWp<sub>DC</sub>.

The Leased Properties comprise the Company's current portfolio, and have an aggregate appraised value of ₱14.2 billion as of December 31, 2022 based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022. The following table summarizes key information relating to the Company's Leased Properties.

	<b>Clark Solar Power Plant</b>	<b>Armenia Property</b>	<b>Bulacan Property</b>	<b>South Cotabato Property</b>	<b>Toledo Property</b>	<b>Silay Property</b>	<b>Dalayap Property</b>
<b>Location</b>	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Pasong Bangkal, San Ildefonso, Bulacan	Brgy. Centrala, Suralla, South Cotabato	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City
<b>Land area (sq.m.)</b>	250,318	138,164	253,880	79,997	730,000	431,408	103,371
<b>Right over property</b>	Leased	Owned	Owned	Owned	Leased	Leased	Leased
<b>Land lease expiry</b>	September 2039	N/A	N/A	N/A	May 2041	October 2040	October 2040
<b>Lessor</b>	Clark Development Corporation	N/A	N/A	N/A	Leavenworth Development, Inc. (usufruct)	Claudio Lopez, Inc.	Ma. Paula Cecilia David & Juan Francisco David; and Benigno S. David & Vivencio M. Romero
<b>Solar power plant installed capacity (MW<sub>DC</sub>)</b>	22.325	8.84	15	6.23	60	25	7.55
<b>Commissioning date</b>	March 12, 2016	February 29, 2016	March 12, 2016	December 9, 2015	June 30, 2016	March 8, 2016	February 27, 2016
<b>FIT Eligibility</b>	Yes	No	Yes	Yes	No	No	No
<b>Tenant/Operator of solar power plant</b>	CREC	Citicore Tarlac 1	Citicore Bulacan	Citicore South Cotabato	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2
<b>Commencement of the tenancy</b>	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	January 1, 2022	January 1, 2022	November 1, 2021
<b>Expiration of the tenancy</b>	September 4, 2039	October 31, 2046	December 31, 2046	December 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040
<b>Appraised value (₱)</b>	3,030,159,000	687,815,000	2,411,786,000	1,045,064,000	3,757,242,000	2,845,966,000	461,565,000
<b>% of Appraised value</b>	21.3%	4.8%	16.9%	7.3%	26.4%	20.0%	3.2%

### Rental 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.

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.

### 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 via an asset for share arrangement while the Bulacan Property and the South Cotabato

Property were acquired from the proceeds of the Company's initial public offering. 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 18 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.

### Insurance

The Company's Lessees maintain comprehensive insurance policies which the Company believes are consistent with industry standards. These include business interruption insurance, and insurance to cover the 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 tenant's solar power plant.

The Company has insurance policies for the Clark Solar Power Plant that it believes are 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.

### Leased Properties

The Lessees operate solar power plants with a total installed capacity of 145.0 MW<sub>pDC</sub> on the Properties.

#### *Clark Solar Power Plant*



A solar power plant with an installed capacity of 22.3MW<sub>pDC</sub> 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.

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.

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 December 31, 2022, the Clark Property was valued at ₱3,030 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MW<sub>DC</sub> 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.

As of December 31, 2022, the Armenia Property was valued at ₱688 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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.

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. Citicore Cebu operates a solar power plant with an installed capacity of 60MW<sub>pDC</sub> 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.

As of December 31, 2022, the Toledo Property was valued at ₱3,757 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

### *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.

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. Citicore Negros Occidental operates a solar power plant with an installed capacity of 25MW<sub>pDC</sub> 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.

As of December 31, 2022, the Silay Property was valued at ₱2,846 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

### *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.

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. Citicore Tarlac 2 operates a solar power plant with an installed capacity of 7.55MW<sub>DC</sub> 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.

As of December 31, 2022, the Dalayap Property was valued at ₱462 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

### *Bulacan Property*



The Bulacan property consists of a 253,880 sq.m. parcel of land located in Brgy. Pasing Bangkal, San Ildefonso, Bulacan which is leased out to Citicore Bulacan for 25 years. Citicore Bulacan operates a solar power plant with an installed capacity of 15MW<sub>DC</sub> 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. In 2022, CREIT purchased the said parcels of land from Citicore Bulacan for a purchase price of P1,754.1 million.

As of December 31, 2022, the Bulacan Property was valued at ₱2,412 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *South Cotabato Property*



The South Cotabato property is a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato and is leased out to Citicore South Cotabato for 25 years. Citicore South Cotabato operate a solar power plant with an installed capacity of 6.23MW<sub>DC</sub> 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 December 31, 2022, the South Cotabato Property was valued at ₱1,045 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

As of December 31, 2022, the Company's Deposited Property amounted to ₱15.0 billion (U.S.\$ 266.59 million) as broken down below:

Cash and Cash Equivalents	₱	571,423,464
Lease Receivable		134,636,054
Investment Property		11,209,438,000
Property, Plant and Equipment		3,030,159,000
Right-of-use Assets – net		<u>35,426,372</u>
<b>Total</b>	<b>₱</b>	<b><u>14,981,082,890</u></b>

The Company has minimal total borrowings and deferred payments as of December 31, 2022 which mainly pertained to trade and other payables, lease liabilities, due to a related party, dividends payable and security deposits. In 2022, the Company received PRS AA+ rating with stable outlook from Philratings for both CREIT and its proposed bond issuance. The rating, which is considered as investment grade, allowed CREIT to increase its leverage limit from the minimum 35% of the Deposited Property to a maximum of 70% as prescribed in the REIT IRR. The Company's leverage limit as of December 31, 2022 is as follows:



Deposited Property	₱	14,981,082,890
Leverage Ratio		70%
Leverage Limit	₱	<u><b>10,486,758,023</b></u>
Total borrowings and deferred payments		<u>757,657,987</u>
<b>Allowable additional borrowings</b>	₱	<u><b>9,729,100,036</b></u>

## NET ASSET VALUE

The following table shows the Company's computation of the Net Asset Value per share.

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.

	As of		
	December 31, 2022	December 31, 2021	
	Actual / At Cost <sup>(1)</sup>	As adjusted to give effect to Fair Value <sup>(2)</sup>	As adjusted to give effect to Fair Value <sup>(2)</sup>
<b>(₱ millions, except number of shares and per share value)</b>			
Cash and cash equivalents .....	571	571	49
Trade and other receivables .....	266	266	128
Prepayments and other current assets .....	36	36	54
Property, plant and equipment - net .....	1,272	4,145	3,102
Investment properties .....	2,925	10,095	7,819
Right-of-use assets - net .....	35	35	38
Deferred Tax Assets .....	-	-	8
Other noncurrent assets .....	5	5	13
<b>Total Assets .....</b>	<b>5,110</b>	<b>15,153</b>	<b>11,211</b>
Trade and other payables .....	51	51	51
Lease liabilities .....	230	230	104
Due to related parties .....	53	53	125
Dividends payable .....	280	280	-
Security deposit .....	143	143	-
Retirement Benefit Obligation .....	1	1	1
<b>Total Liabilities .....</b>	<b>758</b>	<b>758</b>	<b>281</b>
<b>Net Asset Value .....</b>	<b>4,352</b>	<b>14,395</b>	<b>10,930</b>
 Issued and outstanding Common Shares (millions) .....	 6,545	 6,545	 5,498
<b>Net asset value per share .....</b>	<b>₱ 0.66</b>	<b>₱ 2.20</b>	<b>₱ 1.99</b>

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Notes:

- (1) *Figures are based on the historical audited financial statements of the Company as of December 31, 2022.*
- (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.*

### **Item 3. Legal Proceedings**

*In the Matter of an Arbitration Under the Arbitration Rules of the Singapore International Arbitration Centre Between Enfinity Philippines Technology Services Inc. And Enfinity Asia Pacific Limited, claimants, and Citicore Energy REIT Corp. (Formerly Enfinity Philippines Renewable Resources, Inc.), respondent.*

The Company received on 17 March 2023 a Notice of Arbitration filed by Enfinity Philippines Technology Services Inc. (“EPTSI”) and Enfinity Asia Pacific Limited (“EAPL”) before the Singapore International Arbitration Centre (“SIAC”).

As a brief background, on 20 August 2015 or three years prior to Citicore Renewable Energy Corporation’s (“CREC”) acquisition of Enfinity Philippines Renewable Resources, Inc. or “EPRRI” (now CREIT), EPRRI entered into Services Agreements with EPTSI and EAPL in connection with the development of the Concepcion Solar Power Project (the “Concepcion Project”) located in Barangay Sta. Rosa, Municipality of Concepcion, Province of Tarlac. However, various disputes arose between the parties relating to the Concepcion Project and consequently, they agreed to terminate the Services Agreements. For the said purpose, the parties executed agreements (“Settlement Agreements”) for the termination of the Services Agreements and settling the disputes among them. Unfortunately, some of the terms and conditions of the Settlement Agreements remained unresolved even after CREC acquired EPRRI in 2018. These unresolved matters prompted the filing of an action for arbitration with EPTSI and EAPL claiming unpaid settlement amount of Five Hundred Four Thousand U.S. Dollars (USD504,000.00) and Four Million Five Hundred Thirty-Six Thousand U.S. Dollars (USD4,536,000.00), respectively.

Noteworthy, a Letter of Indemnity Agreement among EPRRI and its previous owners Sindicatum Renewable Energy Pte Limited (“SREPL”) and Sindicatum Renewable Energy Holdings Philippines, Inc. (“SREHPI”) executed in 2018 whereby SREPL and SREHP agreed to indemnify EPRRI for any liability arising out of or in connection with any third-party claim against EPRRI in relation to the Concepcion Project; and EPRRI shall have no other obligation with respect to the Concepcion Project.

Other than the above arbitration proceeding, to the best of the Company’s knowledge and belief and after due inquiry, the Company, the Fund Manager, or the Property Manager has currently no other any pending 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.

Further, 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.

*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. On June 27, 2022, Megawide received from the RTC, the Omnibus Order dated June 14, 2022 dismissing the criminal case against the Respondents. Said dismissal arose from the Motion to Quash filed by the Respondents on March 24, 2022 in light of the enactment of Republic Act No. 11659 (“RA No. 11659”), signed into law on March 21, 2022, which clearly excluded airport operations and maintenance from the definition of a public utility thereby removing the applicability of the nationality restrictions on GMCAC in operating the Mactan Cebu International Airport. Consequently, RA No. 11659 has completely eradicated any alleged violation of the Anti-Dummy Law of which the Megawide Respondents were wrongfully accused of. Furthermore, the Omnibus Order stated that RA No. 11659 applies to the Megawide Respondents due to the retroactive effect of laws favorable to the accused. The arraignment of the Respondents was conducted last March 28, 2022, wherein Respondents pleaded “not guilty” to the charges against them. Notwithstanding the arraignment, the Megawide Respondents filed on March 24, 2022 a Motion to Quash the Information on the ground that the Information does not allege an offense, given that the signing into law of Republic Act No. 11659, otherwise known as the Amended Public Service Act, has rendered the legal issue at hand moot and academic. In an Omnibus Order dated June 14, 2022, the court granted the Motion to Quash and dismissed the case. On July 6, 2022, Respondents received an Order dated July 5, 2022, setting a hearing on July 11, 2022 on the Public Prosecutor’s Omnibus Motion for Inhibition with Motion for Reconsideration. Pursuant to the said hearing, the Respondents thru counsel, filed its Opposition to the Public Prosecutor’s Omnibus Motion on July 21, 2022. In a Resolution dated 08 August 2022, the DOJ granted Respondents’ Petition for Review and ordered the withdrawal of the information against the Respondents on the basis of the amendment of the Public Service Act.

On September 27, 2022, the RTC of Lapu-Lapu City, Branch 53 issued an Order denying the Motion for Reconsideration filed by the Lapu-Lapu City Prosecutor’s Office, and confirming the dismissal of the case for the alleged violation of the Anti-Dummy Law. On October 25, 2022, the Court issued a Certificate of Finality certifying that the Order was issued and that the same has become final and executory on October 14, 2022.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to the vote of security holders during the fiscal year covered by this report.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

#### **Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters**

##### **Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters**

##### ***Market Information***

CREIT’s common shares are traded on the PSE under the symbol “CREIT.” The shares were listed on the PSE on February 22, 2022. The following table sets out the high and low prices of CREIT’s common shares as reported to the PSE:

<b>2022</b>	<b>High</b>	<b>Low</b>
First Quarter (January-March)	2.65	2.57
Second Quarter (April-June)	2.44	2.41
Third Quarter (July-September)	2.30	2.16
Fourth Quarter (October-December)	2.31	1.97

The closing price per share of CREIT's common shares as of December 31, 2022 was Two Pesos and 29/100 (PhP 2.29).

As of December 31, 2022, there are **Six Billion Five Hundred Forty-Five Million Four Hundred Fifty-Four Thousand Four (6,545,454,004)** outstanding common shares registered in the names of the following:

	<b>Stockholder</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Total Shares</b>
a.	Citicore Renewable Energy Corporation	3,117,641,132	47.63%
b.	PCD Nominee Corporation - Filipino	2,261,130,873	34.55%
c.	Citicore Solar Tarlac 1, Inc.	918,720,864	14.04%
d.	PCD Nominee Corporation – Non-Filipino	247,870,127	3.79%
e.	Myra P. Villanueva	40,000	Nil
f.	Milagros P. Villanueva	20,000	Nil
g.	Myrna P. Villanueva	20,000	Nil
h.	Marietta V. Cabreza	10,000	Nil
i.	Jennifer T. Ramos	1,000	Nil
j.	Oliver Y. Tan	1	Nil
k.	Edgar B. Saavedra	1	Nil
l.	Manuel Louie B. Ferrer	1	Nil
m.	Jez G. Dela Cruz	1	Nil
n.	Leonilo G. Coronel	1	Nil
o.	Jose M. Layug Jr.	1	Nil
p.	Pacita U. Juan	1	Nil
q.	Elizabeth Anne C. Uychaco	1	Nil
	<b>Total</b>	<b>6,545,454,004</b>	<b>100.00%</b>
	<b>Shares Owned By Foreigners</b>	<b>247,870,127</b>	<b>3.79%</b>

The beneficial owners of the shares registered in the name of the PCD Nominee Corporation are the participants of PCD who hold the shares on behalf of their clients, including the top 20 shareholders.

### **Dividends**

The Company did not declare any dividends for the years ended December 31, 2019, 2020 and 2021. 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. 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.

During the year, CREIT has consistently declared and paid out cash dividends as follows:

<b>Date Approved</b>	<b>Record Date</b>	<b>Dividend per share (in PHP)</b>	<b>Date of Payment</b>	<b>Type of Dividend</b>
March 9, 2022*	March 23, 2022	0.035	March 29, 2022	Regular
May 11, 2022	June 8, 2022	0.044	June 24, 2022	Regular
July 20, 2022	August 19, 2022	0.044	September 14, 2022	Regular
November 9, 2022	December 9, 2022	0.044	January 5, 2023	Regular
March 22, 2023	April 18, 2023	0.044	May 15, 2023	Regular
March 22, 2023	April 18, 2023	0.007	May 15, 2023	Special

*\*Dividends declared March 9, 2022 were taken from FY2021 net earnings which were substantially based on the sale of electricity from the Clark Solar Plant as full year REIT transaction impact took effect only starting January 1, 2022.*

### ***Recent Sales of Unregistered or Exempt Securities***

CREIT has not sold any unregistered securities within the past three (3) years.

## **Item 6. Management's Discussion and Analysis or Plan of Operation**

On May 25, 2021, the Company amended its articles of incorporation to, among others, change the primary purpose of the business from operation of renewable energy power-generating plant to a REIT Company. Upon SEC approval on the amended Articles of Incorporation, the Company also executed several lease contract with solar operating plants, lessees whereby Armenia and Dalayap properties commenced its lease contract on November 1, 2021 and Toledo and Silay properties commenced on January 1, 2022.

On October 13, 2021, the Company assigned its Service Contract to operate the Clark Solar Plant to CREC and accordingly, on the same date, executed lease contract beginning November 1, 2021 for a period 18 years. The assignment of service contract was approved on December 24, 2021, hence, the commencement date of the lease was moved to January 1, 2022.

The foregoing financial statements as of and for the year ended December 31, 2021, 2020 and 2019 pertains to the operation and maintenance of the Clark Plant while the lease income for Dalayap and Armenia represents two months duration only in 2021. Meanwhile for 2022 financials, the Company successfully operated as a full REIT Company beginning January 1, 2022 with the infusion of two properties also in Bulacan and South Cotabato in 2022.

### ***FY2022 vs FY2021***

### **Results of Operations**

*Review of results for the year ended December 31, 2022 as compared with the results for the year ended December 31, 2021.*

***Year ended December 31, 2022 compared with year ended December 31, 2021***

*Revenues*

***Revenues increased by 290% or ₱1.02 billion***

Revenues for the period amounted to ₱1.37 billion, 290% or ₱1.02 billion higher from the same period last year. The Company's revenue in 2022 mainly consists of lease revenue from its freehold properties amounting to ₱381.7 million, leasehold properties amounting to ₱709.9 million and solar plant amounting to ₱282.9 million which lease agreement mostly commenced beginning January 1, 2022.

Guaranteed based lease revenue amounted to to ₱1.33 billion while variable lease revenue amounted to ₱43.9 million. The significant increase in variable lease income of ₱17.7 million against what was planned and reported in the CREIT Final Prospectus was due to higher output generation of the solar plants and increase in the tariff rates during the year taking advantage of the higher WESM prices. Variable rental income is 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.

In 2021, revenue consists mainly of sale of electricity from the Company's Clark solar plant which was assigned to its Parent Company beginning January 1, 2022 as approved by the Department of Energy.

***Direct Costs increased by 23% or ₱17.1 million***

Direct costs amounted to ₱91.3 million and were higher by 23% or ₱17.1 million. The increase mainly pertains to related property and fund management fee recognized in 2022 which were based on the fixed based rental revenue.

***Gross Profit increased by 362% or P1.01 billion***

Gross profit amounted to ₱1.28 billion for the twelve months of 2022, translating to a gross profit margin of 93%. The increase is related to the Company's expansion of leasing activities beginning 2022 arising from various acquisitions and transfers of freehold and leasehold assets.

***Other Operating Expenses decreased by 85% or P48.6 million***

Net Other Operating Expenses for the twelve-month period amounted to ₱8.4 million. The decrease of ₱48.6 million was mainly related to the change in business operations of CREIT from a Clark plant operation and maintenance in 2021 to a full REIT Company operations in 2022.

***Finance cost decreased by 40% or P11.8 million***

The decrease in finance cost is mainly related to the decrease in finance cost charged by a local bank from the Company's loans. In May 2021, the loan was assumed by the Parent Company via debt-to-equity conversion, hence, by the end of 2021, the Company is unlevered. Finance cost for the period ending 2022 is mainly related to finance cost on long term lease contract which are accounted for under PFRS 16, Leases.

***Other Income - net decreased by 87% or P22.6 million***

Other income - net, which consists mainly of finance income and other income (expenses) amounted to ₱3.4 million, 87% lower from year-ago levels. Significant amount last year was due to the reversal of prior year provisions on business taxes on property. Interest income increased due to the proceeds it received from its IPO recognized for the period.



***Net Income increased by 454% or P1.03 billion***

Net income amounted to ₱1.25 billion compared to year ago level of ₱225.9 million. The increase is mainly related to commencement of the Company's lease contracts on its freehold properties in Armenia, Tarlac City and San Ildefonso, Bulacan City, its leasehold properties in Brgy. Talavera, Toledo City, Cebu, Silay City, Negros Occidental and Brgy. Dalayap, Tarlac City and its solar farm in Clark Freeport Zone, Pampanga.

***FY2021 vs FY2020******Results of Operations***

*Review of results for the year ended December 31, 2021 as compared with the results for the year ended December 31, 2020.*

***Year ended December 31, 2021 compared with year ended December 31, 2020******Revenues***

The Company's revenues pertain to sale of electricity and lease revenues amounting to ₱352.3 million and ₱269.1 million for the years ended December 31, 2021 and 2020, respectively.

Revenues increased by P83.2 million or 31%. The Company's land rental income amounting to P17.8 million which represents rental from two properties which commenced on November 1, 2021. Meanwhile, electricity sales increased by P65.4 million primarily due to the feed in tariff rate adjustment.

***Cost of services***

The Company's cost of services decreased by P20.4 million or 22% or amounted to ₱74.2 million and ₱94.6 million for the years ended December 31, 2021 and 2020, respectively which majority pertain to depreciation of the Clark Solar Power Plant reported under property, plant and equipment. The decrease in costs of services pertains to the reversal of retirement benefit obligation amounting to P5.5 million and the recalibration of the accrual of taxes and licenses with actual tax payments which resulted to a decrease in expense by P16.7 million.

***Gross Profit***

The Company's gross profit stands at ₱278.1 million and ₱174.5 million for the years ended December 31, 2021 and 2020, respectively. The increase in gross profit is in line with the increase in revenue and decrease cost of services in 2021.

***Operating expenses***

The Company's operating expenses increased by ₱49.0 million, or 613% from ₱8.0 million for the year ended December 31, 2020 to ₱57.0 million for the year ended December 31, 2021, primarily due to expenses related to the Company's initial public offering (IPO). For purposes of recognition, IPO cost are allocated between the primary and secondary shares where the amount allocated to secondary shares are recognized in profit or loss while the amount allocated to primary shares will be deducted against Additional Paid In Capital at the time of offer.

***Other expenses – net***

The Company's other expenses – net decreased by ₱58.9 million, or 94% from ₱63.4 million for the year ended December 31, 2020 to ₱3.4 million for the year ended December 31, 2021, primarily due to the decrease in the Company's interest expense as a result of the Company's capital restructuring initiatives.

**Income before income tax**

As a result of the foregoing, the Company's income before income tax increased by ₱113.6 million, or 109% from ₱104.1 million for the year ended December 31, 2020 to ₱217.7 million for the year ended December 31, 2021 due to significant increase in gross profit and decrease in finance costs.

**Income tax benefit**

The Company's income tax benefit increased by ₱8.2 million, or 100% from nil for the year ended December 31, 2020 for the year ended December 31, 2021, due to the recognition of deferred tax asset on Net Operating Losses arising from non-ITH activities. The Company's sale of electricity is covered by its seven-year income tax holiday with BOI.

**Net income**

As a result of the foregoing, the Company's net income increased by ₱121.8 million, or 117% from ₱104.1 million for the year ended December 31, 2020 to ₱225.9 million for the year ended December 31, 2021.

**Year ended December 31, 2020 compared with year ended December 31, 2019****Revenues**

The Company's total revenues increased by 8% or ₱21.1 million from ₱248.0 million for the year ended December 31, 2019 to ₱269.1 million for the year ended December 31, 2020. Increase in revenue was due to increase in output generation for the period as a result of normalized irradiation and outages from 2019.

**Cost of services**

The Company's cost of services decreased by ₱3.8 million or 4% from ₱94.6 million in 2020 to ₱98.4 million in 2019 primarily due to the Company's cost management initiatives in operating and managing the Clark Plant.

**Gross Profit**

The Company's gross profit stands at ₱174.5 million in 2020 to ₱149.6 million in 2019 which translated to an increase of ₱24.8 million or 17% due to the increase in revenue and cost of service reductions.

**Operating expenses**

The Company's operating expenses increased by ₱4.6 million, or 136% from ₱3.4 million for the year ended December 31, 2019 to ₱7.9 million for the year ended December 31, 2020, primarily due to higher business taxes *as a result of higher revenues and recognition of provision on doubtful accounts amounting to ₱1.9 million.*

**Other expenses - net**

The Company's other expenses – net decreased by ₱4.3 million, or 65% from ₱66.7 million for the year ended December 31, 2019 to ₱62.4 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.

**Net Income**

As a result of the foregoing, the Company's net income increased by ₱24.5 million, or 31% from ₱79.6 million for the year ended December 31, 2019 to ₱104.1 million for the year ended December 31, 2020. The increase is driven by the increase in gross profit and reduction in other expenses – net.

## FINANCIAL POSITION

***As of December 31, 2022 compared with as of December 31, 2021***

### **Assets**

#### **Current Assets increased by 355% or by P514.9 million**

The following discussion provides a detailed analysis of the increase in current assets:

##### ***Cash and Cash Equivalents increased by 1,066% or P522.4 million***

The increase in cash and cash equivalents is related to cash generated from its operations.

##### ***Trade and Other Receivables increased by 25% or by P10.6 million***

The increase in trade and other receivables mainly pertains to the variable lease income billed at end of the reporting period which is due 30 days upon billing. The trade receivables also include the current portion of the actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

##### ***Prepayments and Other Current Assets decreased by 33% or by P18.1 million***

Prepayments and other current assets decreased by P18.1 million due to reclassification to additional paid-up capital (APIC) of the deferred transactions as of December 31, 2021 amounting to P35.66 million. Upon listing and issuance of the primary shares in 2022, said cost were deducted against the APIC. The decrease was offset by the unused creditable withholding taxes recognized from collection of lease receivables from the solar plant operator tenants.

#### **Non-Current Assets increased by P2.69 billion or 152%**

The following discussion provides a detailed analysis of the increase in non-current assets:

##### ***Trade and other receivables – noncurrent increased by P128.0 million or 149%***

The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company's lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule. This is partially offset by the reclassification to current assets of the FIT receivables that are due to be collected in one year.

##### ***Property, Plant and Equipment decreased by 4% or by P59.1 million***

The movement in the Company's property, plant and equipment mainly pertains to the depreciation charges for the period.

##### ***Investment Properties increased by 916% or by P2.64 billion***

Investment properties increased due to the acquisition of Bulacan property and South Cotabato property amounting to P1.75 billion and P753.80 million, respectively in 2022 and the recognition of leasehold asset and related lease liability on long term lease contract in Toledo, Cebu and Silay City, Negros Occidental totaling to P139.5 million. Meanwhile, amortization of leasehold asset amounted to P10.1 million during the period.

##### ***Right of Use Assets decreased P2.1 million or 6%***

The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

***Deferred tax assets decreased by 100% or P8.2 million***

The decrease in deferred tax assets pertains to the reversal of the P8.2 million income tax benefit recognized in the previous year.

***Other Non-Current Assets decreased by 59% or P7.5 million***

The decrease in Other Non-Current Assets is mainly due to assignment of restricted funds to its Parent Company as the related loan which requires the set-up of the restricted fund was also transferred or assigned to the Parent Company in 2021.

**LIABILITIES AND EQUITY**

**Current Liabilities increased by 256% or by P278.5 million**

The following discussion provides a detailed analysis of the increase in current liabilities:

***Trade and Other Payables increased by P0.14 million***

The minimal increase in trade and other payables is due to accrued dues to government agencies which were paid the following month.

***Dividends payable increased by 100% or by P280.4 million***

The increase in dividends payable is mainly attributable to the cash dividends declared last November 9, 2022 which were paid on January 5, 2023.

***Due to related parties – current increased by 5% or P2.9 million***

The increase in the due to related parties – current was mainly due to reclassification from non-current portion offset by the payments made during the period of the previous year's balance of P56.1 million. This account pertains to liabilities to Parent Company.

***Lease liabilities – current portion increased by 90% or by P1.1 million***

The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P125.58 million. As a result, current portion of lease liabilities increased as well.

**Non-Current Liabilities increased by 116% or P198.7 million**

The following discussion provides a detailed analysis of the increase in non-current liabilities:

***Lease liabilities – noncurrent portion increased by 120% or by P124.1 million***

The increase is due to the recognition of right of use asset and related lease liabilities from lease contracts which commenced in 2021 amounting to P125.58 million. The amount was reduced by payments during the period and reclassifications to current portion.

***Due to related parties – noncurrent decreased by 100% or P68.5 million***

The decrease in the due to related parties – noncurrent was due to reclassification to current portion. This account pertains to liabilities to Parent Company.

***Security deposit increased by 100% or P143.1 million***

The increase in other non-current liability pertains to recognition of security deposit equivalent to one to three months guaranteed base lease for each solar plant operator tenant.

***Retirement benefit obligation amounted to P0.31 million***

This account pertains to retirement obligation of the Company's employees as computed by an actuary as of the end of December 31, 2022. There are no movements in this account.

***Equity increased by 167% or by P2.73 billion***

On February 22, 2022, the Company successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by the Company as Primary Offer Shares, and (ii) 1,134,547,000 existing Shares offered by the Parent Company, Selling Shareholder, pursuant to a Secondary Offer Shares with Option shares up to 327,273,000 which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized Additional Paid-Up Capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Shares which were treated as deduction to APIC amounted to P103.85 million. Net income during the period amounted to P1.25 billion while dividend payments for the first quarter of the year which were taken from the earnings in 2021 amounted to P229.09 million. Last June 24, 2022, September 14, 2022, the Company also paid dividends amounting to P285.09 and P285.86 million, respectively pertaining to 1Q 2022 and 2Q 2022 results of operations and were taken from the earnings of the same periods. On November 9, 2022, the Company also declared dividend for 3Q 2022 amounting to P290.23 million payable on January 5, 2023.

***As of December 31, 2021 compared with as of December 31, 2020*****Assets**

The Company's total assets amounted to ₱1.9 billion as of December 31, 2021, which was ₱127.6 million, or 7% higher than the Company's total assets of ₱1.8 billion as of December 31, 2020.

***Cash and cash equivalents***

The Company's cash and cash equivalents decreased by ₱22.7 million or 32% to ₱49.0 million as of December 31, 2021, compared to ₱71.7 million as of December 31, 2020, due to payments made related to the Company's IPO.

***Trade and other receivables - current***

The Company's trade and other receivables – current increased by ₱0.1 million to ₱41.9 million as of December 31, 2021, compared to ₱42.0 million as of December 31, 2020, due to recognition of straight line PFRS lease adjustment amounting to P2.5 million.

***Due from related parties***

The Company's due from related parties decreased by ₱216.9 million or 100% due to collection of said advances.

***Other current assets***

The increase of ₱42.6 million or 367% in the Company's other current assets from ₱11.6 million as of December 31, 2020, to ₱54.2 million as of December 31, 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.

***Trade and other receivables – noncurrent***

The Company's trade and other receivables – noncurrent increased by ₱86.0 million or 100% as a result of recognition of feed in tariff rate adjustment which shall be payable over the five-year period.

***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 ₱1,331.2 million as of December 31, 2021 which is ₱59.2 million or 4% lower compared with ₱1,390.3 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 parcels of land leased out to solar power plant operators, amount to ₱234.5 million as of December 31, 2021. The increase is mainly related to asset-for-share of Armenia property in 2021.

***Right-of-use assets***

The Company's right-of-use assets increased by ₱51.3 million or 129% from ₱39.7 million as of December 31, 2020, to ₱91.0 million as of December 31, 2021 due to additional lease contract executed between the Company and the owner of Dalayap property for the lease of land where Citicore Solar Tarlac 2 operates its solar plant. Movement in the right-of-use assets was also offset by the amortization of such assets for the year ended December 31, 2021.

***Deferred tax asset***

The Company's increase in deferred tax asset of ₱8.2 million or 100% from nil as of December 31, 2020, to ₱8.2 million as of December 31, 2021 was due to recognition of Net Operating Loss Carried Over on Lease Segment. For tax purposes, sale of electricity is still under income tax holiday.

***Other noncurrent assets***

The Company's other noncurrent assets, which pertains to security deposit, increased by ₱3.8 million or 42% from ₱9.0 million as of December 31, 2020 to ₱12.8 million as of December 31, 2021 due to 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 ₱280.8 million as of December 31, 2021, which was ₱935.4 million, or 77% lower than the Company's total liabilities of ₱1,216.1 million as of December 31, 2020.

***Trade and other payables***

The Company's trade and other payable decreased by ₱74.2 million or 59% from ₱125.6 million as of December 31, 2020, to ₱51.4 million as of December 31, 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 ₱56.1 million as of December 31, 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 December 31, 2021, compared to ₱126.4 million as of December 31, 2020. Pursuant to the Conversion of Advances, the Company's assigned its bank loan payable to CREC.

***Lease liabilities – current***

The Company's lease liabilities - current increased by ₱1.0 million or 330% from ₱0.3 million as of December 31, 2020, to ₱1.3 million as of December 31, 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 December 31, 2021. The decrease in the amount of ₱909.8 million as of December 31, 2020 was due to the assignment of bank loan payable to CREC in 2021.

***Lease liabilities – net of current portion***

The Company's lease liabilities – net of current portion increased by ₱52.1 million or 102% from ₱51.1 million as of December 31, 2020, to ₱103.1 million as of December 31, 2021 due to the increase in right-of-use assets brought about by the additional lease contract executed by the Company with the owner of Dalayap property.

***Due to related parties – net of current portion***

The Company's due to related parties – net of current portion increased by ₱68.5 million or 100% from nil as of December 31, 2020, to ₱68.5 million as of December 31, 2021 due to the reclassification of a portion of the loan payable of the Company expected to be settled beyond 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.

***Equity***

The Company's Equity stands at ₱1,628.0 million as of December 31, 2021, which increased by ₱1,062.9 million or 188%, from ₱565.1 million as of December 31, 2020, mainly relating to various debt to equity conversion and asset for share swap which increased capital stock by ₱834.5 million and the net income for the period amounting to ₱225.6 million.

***As of December 31, 2020 compared with as of December 31, 2019*****Assets**

The Company's total assets amounted to ₱1.8 billion as of December 31, 2020, which was ₱94.1 million, or 6% higher than the Company's total assets of ₱1.7 billion as of December 31, 2019.

***Cash and cash equivalents***

The Company's cash and cash equivalents increased by ₱24.7 million or 523% to ₱71.7 million as of December 31, 2020, compared to ₱47.1 million 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 ₱3.7 million or 10% to ₱42.0 million as of December 31, 2020, compared to ₱38.3 million as of December 31, 2019, due to higher revenue billings for the months of November and December compared with 2019.



***Due from related parties***

The Company's Due from related parties increased by ₱126.6 million or 140% to ₱216.9 million as of December 31, 2020, compared to ₱90.4 million as of December 31, 2019, due to cash sweep policy of the Group to consolidate unutilized cash at the holding level.

***Other current assets***

The increase of ₱0.2 million or 1% in the Company's other current assets from P11.4 million as of December 31, 2019 to ₱11.6 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, and amounted to ₱1,390.3 million as of December 31, 2020, which is ₱59.2 million or 4.1% lower compared with ₱1,449.5 million as of December 31, 2019. The decrease is due to depreciation charges for the period.

***Right-of-use assets***

The Company's right-of-use assets decreased by ₱2.1 million or 5% from ₱41.8 million as of December 31, 2019, to ₱39.7 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 increased slightly by P0.3 million or 4% due to small adjustments on bill deposits.

**Liabilities**

The Company's total liabilities amounted to ₱1,216.1 million as of December 31, 2020, which was ₱10.0 million, or 1% lower than the Company's total liabilities of ₱1,226.1 million as of December 31, 2019.

***Trade and other payables***

The Company's trade and other payable increased by ₱47.2 million or 60% from ₱78.4 million as of December 31, 2019, to ₱125.6 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 increased by ₱5.5 million or 5% from ₱120.9 million as of December 31, 2019, to ₱126.4 million as of December 31, 2020 due to increase in expected principal payments for the next year based on the loan amortization schedule with the bank.

***Lease liabilities – current***

The Company's lease liabilities - current increased by ₱0.3 million or 1,287% from ₱21,201 as of December 31, 2019, to ₱0.3 million as of December 31, 2020 due to increase in expected lease payment for the next year.

***Loans payable – noncurrent***

The Company's loans payable - noncurrent decreased by ₱64.5 million or 7% from ₱974.3 million as of December 31, 2019, to ₱909.8 million as of December 31, 2020 due to principal payments made during the period.

***Lease liabilities – net of current portion***

The Company's lease liabilities – net of current portion decreased by ₱0.3 million or 1% from ₱51.4 million as of December 31, 2019, to ₱51.1 million as of December 31, 2020 due to lease payments made during the period.

***Retirement Benefit Obligation***

The Company's retirement benefit obligation increased by ₱2.9 million or 100% due to recognition of post-employment benefit obligation based on the provisions of Republic Act 7641, Retirement Law.

***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 ₱565.1 million as of December 31, 2020, which increased by ₱104.1 million or 23%, from ₱461.0 million as of December 31, 2019, mainly relating to net income for the period.

***Material Events and Uncertainties***

There are no other material changes in CREIT's financial position by five percent (5%) or more and no condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of CREIT.

Other than the impact of COVID-19 on the business which is disclosed in Note 1 of the audited financial statements or **Exhibit "2"**, 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 CREIT's liquidity in any material way. CREIT does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of CREIT with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of CREIT.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of CREIT other than the variable leases which is computed and billed based on the actual revenue of the Lessees versus its base revenue at the end of each year.

There are no material events subsequent to 31 December 2022 that have not been reflected in the audited financial statements or **Exhibit “2”** of the Company.

### Liquidity and Capital Resources

As regards internal and external sources of liquidity, the Company’s funding is sourced from internally generated cash flows, and also from borrowings or available credit facilities from other local and international commercial banks.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business. Additionally, there is no significant element of income not arising from continuing operations.

There have not been any seasonal aspects that had a material effect on the financial condition or results of operations of CREIT.

### Cash Flows

The following table sets forth information from CREIT’s audited statements of cash flows for the periods indicated:

<b>(Amounts in PhP Millions)</b>	<b>For the years ended December 31</b>		
<b>Cash Flow</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net cash provided by operating activities	1,263	86	120
Net cash used in investing activities	(2,508)	-	-
Net cash provided by (used in) financing activities	1,767	(109)	(95)

### Key Performance Indicators (KPIs)

CREIT’s KPIs are as follows:

<b>All Ratios except Earnings per Share and Book Value per Share</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current Ratio <sup>1</sup>	1.70	1.33	1.36
Debt to Equity Ratio <sup>2</sup>	-	-	1.83
Book Value Per Share <sup>3</sup>	0.67	0.30	8.06
Earnings per Share <sup>4</sup>	0.20	0.08	0.04
Return on Assets <sup>5</sup>	0.36	0.12	0.06
Return on Equity <sup>6</sup>	0.42	0.21	0.20
Net Profit Margin <sup>7</sup>	0.91	0.64	0.39

<sup>1</sup> Current Assets/Current Liabilities

<sup>2</sup> Interest bearing loans and borrowings /Stockholder’s Equity

<sup>3</sup> Total Equity/Issued and Outstanding Shares

<sup>4</sup> Net Profit/Issued and Outstanding Shares

<sup>5</sup> Net Profit/Average Shares

<sup>6</sup> Net Profit/Average Equity

<sup>7</sup> Net Profit/Revenue

The KPIs were chosen to provide management with a measure of CREIT's sustainability on financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Net Profit Margin).

#### Risk Management Objectives and Policies

CREIT is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors and focuses on actively securing CREIT's short-to-medium term cash flows by minimizing the exposure to financial markets.

CREIT does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in Note 32 of the consolidated audited financial statements or **Exhibit "2"**.

#### **Item 7. Financial Statements**

CREIT's audited financial statements and the supplementary schedules to the same, which were submitted to the Bureau of Internal Revenue are attached hereto as **Exhibit "2"**.

#### **Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure**

##### External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by CREIT's external auditors:

Particulars	Nature	Audit Fees (amounts in PhP) For the years ended December 31		
		2022	2021	2020
Isla Lipana & Co. ("PwC Philippines")	Audit of Financial Statements	500,000.00	300,000.00	100,000.00
	Quarterly audits for initial public offering	-	730,000.00	-
	Quarterly reviews for bond offering	580,000.00	-	-
	Pro forma financial statements	600,000.00	750,000.00	-
	Profit forecast and profit projections	-	250,000.00	-
	Agreed Upon Procedures - Increase in authorized capital stock	-	75,000.00	-
	Agreed-upon procedures - Issuance of comfort letter	1,500,000.00	2,000,000.00	-

#### **The Board's Audit and Risk Oversight Committee (AROC)**

The AROC is composed of Mr. Leonilo G. Coronel, *Chairman of the AROC*, Ms. Elizabeth Anne C. Uychaco, *Vice Chairman of the AROC*, and Atty. Jose M. Layug, Jr.

The AROC is required to pre-approve all audit and non-audit services to be rendered by independent accountants and approve the engagement fee and any other compensation to be paid to such independent accountants. When deciding whether to approve these items, the AROC takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the AROC communicates with the external auditors with regard to any relationship or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take the necessary action to ensure their independence.

### ***Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure***

The name of the handling partner for the auditor of CREIT is as follows:

<b>Auditor</b>	<b>Year</b>	<b>Handling Partner</b>
Isla Lipana & Co. (“ <b>PwC Philippines</b> ”)	2022, 2021 and 2020	2020 to 2022 – <i>Pocholo Domondon</i>

CREIT did not have any disagreements with its internal auditors or independent accountants on any matter of accounting principles or practices, financial statements, disclosures, or auditing scope or procedures.

## **PART III – CONTROL AND COMPENSATION INFORMATION**

### **Item 9. Directors and Executive Officers of CREIT**

#### *Directors and Executive Officers*

As of December 31, 2022, CREIT is governed by a Board of eight (8) directors, composed of the following:

1. Mr. Edgar B. Saavedra, *Chairman of the Board*;
2. Mr. Manuel Louie B. Ferrer, *Director*;
3. Mr. Oliver Y. Tan, *Director CEO, and President*;
4. Mr. Jez Dela Cruz, *Director*;
5. Mr. Leonilo G. Coronel, *Independent Director*;
6. Atty. Jose M. Layug, Jr., *Independent Director*; and
7. Ms. Pacita U. Juan, *Independent Director*;
8. Ms. Elizabeth Anne C. Uychaco, *Independent Director*.

Moreover, CREIT management team is also headed by Mr. Edgar B. Saavedra, a licensed civil engineer, who has been practicing for over twenty (20) years.

The directors shall hold office for one (1) year or until their successors are elected and qualified. The first directors are also the incorporators. The annual meeting of the stockholders shall be held every first Monday of April each year.

The Board is responsible for the direction and control of the business affairs and management of CREIT, and the preservation of its assets and properties. No person can be elected as director of CREIT unless he or she is a registered owner of at least 1 voting share of CREIT.

Pursuant to SEC Memorandum Circular (M.C.) No. 19, Series of 2016, the Company adopted its New Manual on Corporate Governance (Manual). In accordance with Section VI (5) (a) of the Manual, the

Board shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. At present, four (4) members of the Board are independent directors.

Meanwhile, the Amended Articles of Incorporation and By-Laws of CREIT provide that the eight (8) directors shall include such number of independent directors as may be required by law.

### ***Board of Directors***

The table below sets forth each member of CREIT's Board, as of December 31, 2022.

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Positions</b>	<b>Term of Office</b>	<b>Directorships Held in Other Companies/ Business Experience</b>
Edgar B. Saavedra	48	Filipino	Chairman of the Board	Yearly	Chairman of the Board, MWMTI, MTI, Altria, PH1, Cebu2World, CIHI, CMCI, MLI, Wide-Horizons, Citicore Power Inc. ("CPI"), CREC, Citicore Negros Occidental, Citicore Bataan, Citicore Solar Cebu, Inc., Citicore South Cotabato, Citicore Tarlac 1, Citicore Tarlac 2, Citicore Bulacan, Citicore Solar Energy Corporation ("CSEC"), Greencore Power Solutions 1, Inc. ("GPS1"), Greencore Power Solutions 2, Inc. ("GPS2"), Greencore Power Solutions 3, Inc. ("GPS3"), Sunny Side Up Power Corp. ("SSUPC"), Rio Norte Hydropower Corp. ("RNHC"), Himamaylan Biomass Power Inc., Corebiomass Power Inc., Verdecare Power Solutions, Inc. ("VPSI"), Sikat Solar Holdco Inc. ("SSHI"), Citicore Solar Holdings, Inc. ("CSHI"), Citicore Biomass Corporation, Citicore Candlewick BioEnergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantations Inc., Citicore Summa Water Corporation, Citicore Summa Water Iloilo, Incorporated, Citicore Summa Water Iloilo Bulk, Incorporated, Citicore Summa Water Lapu-Lapu, Incorporated, MCC-Citicore Construction, Inc. and CitiRetail Power Corp. Director and Vice President, MCFI Director, GMCAC and GMI
Oliver Y. Tan	45	Filipino	Director, CEO, and President	Yearly	Director, CEO and President of CPI, CREC, Citicore Negros Occidental, Citicore Bataan, Citicore Solar Cebu, Inc., Citicore South Cotabato, Citicore Tarlac 1, Citicore Tarlac 2, Citicore Bulacan, CSEC, GPS1, GPS2, GPS3 and SSUPC Director and President, CIHI, CMCI, RNHC, Himamaylan Biomass Power Inc.,

					Corebiomass Power Inc., VPSI, SSHI, CSHI, Citicore Biomass Corporation, Citicore Candlewick BioEnergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantations Inc., Citicore Summa Water Corporation, Citicore Summa Water Iloilo, Incorporated, Citicore Summa Water Iloilo Bulk, Incorporated, Citicore Summa Water Lapu-Lapu, Incorporated, MCC-Citicore Construction, Inc. and CitiRetail Power Corp. Director and Treasurer, MTI and MLI Director, CMCI and MWCCI Director and Corporate Secretary, FSMI and IRMO
Manuel Louie B. Ferrer	48	Filipino	Executive Director, Infrastructure Development and Chief Corporate Affairs and Branding Officer	Yearly	Chairman of the Board and President, MCPI Vice Chairman of the Board, PH1 Director and President, GMCAC, MWMTI, MTI, Altria, Cebu2World, and Wide-Horizons Director, CPI, CREC, Citicore Bataan, Citicore Negros Occidental, Citicore Solar Cebu, Inc., Citicore South Cotabato, Citicore Tarlac 1, Citicore Tarlac 2, Citicore Bulacan, CSEC, GPS1, SSUPC, RNHC, GPS2, Himamaylan Biomass Power, Inc., Corebiomass Power Inc., VPSI, SSHI, CSHI, Citicore Biomass Corporation, Citicore Candlewick BioEnergy, Inc., Citicore Candlewick Biotech Corp., Citicore Candlewick Plantations Inc., Citicore Summa Water Corporation, Citicore Summa Water Iloilo, Incorporated, Citicore Summa Water Iloilo Bulk, Incorporated, Citicore Summa Water Lapu-Lapu, Incorporated, MCC-Citicore Construction, Inc., PH1, MLI, and GMI Managing Director, MagicWorx Licensing Inc. Former Associate Marketing Engineer, OCB International Co., Ltd
Jez Dela Cruz	38	Filipino	Director and Treasurer	Yearly	Director, CPI, CREC, GPS3, GMCAC, and GMI VP for Corporate Finance and Planning – Megawide Senior Manager – BPI Capital Corporation
Leonilo G. Coronel	76	Filipino	Independent Director	Yearly	Vice Chairman and Director, Philippine National Bank Director, DBP Daiwa Securities, RBB Microfinance Foundation, Software Ventures International Corporation



					Previous Independent director, Megawide Construction Corp.
Jose M. Layug, Jr.	52	Filipino	Independent Director	Yearly	Senior Partner, Puno and Puno Law Offices Dean, University of Makati School of Law President, Developers of Renewable Energy for Advancement, Inc. Chairman, Department of Energy's National Renewable Energy Board
Pacita U. Juan	68	Filipino	Independent Director	Yearly	President, M.D, Juan Enterprises, Inc. Vice President for Finance and Treasurer, Centro Mfg. Corporation Treasurer, Peace and Equity Holdings, Inc.
Elizabeth Anne C. Uychaco	67	Filipino	Independent Director	Yearly	Senior Vice President, SM Investment Corporation Director and Vice Chairman, Belle Corporation Chairman, NEO Group Director, Republic Glass Corporation, Goldilocks and PULS

#### ***Executive Officers Who Are Not Directors***

The table below sets forth the officers of CREIT, as of December 31, 2022.

<b>Name</b>	<b>Age</b>	<b>Citizen ship</b>	<b>Position</b>	<b>Term of Office</b>	<b>Directorships Held in Other Companies/ Business Experience</b>
Mia Grace Paula S. Cortez	40	Filipino	Chief Financial Officer	Yearly	Director and Chairman, Citicore Energy Solutions, Inc. Director and Treasurer, Citicore Tarlac 1, CSEC, SSUPC, Citicore Biomass Corporation Director, GPS1, GPS2, Himamaylan Biomass Power Inc., Corebiomass Power Inc., VPSI, Director, Cebu2World AVP & Group Comptroller, Megawide Construction Corp. Senior Manager, Punongbayan & Araullo
Raymund Jay S. Gomez	51	Filipino	Compliance Officer	Yearly	Director, Altria, CIHI, CMCI, MLI, MTI, and MWMTI Chief Legal Officer, Compliance Officer, and Data Protection Officer – Megawide Construction Corp. VP-Human Resources, Legal, and Regulatory Affairs Department, Beneficial Life Insurance Company, Inc. AVP-Legal and Corporate Services Department, Aboitiz Equity Ventures, Inc.

					Director of Corporate Legal Affairs and Litigation Department, JG Summit Holdings, Inc.
Michelle A. Magdato	34	Filipino	Investor Relations Officer	Yearly	None
Jaime P. Del Rosario	37	Filipino	Corporate Secretary, Chief Information Officer	Yearly	Director and Corporate Secretary, Citicore Energy Solutions, Inc., Citicore Negros Occidental, Citicore Bataan, Citicore Cebu, Citicore South Cotabato, Citicore Tarlac 2, Citicore Bulacan, Inc., SSHI, CSHI, MCC-Citicore Construction, Inc., CitiRetail Power Corp., Director, Citicore Property Managers, Inc.

#### Attendance of Directors to Board and Committee Meetings

The tables below set forth the attendance of CREIT's Directors to Board and Board Committee meetings held from January 01, 2022 to December 31, 2022:

#### **Board of Directors' Meetings**

	Name	Date of Election / Reelection	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
<b>Chairman</b>	Edgar B. Saavedra	May 25, 2021 / June 8, 2022	7	7	100
<b>Member</b>	Manuel Louie B. Ferrer	May 25, 2021 / June 8, 2022	7	7	100
<b>Member</b>	Oliver Y. Tan	May 25, 2021 / June 8, 2022	7	7	100
<b>Member</b>	Jez G. Dela Cruz	May 25, 2021 / June 8, 2022	7	7	100
<b>Member (Independent)</b>	Leonilo G. Coronel	May 25, 2021 / June 8, 2022	7	7	100
<b>Member (Independent)</b>	Jose M. Layug, Jr.	May 25, 2021 / June 8, 2022	7	7	100

<b>Member (Independent)</b>	Pacita U. Juan	May 25, 2021 / June 8, 2022	7	7	100
<b>Member (Independent)</b>	Elizabeth Anne C. Uychaco	May 25, 2021 / June 8, 2022	7	7	100

***Executive Committee***

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held (Regular and Special)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
<b>Chairman</b>	Edgar B. Saavedra	May 25, 2021 / June 8, 2022	12	12	100%
<b>Member</b>	Oliver Y. Tan	May 25, 2021 / June 8, 2022	12	12	100%
<b>Member</b>	Manuel Louie B. Ferrer	May 25, 2021 / June 8, 2022	12	12	100%
<b>Member</b>	Jez G. Dela Cruz	May 25, 2021 / June 8, 2022	12	12	100%

***Audit and Risk Oversight Committee Meetings***

<b>Board</b>	<b>Name</b>	<b>Date of Election / Reelection</b>	<b>No. Of Meetings Held (Regular and Special)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
<b>Chairman</b>	Leonilo G. Coronel	May 25, 2021 / June 8, 2022	5	5	100
<b>Member</b>	Jose M. Layug, Jr.	May 25, 2021 / June 8, 2022	5	4	80
<b>Member</b>	Elizabeth Anne C. Uychaco	May 25, 2021 / June 8, 2022	5	5	100

***Related Party Transaction Review & Compliance Committee Meetings***

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. Of Meetings Held (Regular and Special)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
<b><i>Chairman</i></b>	Jose M. Layug, Jr.	May 25, 2021 / June 8, 2022	1	1	100
<b><i>Member</i></b>	Elizabeth Anne C. Uychaco	May 25, 2021 / June 8, 2022	1	1	100
<b><i>Member</i></b>	Leonilo G. Coronel	May 25, 2021 / June 8, 2022	1	1	100

***Nominations, Compensation & Personnel Committee Meetings***

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held (Regular and Special)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
<b><i>Chairman</i></b>	Jez G. Dela Cruz	May 25, 2021 / June 8, 2022	3	3	
<b><i>Member</i></b>	Pacita U. Juan	May 25, 2021 / June 8, 2022	3	3	
<b><i>Member</i></b>	Leonilo G. Coronel	May 25, 2021 / June 8, 2022	3	3	0

***Environmental, Social & Governance Committee Meetings***

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held (Regular and Special)</b>	<b>No. of Meetings Attended</b>	<b>%</b>
<b><i>Chairman</i></b>	Pacita U. Juan	May 25, 2021 / June 8, 2022	3	3	100

<b>Member</b>	Oliver Y. Tan	May 25, 2021 / June 8, 2022	3	3	100
<b>Member</b>	Manuel Louie B. Ferrer	May 25, 2021 / June 8, 2022	3	3	100

#### Significant Employees

No single person is expected to make a significant contribution to the business, since CREIT considers the collective efforts of all its employees as instrumental to the overall success of its performance.

#### Family Relationships

None of the directors are related to each other.

#### Involvement in Certain Legal Proceedings

During the past five (5) years, CREIT is not aware of the occurrence of any of the following events that are material to the evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within 2 years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted 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, except those aforementioned;
3. Any director, nominee for election as director, or executive officer 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
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC 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.

## Item 10. Executive Compensation

### All Directors and Officers as a Group

#### **SUMMARY COMPENSATION TABLE** **Annual Compensation** **(In Php Millions)**

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:

<b>Name and Principal Position</b>	<b>Period</b>	<b>Salary (₱ million)</b>	<b>Bonus (₱ million)</b>	<b>Other Annual Compensation and Benefits (₱ million)</b>	<b>Total (₱ million)</b>
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	2022	28.72	2.39	5.14	36.25
Oliver Tan, President and CEO Jez Dela Cruz, Treasurer Raymund Jay Gomez, Compliance Officer Mia Grace Paula Cortez, CFO	2021	28.60	2.86	5.15	36.62
All officers and directors as a group unnamed	2022	28.72	2.39	5.14	36.25
	2021	30.37	3.00	5.25	38.63

### Compensation of Directors

Under the By-Laws of CREIT, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

On July 26, 2021, the Board, approved the giving of Fifty Thousand Pesos (PhP 50,000.00) Director's per diem, per Board meeting, and a Twenty Five Thousand Pesos (PhP 25,000.00) monthly allowance in the form of reimbursable expenses for each regular director.

### Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by CREIT's CEO, other officers and/or directors.

### Employment Contracts, Termination of Employment, Change-in-Control Arrangements

While the Company has no special retirement plans for its employees, it provides retirement benefits in accordance with R.A. No. 7641 or the "Retirement Pay Law", and other applicable laws, rules and regulations. Also, there is no existing arrangement with regard to compensation to be received by any executive officer from CREIT in the event of a change in control of the Company. Aside from its employees, CREIT has also entered into employment contracts with its foreign experts. The contracts with foreign nationals usually include benefits, such as housing, medical and group life insurance, vacation leaves, and company vehicle. Further, employment contracts include provisions regarding CREIT's ownership of any invention developed during the course of employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of one (1) year after the termination of the contract, from engaging, directly or indirectly, for himself or on behalf of or in conjunction with any person, corporation, partnership or other business entity that is connected with the business of CREIT.

### Warrants and Options

There are no outstanding warrants and options held by any of CREIT's directors and executive officers.

## **Item 11. Security Ownership of Certain Beneficial Owners and Management**

### Security Ownership of Certain Owners of Record and Beneficial Owners

Owners of record of more than five percent (5%) of CREIT's shares of stock as of December 31, 2022 are as follows:

<b>Title of Class</b>	<b>Name &amp; Address of Record Owner &amp; Relationship with Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship with Record Owner</b>	<b>Citizen ship</b>	<b>Number of Shares Held</b>	<b>Percent (%)</b>
Common	<b>Citicore Renewable Energy Corp. – Stockholder</b>  11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City	Edgar B. Saavedra  Mr. Saavedra is the ultimate beneficial owner of CREC	Filipino	3,117,641,132	47.63%
Common	<b>Citicore Solar Tarlac 1, Inc. – Stockholder</b>  Sitio Sampaloc, Brgy. Armenia, Tarlac City	Edgar B. Saavedra  Mr. Saavedra is the ultimate beneficial owner of Citicore Tarlac 1	Filipino	918,720,864	14.04%



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#### Security Ownership of Management

The following table sets forth the security ownership of CREIT Directors and officers as of December 31, 2022:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Owner</b>	<b>Citizenship</b>	<b>Percentage</b>
Common	<b>Edgar B. Saavedra</b> <i>Chairman of the Board,</i>	1 (Direct)	Filipino	Nil
Common	<b>Oliver Y. Tan</b> <i>Director, CEO, and President</i>	1 (Direct); 7,423,000 (Indirect)	Filipino	Nil
Common	<b>Manuel Louie B. Ferrer</b> <i>Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Jez Dela Cruz</b> <i>Director and Treasurer</i>	1 (Direct)	Filipino	Nil
Common	<b>Leonilo G. Coronel</b> <i>Independent Director</i>	1 (Direct); 295,000 (Indirect)	Filipino	Nil
Common	<b>Jose M. Layug, Jr.</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Pacita U. Juan</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Elizabeth Anne C. Uychaco</b> <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	<b>Mia Grace Paula S. Cortez</b> <i>Chief Financial Officer</i>	200,000 (Indirect)	Filipino	Nil
Common	<b>Jaime P. Del Rosario</b> <i>Corporate Secretary</i>	450,000 (Indirect)	Filipino	Nil
Common	<b>Michelle A. Magdato</b> <i>Investor Relations Officer</i>	10,000 (Indirect)	Filipino	Nil
<b>Aggregate Shareholdings of Directors and Officers as a Group</b>		<b>8,378,008</b>		<b>Nil</b>

#### Voting Trust Holders of Five Percent (5%) or More

There is no voting trust arrangement executed among the holders of five percent (5%) or more of the issued and outstanding shares of common stock of CREIT.

#### Change in Control

There are no arrangements entered into by CREIT or any of its stockholders which may result in a change of control of CREIT.

## Item 12. Certain Relationship and Related Transactions

Related parties	Transactions			Outstanding balance Receivables (Payables)		Terms and conditions
	2022	2021	2020	2022	2021	
Parent Company						
Lease income	282,393,829	-	-	16,226,090	-	Refer to (e) and Notes 4 and 15.
Advances to (from)	71,442,959	265,850,948	39,525,344	(53,223,717)	265,850,948	Refer to (a).
Assignment of loans payable	-	(1,011,570,248)	-	-	(377,493,612)	Refer to (b) and Note 10.
Assumed interest payable	-	(13,024,012)	-	-	(13,024,012)	Refer to Note 10.
				(53,223,717)	(124,666,676)	
Security deposits						
Additions	22,180,645	-	-	(22,180,645)	-	Refer to (e).
Accretion of interest expense	406,868	-	-	10,066,877	-	
				(12,113,768)	-	
Deferred rent income						
Additions	10,473,745	-	-	(10,473,745)	-	Refer to (e).
Amortization	550,694	-	-	550,694	-	
				(9,923,051)	-	
Issuance of shares	-	607,330,352	-	-	-	Refer to (c), Notes 8, 10 and 14.
Entities under common control						
Lease income	1,089,072,676	17,773,892	-	162,285,876	2,456,998	Refer to (e) and Notes 4 and 15.
Advances to	-	87,021,747	87,021,747	-	87,021,747	Refer to (a).
Acquisition of properties	2,507,918,610	-	-	-	-	Refer to (e) and Note 8.
Property management fee	14,942,644	-	-	-	-	Refer to (f).
Fund management fee	4,980,881	-	-	-	-	Refer to (g).
Security deposits						
Additions	128,247,815	-	-	(128,247,815)	-	Refer to (e).
Accretion of interest expense	1,484,160	-	-	82,945,307	-	
				(45,302,508)	-	
Deferred rent income						
Additions	84,429,467	-	-	(84,429,467)	-	Refer to (e).
Amortization	2,512,432	-	-	2,512,432	-	
				(81,917,035)	-	
Issuance of shares	-	229,680,216	-	-	-	Refer to (c) and Notes 8 and 14.

## PART IV – CORPORATE GOVERNANCE

### Item 13. Corporate Governance

It is the firm belief of CREIT that an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperform and outshine its competitors. Thus, CREIT is in full compliance with the rules and regulations of the SEC, the PSE, and all other relevant rules and regulations, especially those involving public-listed companies.

Below are some of the Company's policies and programs in relation to corporate governance:

1. In compliance with SEC M.C. No. 19, Series of 2016, CREIT adopted its New Manual and has taken several steps to apply its principles, such as constituting all the Board Committees required therein:
  1. Executive Committee;
  2. Audit and Risk Oversight Committee
  3. Related Party Transaction Review & Compliance Committee Meetings
  4. Nominations, Compensation & Personnel Committee
  5. Environmental, Social & Governance Committee

The charters and compositions of the foregoing Board Committees are in accordance with the Manual.

2. The Company has elected four (4) Independent Directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.
3. To further its corporate governance initiatives, CREIT, in 2018, implemented its Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, Insider Trading Policy, and Conflict of Interest Policy Supplemental Guidelines and Conflict of Interest Disclosure Form. Further, CREIT actively rolled out its Whistleblowing Policy to its employees, suppliers, vendors, and clients, to encourage the disclosure of illegal and dishonest activities occurring within the Company.
4. In 2019, CREIT adopted its Anti-Fraud Policy, Board Self-Evaluation Policy, and introduced changes to its Related Party Transactions Policy in compliance with SEC M.C. No. 10 series of 2019. It also conducted an Annual Corporate Governance Training on November 13, 2019, with the assistance of the Institute of Corporate Directors, which was attended by the Company's Directors and key officers.
5. The Board revised the Company's vision, mission, and values, which it launched in 2019.
6. To reinforce the CREIT's adherence to good corporate governance, and in compliance with its Manual and SEC M.C. No. 04, Series of 2019, attached is the Company's Sustainability Report as **Exhibit "3"**.
7. The Company also adheres with the regulatory requirements on corporate governance through the timely submission of its Integrated Annual Corporate Governance Report with the SEC and the regular updating of its corporate website ([www.creit.com.ph](http://www.creit.com.ph)).

A full discussion on the corporate governance practices of CREIT are provided and explained in its Annual Corporate Governance Report.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

#### Exhibits

<b>Exhibit “1”</b>	List of PCD Participants as of December 31, 2022
<b>Exhibit “2”</b>	Audited Financial Statements and Schedules
<b>Exhibit “3”</b>	Sustainability Report

#### Material Contracts

CREIT’s principal contracts generally consist of contract of the lease of its properties. CREIT is not a party to any contract of any material importance and outside the usual course of business, and the directors do not know of any such contract involving CREIT.

#### Reports on SEC Form 17-C\*\*

On March 17, 2020, the SEC issued a Notice for “Filing of Structured Reports, Current Reports and Communications with the Securities and Exchange Commission” dispensing the requirement of filing a separate SEC Form 17-C during the implementation of the community quarantine over the Philippines. Thus, all reports filed with the PSE during the community quarantine are considered as having been filed with the SEC.


All reports may be found on the PSE’s EDGE:


[https://edge.pse.com.ph/companyDisclosures/form.do?cmpy\\_id=627](https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=627)


- Signature Page Follows -

### SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in SAN JUAN CITY on MAR 23 2023.

  
By: **EDGAR B. SAAVEDRA**  
Chairman of the Board

  
**OLIVER Y. TAN**  
Chief Executive Officer, and President

  
**MIA GRACE PAULA S. CORTEZ**  
Chief Financial Officer

  
**JAIME P. DEL ROSARIO**  
Corporate Secretary

**SUBSCRIBED AND SWORNT**O before me in SAN JUAN CITY on MAR 23 2023, affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Edgar B. Saavedra	Passport No. P6875140B	Valid until May 26, 2031	Manila
Oliver Y. Tan	Passport No. P4489306B	Valid until January 21, 2030	DFA NCR East
Mia Grace Paula S. Cortez	UMID 0111-2975451-1		
Jaime P. Del Rosario	Passport No. P425892B	Valid until 17 Dec 2029	DFA NCR East

Doc. No. 58;  
Page No. 13;  
Book No. 11;  
Series of 2023.

  
**FRA ANGELICA S. ALEJANDRA**  
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  
1/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 / ICC

## Exhibit 1

**OUTSTANDING BALANCES FOR A SPECIFIC COMPANY**

Company Code - CREIT0000000

Business Date: December 31, 2022

<b>BPNAME</b>	<b>HOLDINGS</b>
UPCC SECURITIES CORP.	4,997,000
A & A SECURITIES, INC.	4,726,500
ABACUS SECURITIES CORPORATION	57,600,500
PHILSTOCKS FINANCIAL INC	25,731,569
A. T. DE CASTRO SECURITIES CORP.	903,000
ALPHA SECURITIES CORP.	1,380,000
BA SECURITIES, INC.	1,748,500
AP SECURITIES INCORPORATED	15,717,000
ANSALDO, GODINEZ & CO., INC.	2,935,000
AB CAPITAL SECURITIES, INC.	20,644,900
SB EQUITIES, INC.	162,811,200
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	85,000
ASIASEC EQUITIES, INC.	8,744,000
ASTRA SECURITIES CORPORATION	6,859,500
CHINA BANK SECURITIES CORPORATION	76,137,007
BELSON SECURITIES, INC.	5,068,000
JAKA SECURITIES CORP.	432,000
BPI SECURITIES CORPORATION	174,479,245
CAMPOS, LANUZA & COMPANY, INC.	2,734,000
SINCERE SECURITIES CORPORATION	3,347,000
CTS GLOBAL EQUITY GROUP, INC.	2,834,000
TRITON SECURITIES CORP.	6,265,000
IGC SECURITIES INC.	1,666,000
CUALOPING SECURITIES CORPORATION	3,388,000
DBP-DAIWA CAPITAL MARKETS PHILIPPINES, INC.	687,000
DAVID GO SECURITIES CORP.	3,489,000
DIVERSIFIED SECURITIES, INC.	1,661,000
E. CHUA CHIACO SECURITIES, INC.	3,737,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	9,156,000
EQUITIWORLD SECURITIES, INC.	905,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	3,812,000
FIRST ORIENT SECURITIES, INC.	2,812,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	40,000
F. YAP SECURITIES, INC.	6,712,500
AURORA SECURITIES, INC.	3,015,000
GLOBALINKS SECURITIES & STOCKS, INC.	7,707,000
JSG SECURITIES, INC.	2,436,000
GOLDSTAR SECURITIES, INC.	1,500,000
GUILD SECURITIES, INC.	5,537,000
HDI SECURITIES, INC.	805,000
H. E. BENNETT SECURITIES, INC.	529,000
I. B. GIMENEZ SECURITIES, INC.	1,679,000
INVESTORS SECURITIES, INC.	937,000
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	1,858,000
INTRA-INVEST SECURITIES, INC.	1,064,000
J.M. BARCELON & CO., INC.	855,000
VALUE QUEST SECURITIES CORPORATION	21,444,000
STRATEGIC EQUITIES CORP.	4,241,000
LARRGO SECURITIES CO., INC.	1,587,000

# OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CREIT0000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
LOPEZ, LOCSIN, LEDESMA & CO., INC.	2,804,000
LUCKY SECURITIES, INC.	3,427,000
LUYS SECURITIES COMPANY, INC.	216,000
MANDARIN SECURITIES CORPORATION	2,996,000
COL Financial Group, Inc.	311,709,749
DA MARKET SECURITIES, INC.	1,220,000
MERCANTILE SECURITIES CORP.	2,397,000
MERIDIAN SECURITIES, INC.	6,233,460
MDR SECURITIES, INC.	1,962,000
REGIS PARTNERS, INC.	1,544,000
MOUNT PEAK SECURITIES, INC.	5,000
NEW WORLD SECURITIES CO., INC.	890,000
OPTIMUM SECURITIES CORPORATION	350,000
RCBC SECURITIES, INC.	15,369,000
PAN ASIA SECURITIES CORP.	1,400,000
PAPA SECURITIES CORPORATION	21,927,000
MAYBANK SECURITIES, INC.	4,908,800
PLATINUM SECURITIES, INC.	5,832,000
PNB SECURITIES, INC.	41,981,700
PREMIUM SECURITIES, INC.	895,000
SALISBURY SECURITIES CORPORATION	909,634
QUALITY INVESTMENTS & SECURITIES CORPORATION	7,418,000
ALAKOR SECURITIES CORPORATION	4,964,000
R. COYUTO SECURITIES, INC.	1,794,000
REGINA CAPITAL DEVELOPMENT CORPORATION	3,488,000
R. NUBLA SECURITIES, INC.	5,833,970
AAA SOUTHEAST EQUITIES, INCORPORATED	8,476,000
R. S. LIM & CO., INC.	3,390,000
RTG & COMPANY, INC.	3,694,000
S.J. ROXAS & CO., INC.	800,000
SECURITIES SPECIALISTS, INC.	618,000
FIDELITY SECURITIES, INC.	1,000,000
SUMMIT SECURITIES, INC.	1,763,000
STANDARD SECURITIES CORPORATION	2,262,000
TANSENGCO & CO., INC.	3,703,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	12,162,000
TOWER SECURITIES, INC.	3,620,000
TRANS-ASIA SECURITIES, INC.	1,610,000
APEX PHILIPPINES EQUITIES CORPORATION	2,910,000
LANDBANK SECURITIES, INC.	4,331,000
VENTURE SECURITIES, INC.	2,405,000
FIRST METRO SECURITIES BROKERAGE CORP.	121,573,950
WEALTH SECURITIES, INC.	34,922,000
WESTLINK GLOBAL EQUITIES, INC.	3,201,000
BERNAD SECURITIES, INC.	1,017,000
WONG SECURITIES CORPORATION	597,000
YAO & ZIALCITA, INC.	3,874,000
YU & COMPANY, INC.	1,680,000
BDO SECURITIES CORPORATION	241,118,172
EAGLE EQUITIES, INC.	4,058,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	2,262,000



## OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CREIT0000000

Business Date: December 31, 2022

BPNAME	HOLDINGS
SOLAR SECURITIES, INC.	4,254,700
G.D. TAN & COMPANY, INC.	2,845,000
CLSA PHILIPPINES, INC.	2,250,000
PHILIPPINE EQUITY PARTNERS, INC.	7,022,100
UNICAPITAL SECURITIES INC.	68,849,600
SunSecurities, Inc.	11,891,000
COHERCO SECURITIES, INC.	5,379,000
TIMSON SECURITIES, INC.	3,011,000
STAR ALLIANCE SECURITIES CORP.	4,392,000
VC SECURITIES CORPORATION	464,000
CHINA BANKING CORPORATION - TRUST GROUP	13,733,000
CITIBANK N.A.	85,914,300
DEUTSCHE BANK MANILA-CLIENTS A/C	132,828,000
BANCO DE ORO - TRUST BANKING GROUP	225,365,200
BANK OF COMMERCE - TRUST SERVICES GROUP	7,417,000
PNB TRUST BANKING GROUP	52,515,000
RCBC TRUST & INVESTMENT DIVISION	193,000
RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS	27,129,000
STERLING BANK OF ASIA TRUST GROUP	200,000
DEUTSCHE BANK MANILA-CLIENTS A/C	215,444
STANDARD CHARTERED BANK	199,217,800
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	5,832,000
UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	4,901,000
ASIA UNITED BANK - TRUST & INVESTMENT GROUP	3,200,000
MBTC - TRUST BANKING GROUP	27,808,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	9,817,000
BDO-TIG SECURITIES SERVICES	1,569,000
UCPB GENERAL INSURANCE CO., INC.	626,000
UNITED FUND, INC.	1,200,000
TOTAL	2,509,001,000

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.



March 22, 2023

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

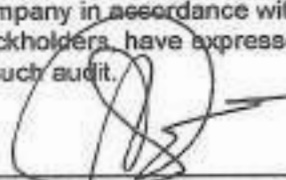
The management of Citicore Energy REIT Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

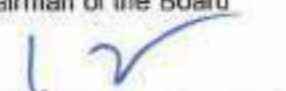
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the periods ended December 31, 2022, 2021 and 2020 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
Edgar B. Seavedra  
Chairman of the Board

  
Oliver Y. Tan  
President and Chief Executive Officer

  
Jez G. Dela Cruz  
Treasurer

MAR 23 2023  
Signed this \_\_\_\_ day of \_\_\_\_

  
**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  
1/F Santolan Town Plaza, 276 Santolan Road  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan City  
RP O.R. No. 275026 / 01-07-2023 / RS:

# ***Citicore Energy REIT Corp.***

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## **Financial Statements**

**As at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022**



## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

## **Report on the Audits of the Financial Statements**

### ***Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRS).

### ***What we have audited***

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Citicore Energy REIT Corp.  
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Page 2

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<p><u>Initial public offering and Real Estate Investment Trust (REIT) formation transactions</u></p> <p>The Company listed its shares in the Philippine Stocks Exchange on February 22, 2022 (Note 14) and completed the last tranche of REIT formation transactions during 2022 which include:</p> <p>a. Acquisition of new investment properties using the offering proceeds from primary shares and the subsequent lease of these investment properties to related parties (Note 8); and</p> <p>b. Commencement of new lease agreements with third parties and the subsequent sublease to related parties (Notes 8 and 20).</p>	<p>We addressed the key audit matter by obtaining understanding of these transactions and by performing certain audit procedures, which included the following:</p> <p>a. Primary offering of shares - We traced the full amount of primary offering proceeds to the Company's bank statement and also ascertained the proper accounting treatment of share issuance costs based on the requirement of Philippine Accounting Standards (PAS) 32, "<i>Financial Instruments: Presentation</i>".</p> <p>b. Acquisition of new investment properties using the offering proceeds from primary shares and the subsequent lease of these to related parties - We obtained respective deeds of absolute sale for the purchase of these investment properties including appraisal reports to determine proper valuation and also traced payments to bank statements to ascertain actual disbursement.</p>

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Citicore Energy REIT Corp.  
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Page 3

Key audit matters	How our audit addressed the key audit matters
<p>The transactions are identified to be non-recurring, have material impact to the financial statements and involved complex accounting treatment and judgement. In addition, the future operation of the Company as a REIT is anchored on these transactions.</p>	<p>For subsequent lease to related parties, we obtained the related supporting documents including lease contracts and performed validation and recalculation of the amounts reported in the financial statements. We also considered the requirement of PFRS 16, "Leases" in the recognition of lease receivables and lease income.</p> <p>c. Commencement of new lease agreements with third parties and the subsequent sublease to related parties for leasehold land assets - We obtained the related supporting documents including lease contracts and performed validation and recalculation of the amounts reported in the financial statements. We also considered the requirement of PFRS 16, "Leases" in the recognition of right-of-use assets, lease liabilities, lease receivables and lease income and expenses.</p>
<p><u>Fair value of investment properties</u></p> <p>The Company leases three (3) freehold land and subleases three (3) leasehold land to its related parties. All freehold and leasehold land assets are classified as investment properties which are accounted for using the cost model. The Company discloses the fair value of investment properties as required by PAS 40, "Investment Property". The carrying value and fair value of investment properties amounted to P2.93 billion and P11.21 billion, respectively, as at December 31, 2022. Management determined the fair value of the investment properties based on the report issued by an accredited appraiser. The appraiser used the discounted cash flow model based on the lessor's interest in the land. The determination of the fair values of these properties involved significant assumption and estimations and complex calculations.</p>	<p>We evaluated the competence and capabilities of the accredited appraiser and their objectivity by considering the accredited appraiser's qualifications, experience and reporting responsibilities. We also obtained an understanding of accredited appraiser's work including the data used, assumptions and calculation methods and evaluated the relevance and reasonableness of the accredited appraiser's findings and conclusions and consistency with other audit evidence we obtained. Data and assumptions used were validated as follows:</p> <p>a. Contract rent and unexpired lease term were traced to the lease agreements with related parties; and</p> <p>b. We compared the parameters used for discount rate and terminal value of the land against market data.</p>



To the Board of Directors and Shareholders of  
Citicore Energy REIT Corp.  
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Page 4

Key audit matters	How our audit addressed the key audit matters
<u>Fair value of investment properties (continued)</u>  These assumptions include discount rates which are influenced by the prevailing market rates and comparable market transactions. Discount rates are subject to higher level of estimation uncertainty due to the current economic conditions. The disclosures on the fair value of investment properties are included in Note 8 to the financial statements.	We also assessed the adequacy of the fair value disclosures based on the requirements of PFRS 13, “Fair Value Measurement”.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the financial statements and our auditor’s report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.





Independent Auditor's Report

To the Board of Directors and Shareholders of

Citicore Energy REIT Corp.

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Page 5

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Citicore Energy REIT Corp.  
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Page 6

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is  
Pocholo C. Domondon.

**Isla Lipana & Co.**

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City  
SEC A.N. (individual) as general auditors 108839-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
March 22, 2023



Isla Lipana & Co.

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

11F Rockwell Santolan Town Plaza

276 Col. Bonny Serrano Avenue

San Juan City, Metro Manila

None of the partners of the firm have any financial interest in Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) or any family relationships with its president, manager, or principal shareholders.

The supplemental information on taxes and licenses is presented in Note 25 to the financial statements.

**Isla Lipana & Co.**

Pocholo C. Domondon

Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;

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Makati City

March 22, 2023

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Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.



Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 22, 2023.

In compliance with Revised Rule 68 of the SRC and based on the certification we received from the Company’s corporate secretary, the Company has 135 shareholders, each owning one hundred (100) or more shares, as at December 31, 2022.

**Isla Lipana & Co.**

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City  
SEC A.N. (individual) as general auditors 108839-SEC, Category A;  
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Makati City  
March 22, 2023

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Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 22, 2023. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

Pocho C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City  
SEC A.N. (individual) as general auditors 108839-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

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Makati City  
March 22, 2023

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Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 22, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company’s financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

**Isla Lipana & Co.**

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

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Makati City  
March 22, 2023

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**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Financial Position  
As at December 31, 2022 and 2021  
(All amounts in Philippine Peso)

	Notes	2022	2021
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	3	571,423,464	49,014,348
Trade and other receivables, net	4	52,446,926	41,892,701
Prepayments and other current assets	5	36,130,547	54,208,397
Total current assets		660,000,937	145,115,446
<b>Non-current assets</b>			
Trade and other receivables, net of current portion	4	213,970,456	85,982,098
Property, plant and equipment, net	6	1,272,055,348	1,331,185,212
Investment properties, net	8	2,925,297,244	288,013,130
Right-of-use assets, net	20	35,426,372	37,559,128
Deferred income tax assets, net	19	-	8,200,316
Other non-current assets	7	5,279,310	12,765,682
Total non-current assets		4,452,028,730	1,763,705,566
<b>Total assets</b>		<b>5,112,029,667</b>	<b>1,908,821,012</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	9	51,253,584	51,397,336
Dividends payable	9, 14	280,442,419	-
Due to a related party	11	53,223,717	56,144,929
Lease liabilities	20	2,406,282	1,263,480
Total current liabilities		387,326,002	108,805,745
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	20	227,201,879	103,132,719
Security deposits and deferred rent income	11	143,130,106	-
Due to a related party, net of current portion	11	-	68,521,747
Retirement benefit obligation	13	314,672	314,672
Total non-current liabilities		370,646,657	171,969,138
Total liabilities		757,972,659	280,774,883
<b>Equity</b>			
Share capital	14	1,636,363,501	1,374,545,501
Additional paid-in-capital	14	2,307,335,739	2,465,066
Remeasurement on retirement benefits	13	50,894	50,894
Retained earnings		410,306,874	250,984,668
Total equity		4,354,057,008	1,628,046,129
<b>Total liabilities and equity</b>		<b>5,112,029,667</b>	<b>1,908,821,012</b>

The notes on pages 1 to 54 are integral part of these financial statements.



**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Total Comprehensive Income  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
Rental income	11, 15	1,374,529,631	17,773,892	-
Sale of electricity	15	-	334,519,230	269,076,808
<b>Revenues</b>		1,374,529,631	352,293,122	269,076,808
Cost of services	16	(91,269,041)	(74,207,762)	(94,623,573)
<b>Gross profit</b>		1,283,260,590	278,085,360	174,453,235
Operating expenses	17	(8,440,959)	(56,972,789)	(7,987,959)
<b>Income from operations</b>		1,274,819,631	221,112,571	166,465,276
Finance costs	18	(17,584,040)	(29,438,870)	(64,054,226)
Other income, net	18	3,377,749	26,005,926	1,703,762
<b>Income before income tax</b>		1,260,613,340	217,679,627	104,114,812
Income tax (expense) benefit	19	(8,200,316)	8,200,316	-
<b>Net income for the year</b>		1,252,413,024	225,879,943	104,114,812
<b>Other comprehensive income</b>				
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurement gain on retirement benefits, net of tax	13	-	50,894	-
<b>Total comprehensive income for the year</b>		1,252,413,024	225,930,837	104,114,812
<b>Earnings per share</b>				
Basic and diluted	21	0.20	0.08	0.04

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Changes in Equity  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	Total share capital (Note 14)	Additional paid-in-capital (Note 14)	Remeasurement on retirement benefits	Retained earnings	Total
<b>Balances at January 1, 2020</b>	72,860,309	467,139,690	539,999,999	-	-	(79,010,087)	460,989,912
<b>Comprehensive income</b>							
Net income for the year	-	-	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	104,114,812	104,114,812
<b>Balances at December 31, 2020</b>	72,860,309	467,139,690	539,999,999	-	-	25,104,725	565,104,724
<b>Comprehensive income</b>							
Net income for the year	-	-	-	-	-	225,879,943	225,879,943
Other comprehensive income for the year	-	-	-	-	50,894	-	50,894
Total comprehensive income for the year	-	-	-	-	50,894	225,879,943	225,930,837
<b>Transactions with owners</b>							
Reclassification of preference shares to common shares	467,139,690	(467,139,690)	-	-	-	-	-
Issuance of shares	834,545,502	-	834,545,502	2,465,066	-	-	837,010,568
Total transactions with owners	1,301,685,192	(467,139,690)	834,545,502	2,465,066	-	-	837,010,568
<b>Balances at December 31, 2021</b>	1,374,545,501	-	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129
<b>Comprehensive income</b>							
Net income for the year	-	-	-	-	-	1,252,413,024	1,252,413,024
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,252,413,024	1,252,413,024
<b>Transactions with owners</b>							
Issuance of shares	261,818,000	-	261,818,000	2,408,725,600	-	-	2,670,543,600
Share issuance costs	-	-	-	(103,854,927)	-	-	(103,854,927)
Cash dividends	-	-	-	-	-	(1,093,090,818)	(1,093,090,818)
Total transactions with owners	261,818,000	-	261,818,000	2,304,870,673	-	(1,093,090,818)	1,473,597,855
<b>Balances at December 31, 2022</b>	1,636,363,501	-	1,636,363,501	2,307,335,739	50,894	410,306,874	4,354,057,008

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Cash Flows  
For each of the three years in the period ended December 31, 2022  
(All amounts in Philippine Peso)

	Notes	2022	2021	2020
<b>Cash flows from operating activities</b>				
Income before income tax		1,260,613,340	217,679,627	104,114,812
Adjustments for:				
Depreciation and amortization	6,20	71,363,428	61,751,372	61,285,334
Finance costs	18	17,584,040	29,438,870	64,054,226
Unrealized foreign exchange losses, net	22	113,799	55,318	11,175
Provision for doubtful account of other receivable	4	-	-	1,944,096
Reversal of provision for asset retirement obligation	12	-	-	(1,056,902)
Retirement benefit (income) expense	13	-	(2,550,098)	2,915,664
Gain on compromise settlement of due to government agencies	9,18	-	(25,200,913)	-
Interest income	3,4,18	(3,070,975)	(277,078)	(662,181)
Operating income before working capital changes		1,346,603,632	280,897,098	232,606,224
Changes in working capital:				
Trade and other receivables		(136,326,810)	(166,432,084)	(132,219,223)
Prepayments and other current assets		(17,586,521)	(6,942,596)	(158,182)
Other non-current assets		7,486,370	(3,790,634)	(306,840)
Trade payables and other liabilities		(7,701,307)	(17,741,987)	19,004,500
Due to a related party		(71,442,959)	-	-
Security deposits		141,239,078	-	-
Net cash generated from operations		1,262,271,483	85,989,797	118,926,479
Interest received		855,202	277,078	662,181
Net cash provided by operating activities		1,263,126,685	86,266,875	119,588,660
<b>Cash flows from an investing activity</b>				
Additions to investment properties	8	(2,507,918,610)	-	-
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	14	2,670,543,600	-	-
Principal payment of loans from a bank	10	-	(31,611,570)	(61,363,636)
Interest payment on loans from a bank	10	-	(36,940,830)	(29,438,488)
Principal payment of lease liabilities	20	(20,109,933)	(955,048)	(87,598)
Interest payment on lease liabilities	20	(9,951,228)	(4,464,960)	(4,026,048)
Payments of share issuance costs	5,14	(68,190,556)	(35,017,592)	-
Payments of dividends	14	(805,090,842)	-	-
Net cash provided by (used in) financing activities		1,767,201,041	(108,990,000)	(94,915,770)
<b>Net increase (decrease) in cash and cash equivalents</b>		522,409,116	(22,723,125)	24,672,890
Cash and cash equivalents at January 1	3	49,014,348	71,737,473	47,064,583
<b>Cash and cash equivalents at December 31</b>	3	571,423,464	49,014,348	71,737,473

The notes on pages 1 to 54 are integral part of these financial statements.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Notes to the Financial Statements

As at December 31, 2022 and 2021 and

for each of the three years in the period ended December 31, 2022

(All amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information***(a) Corporate information*

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010.

Prior to May 25, 2021, the Company’s primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the “*Real Estate Investment Trust Act of 2009*” and its implementing rules and regulations.

The Company’s 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC to Citicore Renewable Energy Corp. (the “Parent Company” or CREC), making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021.

On May 25, 2021, the Company’s Board of Directors (BOD) and shareholders approved, among others, the following amendments to the Company’s Articles of Incorporation (AOI): (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share.

On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2.4 billion shares as consideration for the assignment by Parent Company of its advances to the Company amounting to P602,465,066. In addition, Parent Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vugt Philippine Solar Energy Three, Inc.) 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 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (Note 14).

The Company's submission to the SEC for the foregoing amendments was approved on October 12, 2021. Upon issuance of the shares during 2021, the Company's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively. Prior to October 12, 2021, the Parent Company owns 100% of the Company.

The Company's ultimate parent company is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On November 4, 2021, the Company's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". The Company's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

On January 14, 2022 and February 2, 2022, the Philippine Stock Exchange ("PSE") issued notice of acceptance and the Philippine SEC issued permit to sell, respectively, in relation to the Company's application for initial public offering. The Company attained its status as "public company" on February 22, 2022 when it listed its shares as a REIT in the main board of the PSE. As a public company, it is covered by the Part II of Securities Regulation Code ("SRC") Rule 68.

As at December 31, 2021, the Company has two (2) shareholders, each owning one hundred (100) or more shares. As at December 31, 2022, the Company has 135 shareholders, each owning one hundred (100) or more shares.

The total shares outstanding are held by the following shareholders as at December 31, 2022:

	Percentage
CREC	47.63%
CST1	14.04%
Public	38.33%
	100.00%

On June 8, 2022, the Company's stockholders approved the issuance of fixed-rate bonds not exceeding thirty five percent (35%) of the value of the deposited property of the Company or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations. On February 10, 2023, the Company listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp.

#### *(b) Impact of COVID-19*

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve. Based on the management's assessment, the COVID-19 pandemic had no significant impact on the Company's financial statements for the years ended December 31, 2022 and 2021.

The Company's financial statements as at and for the year ended December 31, 2022 have been prepared applying the going concern principle. The management of the Company is not aware of any significant uncertainties arising after December 31, 2022 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.

*(c) Russia-Ukraine conflict*

The Russian military invasion of Ukraine (the “Russian-Ukraine conflict”) has a wide economic impact on entities in the immediate region, but also impact entities globally where businesses engage in economic activities that might be affected by the conflict. The entities in the intermediate region could be impacted through imposed economic sanctions, disruptions to the supply chain, equity and commodity market volatility and other uncertainties.

Based on the management’s assessment, the Russian-Ukraine conflict had no significant impact in the Company’s financial statements as at and for the years ended December 31, 2022.

*(d) Approval and authorization for the issuance of financial statements*

These financial statements have been approved and authorized for issuance by the Company’s BOD on March 22, 2023.

**Note 2 - Segment reporting**

The Company’s operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

The Company derives revenues from two (2) main segments as follows:

*(a) Sale of solar energy*

This business segment pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. National Transmission Corporation (TransCo) is the Company’s sole customer for its sale of solar energy. As a result of assignment of SESC of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE on December 24, 2021 effective December 25, 2021 (Note 11). The assignment entailed the transfer of rights as a service contractor with the Philippine government but did not convey ownership over the assets. This was a change in the revenue model using the same solar plant and equipment. The Company still generates cash flows from these assets in the form of lease income instead of sale of solar energy before the assignment. Notwithstanding the change in revenue model, the cash-generating unit remains intact and owned by the Company.

*(b) Leasing*

This business segment pertains to the rental operations of the Company with related parties which commenced in November 2021 (Note 15).

All amounts reported in the financial statements of the Company as at and for the years ended December 31, 2022 are attributable to this segment except for trade receivables from TransCo amounting to P86.20 million and interest income arising from amortization of discount on trade receivables amounting to P2.68 million (Note 4), which are attributable to sale of solar energy segment.

The results of operations of the reportable segments of the Company for the years ended December 31 are as follows:

	2022			2021		
	Leasing	Sale of solar energy	Total	Leasing	Sale of solar energy	Total
Revenue	1,374,529,631	-	1,374,529,631	17,773,892	334,519,230	352,293,122
Cost of services	(91,269,041)	-	(91,269,041)	(806,147)	(73,401,615)	(74,207,762)
Gross profit	1,283,260,590	-	1,283,260,590	16,967,745	261,117,615	278,085,360
Operating expense	(8,440,959)	-	(8,440,959)	(47,238,419)	(9,734,370)	(56,972,789)
Finance costs	(17,584,040)	-	(17,584,040)	(453,855)	(28,985,015)	(29,438,870)
Other income, net	690,020	2,687,729	3,377,749	-	26,005,926	26,005,926
Income before income tax	1,257,925,611	2,687,729	1,260,613,340	(30,724,529)	248,404,156	217,679,627
Income tax expense	-	(8,200,316)	(8,200,316)	16,597,226	(8,396,910)	8,200,316
Net income for the year	1,257,925,611	(5,512,587)	1,252,413,024	(14,127,303)	240,007,246	225,879,943

The segment assets and liabilities of the reportable segments of the Company as at December 31 are as follows:

	2022			2021		
	Leasing	Sale of solar energy	Total	Leasing	Sale of solar energy	Total
Segment assets						
Current	653,134,328	6,866,609	660,000,937	35,664,371	109,451,075	145,115,446
Non-current	4,372,694,328	79,334,402	4,452,028,730	307,067,354	1,465,035,122	1,772,102,476
	5,025,828,656	86,201,011	5,112,029,667	342,731,725	1,574,486,197	1,917,217,922
Segment liabilities						
Current	387,326,002	-	387,326,002	940,077	107,865,668	108,805,745
Non-current	370,646,657	-	370,646,657	52,699,238	127,666,810	180,366,048
	757,972,659	-	757,972,659	53,639,315	235,532,478	289,171,793

Difference in total assets and total liabilities under segment reporting and in the statements of financial position as at December 31, 2021 pertains to the deferred income tax assets, net of leasing segment and deferred income tax liabilities, net of sale of solar energy amounting to P16.60 million and P8.40 million, respectively, which were presented as deferred income tax assets, net amounting to P8.20 million in the statements of financial position (Note 19).

During 2020, the Company only had one (1) operating segment, the sale of solar energy. All the amounts reported in the financial statements of the Company for the year ended December 31, 2020 are attributable to this segment.

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by Philippine Financial Reporting Standards (PFRS) 8, "Operating Segments".

### **Note 3 - Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

	2022	2021
Cash on hand	65,000	65,000
Cash in banks	571,358,464	10,783,402
Short-term placements	-	38,165,946
	571,423,464	49,014,348

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.076% to 1.00% (2021 - 0.087% to 1.00%).



Total interest income earned from cash in banks and short-term placements for the years ended December 31 is as follows:

	Note	2022	2021	2020
Interest income	18	383,246	246,942	662,181

**Note 4 - Trade and other receivables, net**

Trade and other receivables, net as at December 31 consist of:

	Note	2022	2021
Current			
Trade receivables from TransCo		6,866,609	41,892,701
Lease receivables	11	43,875,912	-
Other receivable		3,648,501	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		1,704,405	-
		52,446,926	41,892,701
Non-current			
Trade			
Receivables from TransCo		79,334,402	83,525,100
Lease receivables	11	134,636,054	2,456,998
		213,970,456	85,982,098

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that TransCo fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%. There are no interest income arising from late payments of TransCo for the years ended December 31, 2022, 2021 and 2020.

Details of trade receivables from TransCo as at reporting periods are as follows:

	Current	Non-current	Total
December 31, 2022			
Trade receivables	11,282,887	84,972,301	96,255,188
Discount on receivables	(4,416,278)	(5,637,899)	(10,054,177)
	6,866,609	79,334,402	86,201,011
December 31, 2021			
Trade receivables	41,904,520	96,255,187	138,159,707
Discount on receivables	(11,819)	(12,730,087)	(12,741,906)
	41,892,701	83,525,100	125,417,801

In 2020, the ERC issued Resolution No. 06, Series of 2020, which was further clarified in February 2021, to confirm that the actual recovery of the arrears FIT rate adjustment shall be for a period of 5 years whereas those from January 2016 generation shall start billing in December 2020 and payment schedule starts in January 2021. During 2021, a reversal was made amounting to P4.85 million for the November and December 2020 billings where TransCo confirmed that the FIT rate adjustments will be collected beginning December 2021. This reversal was offset with the additional revenue recognized during December 2021 amounting to P83.53 million to be recovered within the next 5 years after December 31, 2021 (Note 15).

Discount on trade receivables from TransCo arising from this amounted to P9.16 million as at December 31, 2022 (December 31, 2021 - P12.74 million). Interest income arising from amortization of discount on trade receivables from TransCo for the year ended December 31, 2022 amounted to P2.68 million (2021 - P30 thousand; 2020 - nil) (Note 18).

Lease receivables pertain to accrued rent resulting from the straight-line method of recognizing rental income.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality. The provision was recognized as part of operating expenses in the statements of total comprehensive income (Note 17).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at December 31, 2022 and 2021, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature except from non-current portion of receivable from TransCo related to FIT-rate adjustments. All previous billings of the Company were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

#### **Note 5 - Prepayments and other current assets**

Prepayments and other current assets as at December 31 consist of:

	2022	2021
Input value-added tax (VAT)	18,353,780	12,081,806
Prepaid taxes	11,441,865	906,900
Deferred bond issuance costs	6,334,902	-
Deferred share issuance costs	-	35,664,371
Advances to suppliers	-	5,094,408
Advances to employees	-	448,662
Others	-	12,250
	36,130,547	54,208,397

Input VAT represents VAT on purchases of goods and services which can be recovered either as tax credit against future output VAT or through refund.

Prepaid taxes include creditable withholding tax, overpayment of withholding taxes and income taxes.

Deferred bond issuance costs pertain to expenses incurred relative to the maiden ASEAN Green Bonds offering of the Company (Note 1).

Deferred share issuance costs pertain to expenses incurred relative to the listing and offering of the Company's shares to the public (Note 1).

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Advances to employees represent unliquidated cash advances for business related purposes and are to be liquidated from completion of the activity.

## **Note 6 - Property, plant and equipment, net**

Details and movements of property, plant and equipment, net as at and for the years ended December 31 are as follows:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
January 1, 2021, December 31, 2021 and 2022	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2021	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	55,906,693	3,205,091	13,334	27,100	59,152,218
December 31, 2021	362,820,894	14,837,301	36,667	70,008	377,764,870
Depreciation	55,895,001	3,204,430	3,333	27,100	59,129,864
December 31, 2022	418,715,895	18,041,731	40,000	97,108	436,894,734
Net book values					
December 31, 2022	1,245,581,069	26,435,887	-	38,392	1,272,055,348
December 31, 2021	1,301,476,070	29,640,317	3,333	65,492	1,331,185,212

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP. As a result, the chattel mortgage agreement was rescinded by DBP on November 3, 2021.

There were no additions for the years ended December 31, 2022 and 2021.

Depreciation expenses for the years ended December 31 are recognized as follows:

	Notes	2022	2021	2020
Cost of services	16	59,099,431	59,111,784	59,118,913
Operating expenses	17	30,433	40,434	40,433
		59,129,864	59,152,218	59,159,346

Following the approval of the DOE on the assignment of SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company effective December 25, 2021, the Company leased out the Clark Solar Plant to its Parent Company in exchange of fixed and variable lease rental (Note 11). The Parent Company became the Clark Solar Plant operator.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at December 31, 2022 and 2021.

## **Note 7 - Other non-current assets**

Other non-current assets as at December 31 consist of:

	Note	2022	2021
Security deposits	20	5,279,310	5,279,310
Electric utility deposits		-	6,580,541
Restricted cash		-	905,831
		5,279,310	12,765,682

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated and all bills have been paid.

Restricted cash pertains to cash deposited in a local bank pursuant to Section 5(i) of RA No. 7638, otherwise known as, the “*Department of Energy Act of 1992*”, Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

During 2022, the electric utility deposits and restricted cash were assigned and transferred to the Parent Company in line with the assignment of SESC of the Clark Solar Plant to its Parent Company.

#### **Note 8 - Investment properties, net**

Details and movements of investment properties as at December 31 are as follows:

	Freehold land assets	Leasehold land assets	Total
<b>Cost</b>			
January 1, 2021	-	-	-
Additions	234,545,502	53,940,794	288,486,296
December 31, 2021	234,545,502	53,940,794	288,486,296
Additions	2,507,918,610	139,466,312	2,647,384,922
December 31, 2022	2,742,464,112	193,407,106	2,935,871,218
<b>Accumulated amortization</b>			
January 1, 2021	-	-	-
Amortization	-	473,166	473,166
December 31, 2021	-	473,166	473,166
Amortization	-	10,100,808	10,100,808
December 31, 2022	-	10,573,974	10,573,974
<b>Net book values</b>			
December 31, 2022	2,742,464,112	182,833,132	2,925,297,244
December 31, 2021	234,545,502	53,467,628	288,013,130

The amounts recognized in the statements of total comprehensive income for the years ended December 31 (December 31, 2020 - nil) related to the investment properties are as follows:

	Notes	Freehold land assets	Leasehold land assets	Total
<b>2022</b>				
Rental income		380,451,085	708,621,591	1,089,072,676
Amortization of deferred rent income		1,220,610	1,291,823	2,512,433
Total revenue	15	381,671,695	709,913,414	1,091,585,109
<b>Cost of services</b>				
Depreciation		-	(10,100,808)	(10,100,808)
Property management fee		(3,810,812)	(7,804,735)	(11,615,547)
Fund management fee		(1,953,054)	(2,601,578)	(4,554,632)
	16	(5,763,866)	(20,507,121)	(26,270,987)
Finance costs	18	-	(11,346,680)	(11,346,680)
Profit arising from investment properties		375,907,829	678,059,613	1,053,967,442
<b>2021</b>				
Rental income	15	9,681,801	8,092,091	17,773,892
Cost of services	16	-	(473,166)	(473,166)
Operating expenses	17	(6,020,669)	-	(6,020,669)
Finance costs	18	-	(453,855)	(453,855)
Profit arising from investment properties		3,661,132	7,165,070	10,826,202

*(a) Freehold land asset*

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4.87 million in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and CST1 executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229.68 million in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 14). These parcels of land are recognized with reference to its fair value. The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021. The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

In 2022, the Company executed a deed of absolute sale with Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation) and Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.), entities under common control, for the purchase of several parcels of land located in San Ildefonso, Bulacan and Brgy. Centrala, Suralla, South Cotabato for a total consideration of P1.75 billion and P753.80 million, respectively (Note 11).

The aggregate fair value of these parcels of land as determined by an independent appraiser as at December 31, 2022 amounted to P4.15 billion (October 31, 2021 - P4.24 billion). The fair value of the parcels of land was estimated by the independent appraiser using the discounted cash flow analysis grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future (i.e., economic benefits come in the form of lease of the solar power plant). This approach requires a forecast of the economic entity's stream of net income based on lease contract. These net income or rents are then summed up and discounted back to present value by an appropriate discount rate, then add the terminal value of the property. The valuation process consists of estimation of the current market value of the leased property and present value of the unexpired contract rentals. The discounted cash flow analysis falls under the income approach which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value. This approach falls under Level 3 of the fair value hierarchy. As required by the REIT Implementing Rules and Regulations (REIT IRR), a full valuation of the Company's assets shall be conducted by an independent property valuer at least once a year. Management assessed that there are no significant changes in the business environment from the date of last valuation up to reporting date which would impact the fair value of the properties.

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rates (fixed and variable lease) which were based on the signed lease contracts and (2) discount rate 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.

The current use of the parcels of land is its highest and best use.

*(b) Leasehold land assets*

The Company, as a lessee, entered on the following lease agreements:

- On July 26, 2021, the Company entered into a contract of sublease and contract of lease with the owners of parcels of land with a total aggregate area of approximately 4.8 hectares and 5.6 hectares, respectively, which are located in Brgy. Dalayap, Tarlac City, Tarlac. Each of these land properties are covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company subleased the land back to CST2 effective November 1, 2021 (Note 11). These lease agreements are effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.
- On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016. The Company shall pay an advance rental every two years, subject to escalation rate of 12% every five years, for a period of 25 years, reckoned from the effective date stipulated in the Renewable Energy Payment Agreement but not later than May 31, 2016, subject to renewal. The agreement took effect on January 1, 2022. On July 26, 2021, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area effective January 1, 2022 (Note 11).
- On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental. These land properties are covered by an existing lease contract that commenced on June 1, 2016 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company subleased the land back to CSNO. The new lease agreement commenced on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. The lease payment is subject to annual escalation rate of 2% beginning in the third year of the lease. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016. On July 28, 2021, the Company entered into sublease agreement with CSNO (sublessee) to sublease the identified leased area effective January 1, 2022 (Note 11).

The aggregate fair value of these parcels of land classified as leasehold land assets as determined by an independent appraiser as at December 31, 2022 amounted to P7.06 billion (October 31, 2021 - P7.13 billion). The same valuation technique was used in measuring the fair value as that of the freehold land assets.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets. Land is the underlying asset to which the right-of-use assets would be grouped if these were owned by the Company.

### **Note 9 - Trade payables and other liabilities**

Trade payables and other liabilities as at December 31 consist of:

	Note	2022	2021
Trade payables		44,629	16,798,407
Due to government agencies		41,421,188	33,723,763
Deferred rent income, current portion	11	6,126,256	-
Accrued expenses		3,661,511	875,166
		51,253,584	51,397,336

Trade payables to third parties are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the statements of total comprehensive income. The remaining balance of due to government agencies pertains to unpaid real property taxes and business taxes to a local government unit, withholding taxes and mandatory government contributions. Withholding taxes include P7.55 million final withholding tax for cash dividends declared on November 9, 2022 and paid on January 5, 2023 (Note 14).

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

### **Note 10 - Loans payable**

In 2016, the Company entered into a P1.35 billion Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Clark Solar Power Project. The entire facility was drawn on December 9, 2016.

The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement have been collected by the bank, the Company agrees, unless the bank otherwise consent in writing, that the Company will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, the Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 2:1 and current ratio and debt service coverage ratio of not less than one (1) as defined in the Term Loan Facility Agreement.

The Company made a principal payment amounting to P31.61 million for the year ended December 31, 2021.



On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP with principal balance amounting to P1.01 billion. Consequently, the Company derecognized the loan and the corresponding interest payable amounting P13.02 million and recognized as part of due to a related party (Note 11). No gain or loss was recognized for the loan assignment. As a result of the assignment, the Company became indebted to its Parent Company for the same amount. Subsequently, the Parent Company used a portion of the amount recognized as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital (Note 14). These are considered as non-cash transactions.

Finance costs including amortization of debt issuance cost for the year ended December 31, 2021 recognized in the statements of total comprehensive income amounted to P24.97 million (Note 18).

Movements in loans payable for the year ended December 31, 2021 are as follows:

	Amount
Principal amount	
January 1	1,043,181,818
Assignment of loan	(1,011,570,248)
Payments	(31,611,570)
December 31	-
Debt issuance cost	
January 1	(6,925,986)
Amortization	6,925,986
December 31	-
	-

Movements in interest payable for the year ended December 31, 2021 are as follows:

	Amount
January 1	31,916,918
Interest expense	18,047,924
Assumed by Parent Company	(13,024,012)
Interest payments	(36,940,830)
December 31	-

## **Note 11 - Related party transactions**

In the normal course of business, the Company transacts with companies which are considered related parties under Philippine Accounting Standards (PAS) 24, “*Related Party Disclosures*”.

The transactions and outstanding balances of the Company as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 with related parties are as follows:

Related parties	Transactions			Outstanding balance Receivables (Payables)		Terms and conditions
	2022	2021	2020	2022	2021	
Parent Company						
Lease income	282,393,829	-	-	16,226,090	-	Refer to (e) and Notes 4 and 15.
Advances to (from)	71,442,959	265,850,948	39,525,344	(53,223,717)	265,850,948	Refer to (a).
Assignment of loans payable	-	(1,011,570,248)	-	-	(377,493,612)	Refer to (b) and Note 10.
Assumed interest payable	-	(13,024,012)	-	-	(13,024,012)	Refer to Note 10.
				(53,223,717)	(124,666,676)	
Security deposits						
Additions	22,180,645	-	-	(22,180,645)	-	Refer to (e).
Accretion of interest expense	406,868	-	-	10,066,877	-	
				(12,113,768)	-	
Deferred rent income						
Additions	10,473,745	-	-	(10,473,745)	-	Refer to (e).
Amortization	550,694	-	-	550,694	-	
				(9,923,051)	-	
Issuance of shares	-	607,330,352	-	-	-	Refer to (c), Notes 8, 10 and 14.
Entities under common control						
Lease income	1,089,072,676	17,773,892	-	162,285,876	2,456,998	Refer to (e) and Notes 4 and 15.
Advances to	-	87,021,747	87,021,747	-	87,021,747	Refer to (a).
Acquisition of properties	2,507,918,610	-	-	-	-	Refer to (e) and Note 8.
Property management fee	14,942,644	-	-	-	-	Refer to (f).
Fund management fee	4,980,881	-	-	-	-	Refer to (g).
Security deposits						
Additions	128,247,815	-	-	(128,247,815)	-	Refer to (e).
Accretion of interest expense	1,484,160	-	-	82,945,307	-	
				(45,302,508)	-	
Deferred rent income						
Additions	84,429,467	-	-	(84,429,467)	-	Refer to (e).
Amortization	2,512,432	-	-	2,512,432	-	
				(81,917,035)	-	
Issuance of shares	-	229,680,216	-	-	-	Refer to (c) and Notes 8 and 14.

### ***(a) Advances***

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). As at December 31, 2021, the Parent Company and the Company agreed to offset all related party receivables and payables resulting in a net payable to the Parent Company amounting to P124.67 million. These are considered as non-cash transactions.

The offset amounts as at December 31, 2021 are as follows:

	Amount
Receivables	265,850,948
Payables	(390,517,624)
	(124,666,676)

There was no offsetting as at and for the year ended December 31, 2022.

Details of net payable to the Parent Company as at December 31 are as follows:

	2022	2021
Current	53,223,717	56,144,929
Non-current	-	68,521,747
	53,223,717	124,666,676

In December 2022, the Company and the Parent Company agreed that the remaining balance of due to Parent Company amounting to P53.22 million is to be settled in cash within 12 months from December 31, 2022.

In December 2021, the Company and the Parent Company agreed that portion of the net payable amounting to P56.14 million is to be settled in cash upon demand by the Parent Company while the remaining balance of P68.52 million is to be settled in cash after more than 12 months from December 31, 2021.

These are non-interest bearing and not covered by guarantees or collaterals.

*(b) Loan assignment*

The loan assignment was recognized as part of due to a related party. Details and movement of due to a related party pertaining to the loan assignment for the year ended December 31, 2021 are as follows:

	Notes	Amount
Beginning		1,043,181,818
Cash settlement prior assignment		(31,611,570)
Assignment of loan	10	1,011,570,248
Cash settlement after assignment		(31,611,570)
Subscription of shares	14 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

On May 7, 2021, the Company made another cash settlement which was after the assignment, amounting to P31.61 million. This was paid by the Company on behalf of the Parent Company, hence, offset against due from the Parent Company account.

*(c) Shares subscriptions*

Details of additional shares subscriptions for the year ended December 31, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	8, 10, 14	602,465,066	4,865,286	607,330,352
CST1	8, 14	-	229,680,216	229,680,216
		602,465,066	234,545,502	837,010,568

*(d) Key management compensation*

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the year ended December 31, 2022 amounted to P1.98 million (2021 - P0.84 million and 2020 - nil) (Note 17).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for each of the three years in the period ended December 31, 2022.

*(e) Lease agreements*

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:
  - Land property located in Brgy. Dalayap, Tarlac City, Tarlac with CST2

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P61.76 million (2021 - P8.09 million) (Note 15).
  - Land property located in Brgy. Rizal, Silay City, Negros Occidental with CSNO

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P279.05 million (Note 15).
  - Land property located in Brgy. Talavera, Toledo City, Cebu with CSCI

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P369.10 million (Note 15).
- Lease agreement of below land properties to related parties:
  - Land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P72.38 million (2021 - P9.68 million) (Note 15).

- Land property located in San Ildefonso, Bulacan with CSBI

In 2021, the Company entered into a memorandum of agreement with CSBI for the future sale of land properties owned by CSBI to the Company. In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from CSBI for a total consideration of P1.75 billion (Note 8). The purchase price was fully paid as at December 31, 2022. The land properties were recognized as part of investment properties as at December 31, 2022. Subsequently, the Company and CSBI entered into a lease agreement for the same land properties.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these land properties for the year ended December 31, 2022 amounting to P215.46 million (Note 15).

- Land property located in Brgy. Centrala, Suralla, South Cotabato with CSSCI

In 2021, the Company entered into a memorandum of agreement with CSSCI for the future sale of land properties located in Brgy. Centrala, Suralla, South Cotabato to the Company. In 2022, the Company entered into a contract to sell with CSSCI related to the acquisition of said property, on which CSSCI committed that from the signing of the contract until the signing of deed of absolute sale, CSSCI shall not make any offer, or entertain or discuss any offer, for the sale, mortgage, lease of said property with any person other than the Company. This has resulted in addition to the Company's investment properties. On June 6, 2022, the Company executed a deed of absolute sale for the purchase of said properties for a total consideration of P753.80 million. The purchase price was fully paid as at December 31, 2022. Subsequently, the Company and CSSCI entered into a lease agreement for the same property.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these properties for the year ended December 31, 2022 amounting to P93.84 million (Note 15).

- Assignment of SESC of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022. The Company recognized lease income related to this property for the year ended December 31, 2022 amounting to P282.94 million (Note 15).

In addition to the clauses discussed above, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The recognized lease receivables from related parties as at December 31, 2022 and 2021 pertain to accrued rent resulting from the straight-line method of recognizing rental income.

During 2022, the Company received security deposits from its lessees amounting to P150.43 million, which is equivalent to three-month lease payments for freehold land properties and one-month lease payment for solar property and leasehold land properties. The security deposits shall remain valid until expiration of the lease agreements and shall serve as guarantee for the lessees' faithful compliance with the terms, conditions, and obligations of lease agreements. The security deposits shall be adjusted annually and the lessees shall provide the necessary amount to keep the security deposits equivalent to the number of months' rent. Upon termination of the lease agreements, the security deposits will be refunded without interest by the Company less payment of all remaining monetary obligations of the lessees to the Company. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessees within 60 days from the return of the leased properties to the Company. These security deposits were presented as non-current liabilities in the statements of financial position as at December 31, 2022.

Details of security deposits and deferred rent income as at December 31, 2022 are as follows:

	Notes	Amount
Security deposits		
Gross amount		150,428,460
Allowance for amortization of security deposits		
Additions		(94,903,212)
Accretion of interest expense	18	1,891,028
		93,012,184
		57,416,276
Deferred rent income		
Additions		94,903,212
Amortization	15	(3,063,126)
		91,840,086
Less: Current portion	9	(6,126,256)
Non-current portion		85,713,830

Accretion of interest expense for the year ended December 31, 2022 amounted to P1.89 million (Note 18).

Deferred rent income pertains to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred rent income for the year ended December 31, 2022 amounted to P3.07 million which was recognized as part of rental income in the statements of total comprehensive income (Note 15).

*(f) Property management fee*

On August 9, 2021, the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI), an entity under common control. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement. Property management commenced in 2022 in line with the date of Company's listing to PSE. Property management fee amounted to P14.94 million for the year ended December 31, 2022 (Note 16).

*(g) Fund management fee*

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI), an entity under common control. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company and plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement. Fund management agreement commenced in 2022 in line with the date of Company's listing to PSE. Fund management fee amounted to P4.98 million for the year ended December 31, 2022 (Note 16).

*(h) Agreement for future assignment and sale transactions*

In September 2022, the Company entered into an agreement with the Parent Company and Greencore Power Solutions 2, Inc. (GPS2) and Greencore Power Solutions 4, Inc. (GPS4), entities under common control, for the future assignment of rights to purchase several parcels of land owned by the Parent Company, GPS2 and GPS4 to the Company.

In addition, the Company also entered into an agreement with Sunny Side Up Power Corp. (SSUPC), entity under common control, for the future sale of solar rooftops system owned by SSUPC to the Company.

This will result in the recognition of investment properties and property, plant and equipment in the statements of financial position for the parcels of land and solar rooftop systems, respectively, to be acquired.

*(i) Agreement for future lease agreement*

In September 2022, the Company entered into a memorandum of agreement with the Parent Company, GPS2, GPS4 and SSUPC for the subsequent lease of parcels of land and solar rooftop systems owned by the Parent Company, GPS2, GPS4 and SSUPC to the Company.

This will result in the recognition of rental income on a straight-line basis over the lease term for the leaseback to the related parties. These lease agreements will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position upon the consummation of the agreement.

On July 26, 2021, the BOD approved the Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.



### **Note 12 - Other non-current liability**

Other non-current liability consists of provision for asset retirement obligation amounting to P1.06 million which pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement. In 2020, the Company reversed the full amount of the provision as management assessed that this is no longer expected to be settled or incurred upon termination of the lease agreement.

### **Note 13 - Retirement benefits**

The Company provides for the estimated retirement benefits based on the requirements of RA No. 7641, otherwise known as the “Retirement Pay Law”. Under the Retirement Pay Law, the retirement benefit obligation is computed as one-half of monthly salary for every year of service, a fraction of six months being considered as one whole year. The term one-half of monthly salary shall mean 15 days plus the one-twelfth of the 13th month, and the cash equivalent of not more than five days service incentive leaves.

The retirement benefit obligation is determined using the “Projected Unit Credit” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation was sought from an independent actuary last June 30, 2021. Management has assessed that there are no significant changes in the data and assumptions used in computing the present value of defined benefit obligation as at December 31, 2022 from the date of last actuarial valuation.

The retirement benefit obligation recognized in the statement of financial position as at December 31, 2022 and 2021 amounted to P314,672.

The movements in present value of defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
January 1	2,915,664	-
Current service cost	203,989	2,915,664
Interest cost	3,308	-
Reversal of retirement benefit obligation	(2,757,395)	-
Remeasurement gain arising from:		
Changes in financial assumptions	(44,744)	-
Deviations of experience from assumptions	(6,150)	-
December 31	314,672	2,915,664

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by the Company to employees. This is recognized directly in profit or loss as part of retirement benefit (income) expense.

The components of retirement benefit (income) expense for the years ended December 31 are as follows:

	Note	2021	2020
Current service cost		203,989	2,915,664
Interest cost		3,308	-
Reversal of retirement benefit obligation		(2,757,395)	-
	16	(2,550,098)	2,915,664

The movements in remeasurement on retirement benefits for the year ended December 31, 2021 are as follows:

	Amount
January 1	-
Remeasurement	
Changes in financial assumptions	(44,744)
Experience adjustment	(6,150)
December 31	(50,894)

Remeasurements during 2020 is not material due to insignificant changes in financial and demographic assumptions and experience adjustments, hence, not recognized.

The principal assumptions used for the periods December 31 are as follows:

	2021	2020
Discount rate	5.34%	4.07%
Salary increase rate	5.00%	5.00%

The present value of the defined benefit obligation is measured in terms of actuarial assumptions such as discount rate, salary increases and expected retirement age. The resulting amount was discounted based on the spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds. Salary increase rate was also considered which comprise of the general inflationary increase plus a further increase for individual productivity, merit and promotion. The salary increase rate is set by reference over the period over which benefits are expected to be paid.

The Company does not expect to create a fund in the next reporting period.

The weighted average duration of the defined benefit obligation as at December 31, 2022 and 2021 is 17.8 years

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
<i>December 31, 2021</i>			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)
<i>December 31, 2020</i>			
Discount rate	+/-1.00%	(1.02 million)	0.01 million
Salary increase rate	+/-1.00%	0.69 million	(0.56 million)

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2021	2020
One year to five years	81,802	1,590,324
More than five years to ten years	214,170	4,159,676
	295,972	5,750,000

## Note 14 - Share capital

The details and movements of the Company's share capital as at December 31 are as follows:

	2022		2021		2020	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorized share capital						
Common shares - P0.25 par value	15,360,000,000	3,840,000,000	15,360,000,000	3,840,000,000	The number of shares and amount are the same as the issued and outstanding shares.	
Issued and outstanding						
Common shares - P0.25 par value						
January 1	5,498,182,004	1,374,545,501	-	-	-	-
Reclassification	-	-	15,031,366	539,999,999	-	-
Effect in reduction in par value	-	-	2,144,968,628	-	-	-
Issuances	1,047,272,000	261,818,000	3,338,182,010	834,545,502	-	-
December 31	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501	-	-
Common class A - P1 par value						
January 1	-	-	7,291,011	7,291,011	7,291,011	7,291,011
Reclassification	-	-	(7,291,011)	(7,291,011)	-	-
December 31	-	-	-	-	7,291,011	7,291,011
Common class B - P13.5 par value						
January 1	-	-	4,856,985	65,569,298	4,856,985	65,569,298
Reclassification	-	-	(4,856,985)	(65,569,298)	-	-
December 31	-	-	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value						
January 1	-	-	1,729,922	46,707,894	1,729,922	46,707,894
Reclassification	-	-	(1,729,922)	(46,707,894)	-	-
December 31	-	-	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value						
January 1	-	-	1,153,448	420,431,796	1,153,448	420,431,796
Reclassification	-	-	(1,153,448)	(420,431,796)	-	-
December 31	-	-	-	-	1,153,448	420,431,796
	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501	15,031,366	539,999,999

The holders of common class A and B shares are entitled to the same rights and privileges except for the right to dividend distribution which is in accordance with the par value ratio.

Redeemable preference shares A and B are non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends. In case of dissolution or liquidation, redeemable preference shares shall enjoy preference on the distribution of the Company's assets. Redeemable preference shares are not redeemable at the option of the holder.

Foreign nationals may own and hold common class B and redeemable preference shares B.

### (a) Share reclassifications and increase in authorized share capital

On March 12, 2021, the Company's BOD and shareholder approved that the redeemable preferred shares and other classes of common shares previously authorized and issued are and shall be convertible to one class common share and reduced the par value of all previously issued shares to P0.25 per share.

Consequently, the Company amended its AOI to reflect the change and converted all its previously issued shares to one class common share. The Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by the SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021 (Note 1).

*(b) Share subscriptions*

*(i) Advances from Parent Company to share conversion subscription*

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 2,400,000,000 common shares to be taken from the increase in authorized share capital, upon approval by the SEC for a total consideration of P602,465,066. Total consideration in excess of par value of shares issued amounting to P2,465,066 was credited as additional paid in capital. The Parent Company assigned P602,465,066 of its advances to fully pay the subscription price (Note 10). This is considered as a non-cash transaction.

*(ii) Land properties for share subscription*

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P4.87 million. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229.68 million. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties (Note 8).

The application for the proposed increase in authorized share capital was filed with the SEC on May 25, 2021 and was approved on October 12, 2021, which resulted in the subsequent issuance of shares to the Parent Company and CST1 (Note 1).

*(c) Sale to the public*

On February 22, 2022, the Company successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by the Company as “Primary Offer Shares”, and (ii) 1,134,547,000 existing shares offered by the Parent Company, selling shareholder, pursuant to a “Secondary Offer Shares” with an over-allotment option of up to 327,273,000 shares which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized additional paid-up capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Offer Shares which were treated as deduction to APIC amounted to P103.85 million. Total transaction costs comprised of deferred share issuance costs amounting to P35.66 million as at December 31, 2021 which was subsequently applied against APIC and additional share issuance costs for the year ended December 31, 2022 amounting to P68.19 million.

*(d) Dividends*

On March 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.035 per common share for shareholders on record as at March 28, 2022. Total dividends amounting to P229.09 million was fully paid on March 31, 2022.

On May 11, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the first quarter of 2022. The cash dividends were paid on June 24, 2022 to shareholders on record as at June 8, 2022.

On July 20, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the second quarter of 2022. The cash dividends were paid on September 14, 2022 to shareholders on record as at August 19, 2022.

On November 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the third quarter of 2022. The cash dividends were paid on January 5, 2023 to shareholders on record as at December 9, 2022.

#### Events after the reporting period

On March 22, 2023, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the fourth quarter of 2022. On the same date, the BOD approved the declaration of special cash dividends of P0.007 per outstanding common share or an aggregate amount of P45.82 million. The cash dividends are payable on May 15, 2023 to shareholders on record as at April 21, 2023. The management has determined that this is a non-adjusting event.

#### **Note 15 - Revenue**

##### *(a) Sale of solar energy*

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the ERC of the Certificate of Compliance (COC). On November 22, 2016, the ERC issued the COC to the Company. As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020. Notwithstanding that the ERC Resolution was dated 2020, the Company has assessed that there was still uncertainty particularly absence of acceptance confirmation from TransCo on the implementation of the resolution including the approach to recover, capacity to settle or pay and the credit period as at December 31, 2020. Consequently, the said uncertainty resulted in the reversal of billings issued in November and December 2020 using the adjusted FIT rates (Note 4). During 2021, additional revenue amounting to P83.53 million was recognized related to FIT-rate adjustments for the generation from 2016 to be recovered in five years starting in December 2021 based on latest discussions with TransCo.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P86.20 million as at December 31, 2022 (December 31, 2021 - P125.42 million) (Note 4).

For the year ended December 31, 2021, revenue from sale of electricity amounted to P334.52 million (2020 - P269.08 million). As a result of assignment of SESC of the Clark Solar Plant to its Parent Company, the sale of solar energy business has been terminated on December 25, 2021 as approved by DOE (Note 1).

(b) *Leasing*

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the years ended December 31 are as follows:

		2022		2021	
			Amortization of deferred rent income	Total	Amount
Land properties	Note	Rental income			
Leasehold land assets					
Brgy. Talavera, Toledo City, Cebu		368,402,585	700,356	369,102,941	-
Brgy. Rizal, Silay City, Negros Occidental		278,546,822	500,155	279,046,977	-
Brgy. Dalayap, Tarlac City, Tarlac		61,672,184	91,312	61,763,496	8,092,091
		708,621,591	1,291,823	709,913,414	8,092,091
Freehold land assets					
Brgy. San Ildefonso, Bulacan		214,748,790	706,926	215,455,716	-
Brgy. Centrala, Suralla, South Cotabato		93,526,329	311,785	93,838,114	-
Brgy. Armenia, Tarlac City, Tarlac		72,175,966	201,899	72,377,865	9,681,801
		380,451,085	1,220,610	381,671,695	9,681,801
Solar plant property					
Clark Freeport Zone, Pampanga		282,393,829	550,693	282,944,522	-
	11	1,371,466,505	3,063,126	1,374,529,631	17,773,892

Rental income includes variable lease income amounting to P43.88 million for the year ended December 31, 2022 (2021 - nil).

The future minimum lease receivable under non-cancellable operating leases as at December 31 are as follows:

	2022	2021
Within one year	1,266,472,480	1,195,411,535
After one year but not more than five years	6,512,101,745	6,449,273,035
More than five years	9,493,051,850	10,822,353,040
	17,271,626,075	18,467,037,610

**Note 16 - Cost of services**

The components of cost of services for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Depreciation and amortization	6, 20	71,332,995	61,710,938	61,244,901
Property management fee	11	14,942,644	-	-
Fund management fee	11	4,980,881	-	-
Taxes and licenses		7,165	610,854	17,281,122
Utilities		-	4,500,169	4,933,938
Repairs and maintenance		-	3,846,766	1,023,368
Outside services		-	3,511,285	3,711,108
Insurance		-	1,599,934	1,657,448
Salaries and wages		-	934,099	1,843,562
Retirement benefit (income) expense	13	-	(2,550,098)	2,915,664
Others		5,356	43,815	12,462
		91,269,041	74,207,762	94,623,573

**Note 17 - Operating expenses**

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Outside services		2,700,754	3,904,095	-
Professional fees		2,136,872	20,142,435	41,500
Directors' fees	11	1,975,000	842,105	-
Taxes and licenses		1,046,461	29,202,654	4,340,315
Dues and subscriptions		150,000	1,188,968	949,262
Transportation and travel		48,490	211,306	197,253
Depreciation	6	30,433	40,434	40,433
Bank charges		500	27,828	7,912
Repairs and maintenance		-	191,023	146,405
Communication, light and water		-	107,442	138,214
Charitable contribution		-	100,000	126,000
Provision for doubtful accounts	4	-	-	1,944,096
Others		352,449	1,014,499	56,569
		8,440,959	56,972,789	7,987,959

Portion of outside services, taxes and licenses, and professional fees include costs incurred for the ASEAN Green Bonds offering and for issuance of the Company's shares to the public for the years ended December 31, 2022 and 2021, respectively.

**Note 18 - Other income, net; finance costs**

The components of other income, net for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Interest income	3, 4	3,070,975	277,078	662,181
Foreign exchange losses, net	22	(113,799)	(55,492)	(15,321)
Reversal of asset retirement obligation	12	-	-	1,056,902
Gain on compromise settlement of due to government agencies	9	-	25,200,913	-
Others		420,573	583,427	-
		3,377,749	26,005,926	1,703,762

The components of finance costs for the years ended December 31 are as follows:

	Notes	2022	2021	2020
Interests on security deposits	11	1,891,028	-	-
Interests on lease liabilities	20	15,693,012	4,464,960	4,026,048
Interests on loans payable from DBP	10	-	24,973,910	60,028,178
		17,584,040	29,438,870	64,054,226

### **Note 19 - Income taxes**

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income tax holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

As a REIT-registered enterprise following its listing in the main board of the PSE on February 22, 2022 (Note 1), the Company will avail the following tax incentives:

- 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.
- 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.
- 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.

Income tax expense for the year ended December 31, 2022 pertains to deferred income tax expense amounting to P8.20 million (2021 - deferred income tax benefit of P8.20 million).

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company’s ability to generate taxable income in the future within the carry-over period of its unused tax losses. The Company is still subject to ITH for the years ended December 31, 2021 and 2020. As a result of the assignment of SESC effective December 25, 2021, the incentives as a BOI-registered enterprise for the sale of solar energy segment was transferred to the Parent Company starting January 1, 2022.

Management has considered this in reaching its conclusion to recognize certain deferred income tax assets in relation to both its sale of solar energy and leasing business segment as at December 31, 2021.



The details of the Company's recognized deferred income tax assets, net as at December 31, 2021 and the temporary differences where these arise are as follows:

	Amount
<i>Lease income segment under regular corporate income tax (RCIT) rate</i>	
Deferred income tax assets - to be recovered beyond 12 months	
Net operating loss carryover (NOLCO)	17,168,553
Leases	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Leases	(614,249)
Total deferred income tax assets, net - lease income segment	16,597,226
<i>Sale of solar energy under special tax rate</i>	
Deferred income tax asset - to be recovered within 12 months	
Discount on receivables	1,182
Deferred income tax asset - to be recovered beyond 12 months	
Discount on receivables	1,273,009
	1,274,191
Deferred income tax liability - to be settled within 12 months	
Accrued revenue	(45,582)
Deferred income tax liability - to be settled beyond 12 months	
Accrued revenue	(9,625,519)
	(9,671,101)
Total deferred income tax liabilities, net - sale of solar energy segment	(8,396,910)
Total deferred income tax assets, net	8,200,316

In 2022, deferred income tax assets, net were reassessed by the management based on the availability of future taxable income and recoverability. The assessment resulted in the derecognition of the deferred income tax assets, net as the Company transitioned to a REIT company following the listing of shares in the PSE on February 22, 2022 (Note 1). The derecognition of deferred income tax assets, net was charged to deferred income tax expense in the statements of total comprehensive income.

The Company's accrued revenue from sale of solar energy was deemed taxable by the Company, hence, fully reported as part of taxable income.

The Company's unrecognized deferred income tax assets as at December 31 arise from the following temporary differences:

	2022	2021
NOLCO	106,018,391	-
Accrued expenses	33,620,012	33,620,012
Leases	11,348,657	3,510,809
Discount on receivables	10,054,177	-
Provision for doubtful accounts	1,944,096	1,944,096
Retirement benefit obligation	314,672	314,672
Unrealized foreign exchange loss	113,799	55,318
	163,413,804	39,444,907
Tax rate	25%	10%
	40,853,451	3,944,491

The details of the Company's NOLCO as at December 31 are as follows:

Year of incurrence	Year of expiration	2022	2021
2021	2026	68,674,211	68,674,211
2022	2025	37,344,180	
		106,018,391	68,674,211
Tax rate		25%	25%
		26,504,598	17,168,553

The Company did not recognize deferred income tax assets arising from NOLCO as at December 31, 2022 as management expects that there is no sufficient future taxable income where this deferred income tax asset would be utilized and considering the effective income tax rate of nil under the REIT law.

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense for the years ended December 31 as shown in the statements of total comprehensive income follows:

	2022		2021		2020
	RCIT	RCIT	Special rate	Total	Special rate
Income tax at statutory tax rate	315,153,335	(7,681,132)	24,840,416	17,159,284	10,411,481
Income tax effects of:					
Non-deductible expenses	134,091	-	346,062	346,062	27,599
Non-taxable income due to ITH	-	-	(11,471,921)	(11,471,921)	(11,742,155)
Deductible expenses recognized as asset	-	(8,916,094)	-	(8,916,094)	-
Interest income subject to final tax	(95,812)	-	(27,708)	(27,708)	(66,218)
Derecognition of deferred income tax assets, net	(8,200,316)	-	-	-	-
Deductible expenses recognized as APIC	(17,047,639)	-	-	-	-
Movement of unrecognized deferred income tax assets	(24,871,271)	-	(5,289,939)	(5,289,939)	1,369,293
Deductible dividends payment	(273,272,704)	-	-	-	-
	(8,200,316)	(16,597,226)	8,396,910	(8,200,316)	-

## **Note 20 - Lease - Company as a lessee**

The Company has entered into various lease contracts as follows:

- (a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US\$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P5.3 million were presented as part of other non-current assets in the statements of financial position as at December 31, 2022 and 2021 (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI with a third party to the Company (Note 8);
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2 (Note 8); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO (Note 8).

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

*Amounts recognized in the statements of financial position*

Details of right-of-use asset, net for the lease agreement in (a) and movements in the account as at and for the years ended December 31 are as follows:

	Note	2022	2021
Cost			
December 31, 2022 and 2021		43,937,092	43,937,092
Accumulated amortization			
January 1		6,377,964	4,251,976
Amortization	16	2,132,756	2,125,988
December 31		8,510,720	6,377,964
Net book value		35,426,372	37,559,128

Investment properties held by the Company as a right-of-use asset related to lease agreements in (b) measured initially at its cost in accordance with PFRS 16 as at and for the years ended December 31 are as follows:

	Notes	2022	2021
Cost			
January 1		53,940,794	-
Additions		139,466,312	53,940,794
December 31		193,407,106	53,940,794
Accumulated amortization			
January 1		473,166	-
Amortization	16	10,100,808	473,166
December 31		10,573,974	473,166
Net book value	8	182,833,132	53,467,628

Details of the lease liabilities as at December 31 are as follows:

	2022	2021
Current	2,406,282	1,263,480
Non-current	227,201,879	103,132,719
	229,608,161	104,396,199

Movements in lease liabilities for the years ended December 31 are as follows:

	Notes	2022	2021
January 1		104,396,199	51,355,135
Additions	8	139,466,312	53,940,794
Principal payments		(20,109,933)	(955,048)
Interest payments		(9,951,228)	(4,464,960)
Interest expense	8, 16	15,693,012	4,464,960
Translation difference		113,799	55,318
December 31		229,608,161	104,396,199

Translation difference is recognized as part of foreign exchange losses, net under other income, net in the statements of total comprehensive income.

*Amounts recognized in the statements of total comprehensive income*

Amounts recognized in the statements of total comprehensive income for the years ended December 31 related to the lease agreements are as follows:

	Notes	2022	2021	2020
Amortization expense	8, 16	12,233,564	2,599,154	2,125,988
Interest expense	8, 18	15,693,012	4,464,960	4,026,048
Translation difference	22	113,799	55,318	11,175
		28,040,375	7,119,432	6,163,211

The total cash outflows for the years ended December 31 for the lease agreements are as follows:

	2022	2021	2020
Payment of principal portion of lease liabilities	20,109,933	955,048	87,598
Payment of interest on lease liabilities	9,951,228	4,464,960	4,026,048
	30,061,161	5,420,008	4,113,646

*Discount rate*

The lease payments are discounted using the Company's incremental borrowing rate ranging from 6.75% to 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Extension and termination options*

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

**Note 21 - Earnings per share (EPS)**

Basic and diluted EPS for the years ended December 31 are as follows:

	2022	2021	2020
Net income	1,252,413,024	225,879,943	104,114,812
Weighted average number of common shares	6,397,090,471	2,772,000,029	2,772,000,029
Basic and diluted EPS	0.20	0.08	0.04

Weighted average number of common shares for the year ended December 31, 2022 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Beginning		5,498,182,004	1.00	5,498,182,004
Issuance of shares	14	1,047,272,000	0.86	898,908,467
		6,545,454,004		6,397,090,471

Weighted average number of common shares for the years ended December 31, 2021 and 2020 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Beginning		2,159,999,994	1.00	2,159,999,994
Issuance of shares	14	3,338,182,010	0.18	612,000,035
		5,498,182,004		2,772,000,029

In March 2021, the Company's BOD and shareholders approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 14). The conversion, subsequent decrease in par value and share subscriptions and issuance during 2021 were considered in the calculation of weighted average number of common shares outstanding retrospectively.

The Company has no potential dilutive common shares for each of the three years in the period ended December 31, 2022. Therefore, basic and diluted EPS are the same.

## **Note 22 - Financial risk and capital management and fair value estimation**

### **22.1 Financial risk management**

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### **22.1.1 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed in the succeeding section.

*(a) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates relates to loans payable, cash in banks, short-term placements, and lease liabilities.

The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021. Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has no outstanding loans payable as at December 31, 2022 and 2021 (Note 10).

Management believes that the related cash flow and interest rate risk on cash in banks and short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

The Company is also exposed to fixed-rate interest rate risk related to its lease liabilities. The interest rate risk is deemed to have a diminishing impact on the Company over the term of the lease.

*(b) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at December 31, 2022 refers to a portion of lease liabilities amounting to US\$19,858 (2021 - US\$20,052) with Philippine Peso equivalent of P1.11 million (2021 - P1.02 million).

Details of foreign exchange losses, net for the years ended December 31 are as follows:

	Note	2022	2021	2020
Unrealized losses, net		113,799	55,318	11,175
Realized losses, net		-	174	4,146
	18	113,799	55,492	15,321

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Company's functional currency.

**22.1.2 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 and cash equivalents, trade and other receivables, electric utility deposits, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets as at December 31 are as follows:

	Notes	2022	2021
Cash and cash equivalents*	3	571,358,464	48,949,348
Trade and other receivables	4	268,361,478	129,818,895
Security deposits	7	5,279,310	5,279,310
Electric utility deposits	7	-	6,580,541
Restricted cash	7	-	905,831
		844,999,252	191,533,925

\*excluding cash on hand

#### Credit quality of financial assets

##### (i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 3 and 7. The expected credit loss is determined to be immaterial. Cash on hand is not subject to credit risk.

##### (ii) Trade and other receivables

The Company has significant concentration of credit risk for the sale of energy segment business on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

Trade receivables from leasing segment include receivables from related parties. The credit exposure on trade receivables from related parties is considered to be minimal as there is no history of default and collections are expected to be made based on the lease agreement. In addition, the related parties are considered to have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at December 31, 2022 and 2021.

##### (iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

### 22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
<i>December 31, 2022</i>				
Trade payables and other liabilities*	9	-	9,832,396	-
Dividends payable	9, 14	-	280,442,419	-
Due to a related party	11	-	53,223,717	-
Lease liabilities	20	-	2,406,282	227,201,879
Interest**		-	16,309,125	167,227,646
Security deposits	11	-	-	57,416,276
		-	362,213,939	451,845,801
<i>December 31, 2021</i>				
Trade payables and other liabilities*	9	-	17,673,573	-
Due to a related party	11	56,144,929	-	68,521,747
Lease liabilities	20	-	1,263,480	103,132,719
Interest**		-	7,579,060	85,887,552
		56,144,929	26,516,113	257,542,018

\*excluding due to government agencies

\*\*expected interest on borrowings up to assignment date and on lease liabilities up to maturity date

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Company expects to settle the above financial liabilities within their contractual maturity date.

### 22.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholders or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry.



The capital structure of the Company consists of issued capital, retained earnings and remeasurement on retirement benefits. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings from third parties less cash and cash equivalents, while equity is total equity as shown in the statements of financial position. The Company has no outstanding short-term and long-term bank borrowings from third parties as at December 31, 2022 and 2021. The net debt reconciliation and gearing ratio as at December 31, 2021 are as follows:

	Notes	2021
Loans payable, January 1	10	1,036,255,832
Cash flows		(31,611,570)
Non-cash movement	10	(1,004,644,262)
Loans payable, December 31	10	-
Cash and cash equivalents	3	(49,014,348)
Net (asset) debt		(49,014,348)
Total equity		1,628,046,129
Net gearing ratio		(0.03):1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

As a REIT entity, the Company is subject to externally imposed capital requirements based on the requirement of the Aggregate Leverage Limit under the REIT IRR. Per Rule 5 - Section 8 of the REIT IRR issued by the SEC, the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its deposited properties. Provided, further, that in no case shall a fund manager, borrow from the REIT any of the funds under its management. As at December 31, 2022, the Company is compliant with the externally imposed capital requirements of REIT IRR and met the provisions of the REIT law related to the borrowing requirements to its fund manager.

### **22.3 Fair value estimation**

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), dividends payable, due to a related party and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, non-current portion of trade receivables, security deposits and non-current portion of lease liabilities and due to a related party are close to market rates. The fair value of the non-current portion of due to a related party as at December 31, 2021 amounting to P64.99 million was determined using discounted cash flow approach by applying current market interest rates of 2.68% (Level 2).

As at December 31, 2022 and 2021, the Company does not have financial instruments that are measured using the fair value hierarchy.

### **Note 23 - Critical accounting estimates and assumptions and judgments**

The preparation of the financial statements in conformity with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and the related notes. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

### **23.1 Critical accounting estimates and assumptions**

#### *(a) Impairment of trade and other receivables*

Provision for impairment of trade and other receivables is based on assumptions about risk of default and expected loss rates. The Company uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 24.3 and 24.4.

In 2020, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million. This is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary. No additional allowance for doubtful accounts was made during 2022 and 2021.

The carrying values of the Company's trade and other receivables are shown in Note 4.

#### *(b) Estimated useful lives of property, plant and equipment*

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax for the years ended December 31 would be as follows:

	Impact on income before tax Increase (Decrease)	
	2022	2021
Prolonged by 5 years	P10.29 million	P 8.91 million
Shortened by 5 years	(P9.26 million)	(P13.03 million)

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Company's property, plant and equipment are shown in Note 6.

*(c) Determining incremental borrowing rate*

To determine the incremental borrowing rate, the Company uses the government bond yield, adjusted for the credit spread specific to the Company and security using the right-of-use asset. The basis of the discount rates applied by the Company are disclosed in Note 20. Any change in the rates would have direct impact to interest expense for the period and on lease liabilities. Higher discount rate will result in lower interest expense and lease liabilities and vice versa.

The Company is exposed to fixed-rate interest rate risk related to its lease liabilities. Lease liabilities are subject to amortization where each of the lease payments is treated partly as a payment of principal and partly as payment of interest. Accordingly, the interest rate risk will have a diminishing impact on the Company over the term of the lease.

**23.2 Critical judgments in applying the Company's accounting policies**

*(a) Recoverability of non-financial assets*

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

*(b) Critical judgment in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreements have not been included in the lease liabilities because the Company's lease agreements state that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful lives of the solar power plants of the related parties and the assignment of the SESC with Parent Company. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

*(c) Estimating cost of dismantling, removing or restoring items of fixed assets*

Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

During 2020, the Company reversed the full amount of the provision amounting to P1.06 million as at December 31, 2019 as management assessed that this is no longer expected to be settled in the future. No asset retirement obligation was recognized in 2022 and 2021.

*(d) Income taxes*

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The details of recognized and unrecognized deferred income taxes are shown in Note 19.

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized.

*(e) Distinction between investment properties and property, plant and equipment*

The Company determines whether a property is to be classified as an investment property or property, plant and equipment through the following:

- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation; and
- Property, plant and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

*(f) "No tax" regime*

As a REIT entity, the Company can effectively operate under a "no tax" regime provided that it meets certain conditions (e.g. listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income-tax free entity. As at December 31, 2022, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Company had determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Company has not recognized deferred taxes as at December 31, 2022. The Company recognized deferred income tax asset as at December 31, 2021 prior to its listing on February 22, 2022, to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company started to avail of its tax incentive as a REIT after its listing to PSE.

*(g) Effective interest rates of security deposits*

The Company measures security deposits from its lessees at amortized cost using a zero-coupon yield curve as the appropriate effective interest rate. This rate is determined by estimating the yield of a security from the yields of a set of coupons bearing products through bootstrapping or interpolation with reference to the maturity date of each security deposit. Effective interest rates are reviewed by the Company periodically and updated if there have been material movements with the rates.

*(h) Contingencies*

The Company determines whether to disclose and accrue for contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed in consultation with the Company's legal counsel and other advisors and is based on an analysis of possible outcomes under various strategies. Contingency assumptions involve judgment that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable. The Company is a respondent in cases arising from the normal course of business, the outcome of which cannot be presently determined. In the opinion of the Company's management and its legal counsel, the eventual liability, if any, which may result from the outcome of these cases will not materially affect the Company's financial statements.

**Note 24 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**24.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements of the Company have been prepared using historical cost basis.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

*(a) New standards, amendment to existing standards and interpretations applied by the Company*

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to PAS 16
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37, and
- Annual Improvements to PFRS Standards 2018-2020.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

*(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## **24.2 Cash and cash equivalents; Restricted cash**

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

## **24.3 Trade and other receivables**

Trade receivables from Transco which have a 60-day credit term, lease receivables and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

The Company applies the simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income.

When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 12 months before the beginning of each reporting period and the corresponding historical credit losses experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product and inflation to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Other relevant policies are disclosed in Note 24.4.

## **24.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

## Financial assets

### *(a) Classification*

The Company classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Company did not hold financial assets under the category financial assets at FVPL and FVOCI as at December 31, 2022 and 2021.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 24.2), trade and other receivables (Note 24.3), security deposits and electric utility deposits (Note 24.7) and restricted cash in bank (Note 24.2) in the statement of financial position. These are included in current assets, except for those expected to be realized greater than 12 months after the reporting period which are classified as non-current assets.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

### *(b) Recognition and measurement*

#### *(i) Initial recognition and measurement*

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

#### *(ii) Subsequent measurement*

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

### *(c) Impairment*

The Company recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For cash and cash equivalents, due from related parties, other receivables, security deposits and electric utility deposits and restricted cash, the Company applies a general approach in calculating expected credit losses. The Company recognizes a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk on these financial assets since initial recognition. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income. When the financial asset remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment testing of trade receivables is described in Note 24.3.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

#### *(d) Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### Financial liabilities

#### *(a) Classification*

The Company classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and financial liabilities at amortized cost. The Company's financial liabilities are limited to financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's trade payables and other liabilities (excluding due to government agencies) (Note 24.11), dividends payable (Note 24.13), security deposits (Note 24.18), due to a related party (Note 24.19), loans and interest payables (Note 24.15) and lease liabilities (Note 24.18) are classified under financial liabilities at amortized cost.

#### *(b) Recognition and measurement*

##### *(i) Initial recognition*

Financial liabilities at amortized cost are initially recognized at fair value plus transaction costs.



(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

(c) *Derecognition*

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The details of the Company's financial assets and liabilities subject to offsetting are disclosed in Note 11.

**24.5 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company uses specific valuation technique such as discounted cash flow analysis to determine fair value for the remaining financial instruments.

The Company does not hold financial and non-financial assets and liabilities at fair value as at December 31, 2022 and 2021.

## **24.6 Input value-added tax**

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses. Input VAT is derecognized once applied against output VAT or claimed for refund.

## **24.7 Prepayments and other assets**

Prepayments and other assets are expenses paid in cash and recorded as assets before these are used or consumed, as the services or benefits will be received in the future. Prepayments and other assets expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Security deposits and electrical utility deposits pertain to advances to lessor relating to rent and service providers, respectively, which will be refunded at the end of the service periods, as determined in the contract agreements. Other relevant policies are disclosed in Note 24.4.

## **24.8 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within cost of services or operating expenses whichever is applicable during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Solar plant and equipment	30
Substation and transmission lines	15
Computer equipment	3
Service vehicle	5

The assets' residual values, depreciation method and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 24.10).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation is removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

## **24.9 Investment properties**

Investment properties are properties (land or building - or part of a building - or both) held by the owner or by lessee under a lease to earn rentals or for capital appreciation or both, rather than for use in the operations or for administrative purposes; or sale in the ordinary course of business.

The initial cost of the investment properties consists of its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. After initial recognition, investment properties are measured at cost and accounted in accordance with PAS 16, "*Property, plant and equipment*". Land is not depreciated.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized under other operating income or expense in the statement of total comprehensive income in the period of the retirement or disposal.

Investment properties acquired through equity-settled transactions are measured in reference to the fair value of investment properties, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the investment properties received, the entity shall measure the value of the investment properties, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument.

Other relevant accounting policies are disclosed in Note 24.8.

## **24.10 Impairment of non-financial assets**

Assets that have an indefinite useful life such as investment properties (related to land) not subject to amortization is evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that have definite useful lives and are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to other income in the statement of total comprehensive income.

## **24.11 Trade payables and other liabilities**

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of total comprehensive income within other income or expense.

Due to government agencies are not considered financial liabilities but are derecognized similarly.

Other relevant accounting policies are disclosed in Note 24.4.

#### **24.12 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in the statement of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized in the statement of financial position.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

#### **24.13 Equity**

##### *(a) Share capital*

The Company's share capital is composed of common and preferred shares at par value. The amount of proceeds from the issuance or sale of common and preferred shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to share premium.

Redeemable preference shares are classified as equity if the redemption is at the option of the Company. However, if redeemable at the option of the holder, these are classified as liabilities.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

*(b) Retained earnings (Deficit)*

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

*(c) Dividend distribution*

Dividend distribution to Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved and declared by the BOD.

*(d) Share issuance costs*

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares. Share issuance costs which might be incurred in anticipation of an issuance of shares are recorded as an asset and deferred in the statement of financial position until the shares are issued. Upon issuance of shares, the deferred costs are charged to share premium or retained earnings, if no available share premium. If the shares are not subsequently issued, the transaction costs are recognized as expense under both approaches.

**24.14 Revenue and cost recognition**

(i) The following is a description of principal activities from which the Company generates its revenue.

*(a) Sale of solar energy*

The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which the Company expects to be settled in exchange for the services.

The Company's generation of electricity from solar power energy is assessed by management as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration.

Revenue from sale of electricity is based on the applicable FIT rate as transaction price as approved by the ERC. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

*(b) Rental income*

Rental income arising from operating lease agreements on its investment properties is recognized as income on a straight-line basis over the lease term or based on a certain percentage of the earnings of the lessees plus any variable component which are measured based on the actual results of operations of the lessees, as provided under the terms of the lease contract.

Other relevant accounting policies are disclosed in Note 24.18.

(ii) Interest income

Interest income is accrued on a time proportion basis by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

### (iii) Costs and expenses

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

### **24.15 Borrowings and borrowing costs**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan capitalized as a contra liability account and amortised over the period of the facility to which it relates.

Borrowings are derecognized in the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the statement of total comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized as other income or expense in the statement of total comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the statement of total comprehensive income in the year in which they are incurred.

Other relevant accounting policies are disclosed in Note 24.4.

## **24.16 Current and deferred income tax**

Income tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

## **24.17 Employee benefits**

### *(a) Short-term benefits obligation*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### *(b) Retirement benefits*

The Company has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the "Retirement Pay Law".

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the retirement benefit obligation.

The retirement benefit obligation recognized in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, if material, are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.

#### *(c) Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, *“Provisions, Contingent Liabilities and Contingent Assets”* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Liabilities related to employee benefits are derecognized once settled, cancelled or have expired.

## **24.18 Leases**

### Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### *(a) Measurement of lease liabilities*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.



To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*(b) Measurement of right-of-use assets*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

*(c) Extension and termination options*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Right-of-use assets that meet the definition of investment property is presented in the statement of financial position as investment property. Other relevant accounting policies are disclosed in Note 24.9.

Company as a lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

Deposits from lessees which include security deposits are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest rate method. The difference between the cash received and its fair value is deferred and amortized on a straight-line basis over the lease term. Amortization of deferred credits and accretion of discount are recorded in the statement of total comprehensive income under rental income and finance cost accounts, respectively.

## **24.19 Related party relationships and transactions**

### *(a) Related party relationship*

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

### *(b) Related party transaction*

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

## **24.20 Foreign currency transactions and translation**

### *(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

### *(b) Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

## **24.21 Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## **24.22 Earnings per share**

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

## **24.23 Events after the reporting period**

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

## **Note 25 - Supplementary information required by Bureau of Internal Revenue (BIR)**

The following supplementary information required by Revenue Regulation (RR) No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### *(a) Output VAT*

Output VAT declared and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Zero-rated VAT sales	919,223,620	-

Revenues presented above are based on net receipts for VAT reporting purposes while revenues in the statements of total comprehensive income are based on revenue recognition policy per Note 24.14. Gross receipts from the rental of real properties on its leasing business are subject to zero-rated VAT. The Company's lessees are registered developers of renewable energy (RE) and under the Renewable Energy Act of 2008. RE developers benefit from VAT zero-rating.

### *(b) Input VAT*

Movements in input VAT for the year ended December 31, 2022 follow:

	Amount
January 1	12,081,806
Add: Current year's domestic purchases of services	6,271,974
December 31	18,353,780

### *(c) Importations*

The Company did not have importations during the year ended December 31, 2022.

### *(d) Excise tax*

There were no transactions subject to excise tax for the year ended December 31, 2022.

### *(e) Documentary stamp tax*

Documentary stamp taxes (DST) paid for the year ended December 31, 2022 amounted to P2,631,004 pertaining to the issuance of shares and certain payment documents requiring DST. DST related to issuance of shares were recorded as part of share issuance cost deducted from APIC while DST for certain payment documents were recorded as part of taxes and licenses account under operating expenses in the statements of total comprehensive income.

*(f) All other local and national taxes*

	Amount
License and permit fees	594,121
Penalties	440,552
Others	18,953
	1,053,626

The above local and national taxes are lodged under taxes and licenses account in cost of services and operating expenses in the statements of total comprehensive income.

*(g) Withholding taxes*

Withholding taxes paid and accrued for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	38,757	46,707	85,464
Expanded withholding tax	4,543,214	300,954	4,844,168
Final withholding tax	19,287,332	-	19,287,332
	23,869,303	347,661	24,216,964

*(h) Tax assessments and cases*

In 2021, the Company has received letter of authority (LOA) from the BIR for taxable year 2020. The assessment was finalized and paid on February 24, 2022 through settlement of deficiency taxes and interests amounting to P349,552.

There are no other outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2022.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code  
December 31, 2022

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the Financial Statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule A - Financial Assets

December 31, 2022

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	567,399,280	126,082
Development Bank of the Philippines	-	3,918,489	256,528
Security Bank Corporation	-	40,695	636
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	571,423,464	383,246
Trade and other receivables	-	266,417,382	2,687,729
Security deposits	-	5,279,310	-
Total financial assets	-	843,120,156	3,070,975

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)  
December 31, 2022

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	265,850,948	-	(265,850,948)	-	-	-	-
Total due from related parties	265,850,948	-	(265,850,948)	-	-	-	-

\*As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2022.

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements  
December 31, 2022

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the year
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



**Citicore Energy REIT Corp.**

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## Schedule D - Long Term Debt

December 31, 2022

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

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## Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2022

Name of related party	Balance at the beginning of the year	Balance at the end of the year
Citicore Renewable Energy Corporation	68,521,747	-

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

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## Schedule F - Guarantees of Securities of Other Issuers

December 31, 2022

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Schedule G - Share Capital

December 31, 2022

		Number of shares		Number of shares held by related parties	Directors, officers, and employees	Others
Title of issue	Number of authorized shares	Number of issued and outstanding	reserved for options, warrants, conversion, and other rights			
Common shares	15,360,000,000	6,545,454,004	N/A	4,036,361,996	4,905,008	2,504,187,000

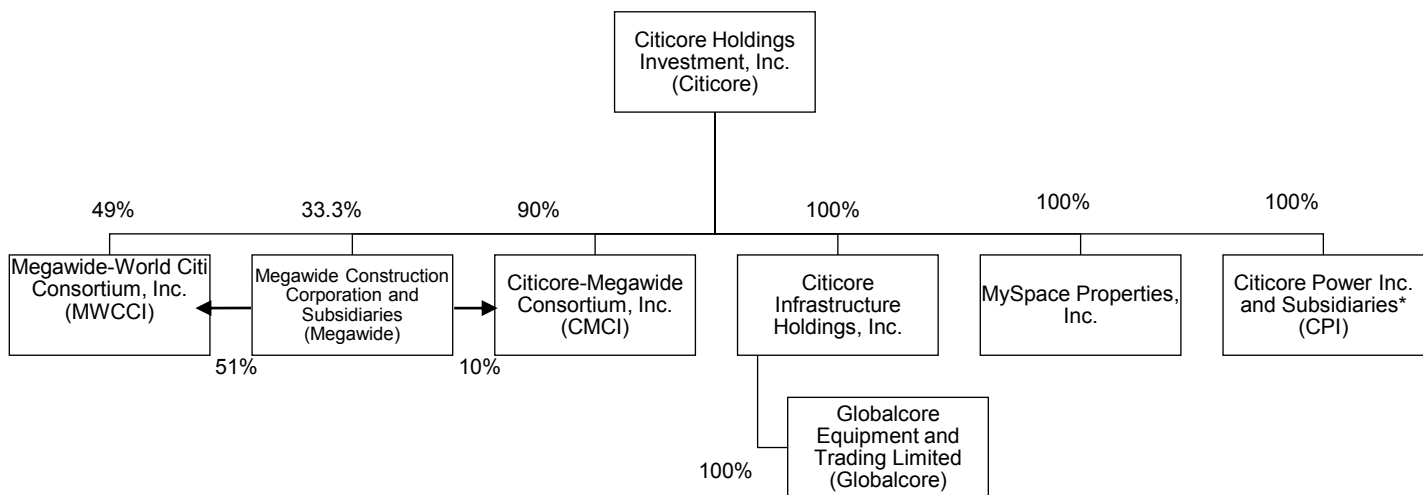
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2022  
(All amounts in Philippine Peso)

<b>Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning</b>		250,984,668
<b>Add : Net income actually earned during the period</b>		
Net income during the period closed to retained earnings	1,252,413,024	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
<b>Net income actually earned during the period</b>		1,252,413,024
Add (Less):		
Dividends declarations during the period	(1,093,090,818)	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	(1,093,090,818)
<b>Unappropriated retained earnings available for dividend declaration, ending</b>		410,306,874

**Citicore Energy REIT Corp.**  
 (Formerly Enfinity Philippines Renewable Resources Inc.)  
 (A subsidiary of Citicore Renewable Energy Corporation)

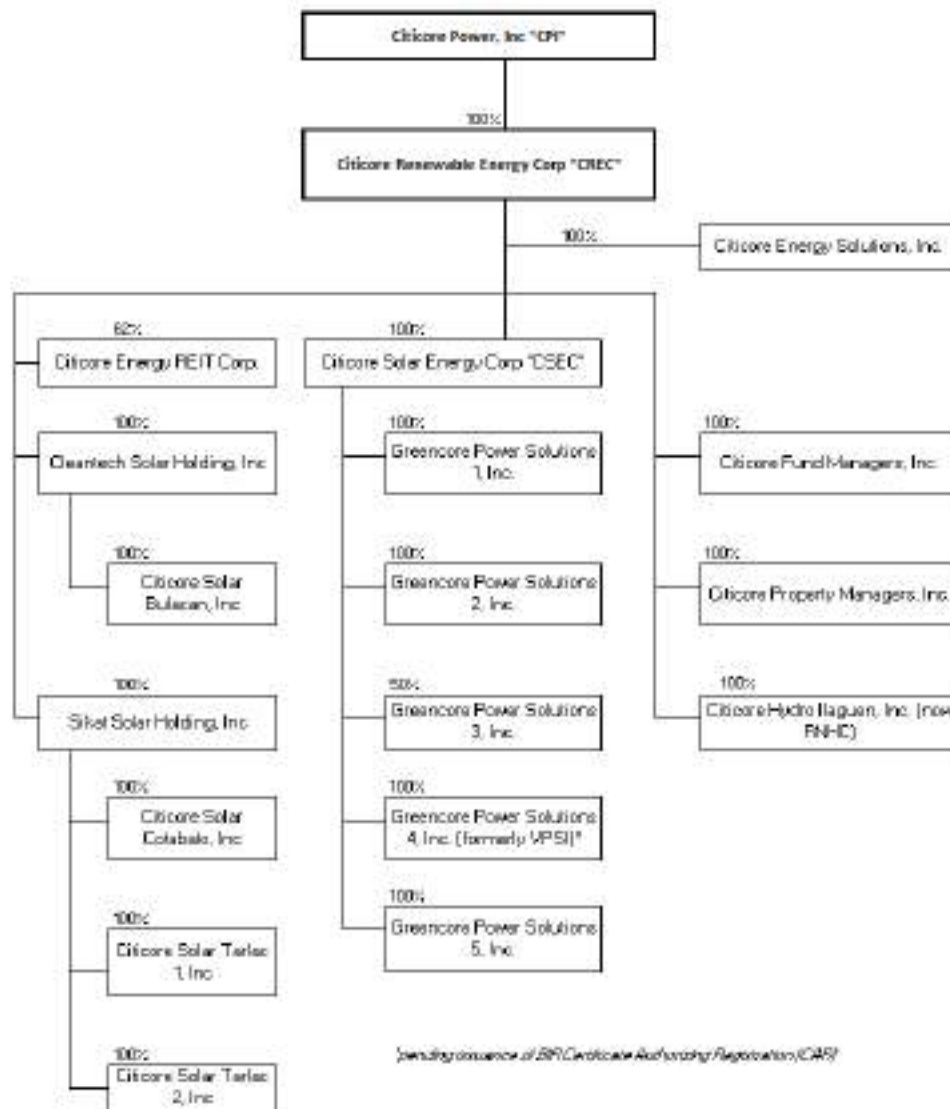
A Map Showing the Relationships between and among the Company and its  
 Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates  
 December 31, 2022



*\*See Schedule I*

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its  
Ultimate Parent Company, Middle Parent, Subsidiaries or  
Co-subsidiaries and Associates (Schedule I)  
December 31, 2022



*Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.*

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule of Financial Soundness Indicator

As at and for the years ended December 31, 2022 and 2021

	2022	2021
Current ratio <sup>a</sup>	1.70x	1.33x
Acid test ratio <sup>b</sup>	1.61x	0.84x
Solvency ratio <sup>c</sup>	-	-
Debt-to-equity ratio <sup>d</sup>	-	-
Asset-to-equity ratio <sup>e</sup>	1.17x	1.17x
Interest rate coverage ratio <sup>f</sup>	76.75x	10.49x
Debt service coverage ratio <sup>g</sup>	67.51x	10.06x
Net debt/ EBITDA <sup>h</sup>	(0.42)x	(0.17)x
Earnings per share (Php) <sup>i</sup>	0.20	0.08
Book value per share <sup>j</sup>	0.67	0.30
Return on assets <sup>k</sup>	35.68%	12.24%
Return on equity <sup>l</sup>	41.87%	20.60%
Net profit margin <sup>m</sup>	91.12%	64.12%

<sup>a</sup> Current assets/current liabilities<sup>b</sup> Cash and cash equivalents + Trade and other receivables, net/Current liabilities<sup>c</sup> Net operating profit after tax + depreciation and amortization/Loans payable<sup>d</sup> Loans payable/ Total equity<sup>e</sup> Total assets/ Total equity<sup>f</sup> Earnings before interest, taxes, depreciation and amortization/Interest expense<sup>g</sup> Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities<sup>h</sup> Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization<sup>i</sup> Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares<sup>j</sup> Total equity less Preferred Equity/Total number of shares outstanding<sup>k</sup> Net income attributable to owners of the Company/Average total assets<sup>l</sup> Net income attributable to owners of the Company/Average total equity<sup>m</sup> Net income/Revenue



**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Application of Proceeds from Shares Offering

As at and for the year ended December 31, 2022

Gross and net proceeds as disclosed in the Real Estate Investment Plan are as follows:

	Amount
Estimated gross proceeds	6,398,184,600
Estimated net proceeds	6,170,817,831

Actual gross and net proceeds are as follows:

	Amount
Gross proceeds	6,398,184,600
Initial public offering (IPO) expenses	(283,288,104)
Net proceeds	6,114,896,496
Less: Disbursements	
Costs incurred for the quarter ended March 31, 2022	870,158,551
Costs incurred for the quarter ended June 30, 2022	1,481,087,613
Costs incurred for the quarter ended September 30, 2022	1,196,171,264
Costs incurred for the quarter ended December 31, 2022	574,903,623
	4,122,321,051
Balance as at December 31, 2022	1,992,575,445

Breakdown of disbursements per project for each of the quarter ended are as follows:

	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	Total
AFAB Solar Rooftop	307,997,768	-	-	-	307,997,768
Arayat Mexico Solar Farm Phase 1	435,993,013	1,117,921,912	-	-	1,553,914,925
Arayat Mexico Solar Farm Phase 2	126,167,770	191,382,046	648,450,184	-	966,000,000
Batangas A Solar Farm	-	-	88,771,903	429,733,423	518,505,326
Batangas B Solar Farm	-	-	186,151,270	139,009,438	325,160,708
Isabela Run-of River Hydro	-	171,783,655	272,797,907	6,160,762	450,742,324
	870,158,551	1,481,087,613	1,196,171,264	574,903,623	4,122,321,051

**Citicore Energy REIT Corp.**  
**Aging of Receivables**  
**As of December 31, 2022**

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Over 180 days	Non-current	Total
AR Transco	6,866,609	-	-	-	-	-	-	-	79,334,402	86,201,011
Lease receivable	43,875,912	-	-	-	-	-	-	-	-	43,875,912
Lease receivable - PFRS 16	-	-	-	-	-	-	-	-	134,636,054	134,636,054
Other receivable	1,704,405	-	-	-	-	-	-	-	-	1,704,405
<b>Total</b>	<b>52,446,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,970,456</b>	<b>266,417,382</b>

## SEC Form 17-A: Citicore Energy REIT Corporation

### Contextual Information

Company Details	
Name of Organization	Citicore Energy REIT Corporation
Location of Headquarters	11th Floor, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	CREIT and its Lessees or “the Group”
Business Model, including Primary Activities, Brands, Products, and Services	Engaged in the business of owning income-generating real estate assets, including renewable energy generating real-estate assets, under a real estate investment trust by virtue of Republic Act No. 9856, otherwise known as "The Real Estate Investment Trust (REIT) Act of 2009" and its Implementing Rules and Regulations.
Reporting Period	January 1, 2022 - December 31, 2022
Highest Ranking Person responsible for this report	Oliver Y. Tan

## Materiality Process

### **Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>14</sup>**

CREIT's list of material topics was based on a review of its references containing information on specific positive and negative impacts that could directly affect the economy, environment, or society. The material topics were assessed and aligned with the GRI 2022, ASEAN GBS, and UN SDGs. These impacts were further classified into actual impacts, which pertain to those that have already occurred, and potential impacts, which may arise in the future. The material topics are as follows:

1. Economic Performance
2. Indirect Economic Impact
3. Procurement Practices
4. Anti-corruption
5. Materials
6. Energy
7. Water and Effluents
8. Biodiversity
9. Emissions
10. Waste
11. Supplier Environmental Assessment
12. Employment
13. Labor Management Relations
14. Occupational Health and Safety
15. Training and Education
16. Child Labor
17. Forced or Compulsory Labor
18. Local Communities
19. Supplier Social Assessment
20. Marketing and Labeling
21. Customer Privacy

The material topics show the Company's far-reaching economic, environmental, and social impacts. It is vital for CREIT to be a vertically integrated renewable energy company with the Sponsor Citicore Renewable Energy Corporation (CREC). The Company continuously aims for a low-carbon and circular economy aligned with the Group's Environmental Management Policy. Addressing the increasing demand on global power consumption, CREIT and its Lessee's commitment to sustainable business operations are covered in the listed material topics above.

Based on the assessment of material impacts, most positive impacts were actual and were likely experienced by the organization before. Negative impacts, on the other hand, were usually potential.

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<sup>14</sup> See [GRI 102-46](#) (2016) for more guidance.

## ECONOMIC

### Economic Performance

#### *Direct Economic Value Generated and Distributed*

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,374,529,631.00	PhP
Direct economic value distributed:	-	
a. Operating costs	99,710,122.11	PhP
b. Employee wages and benefits	0	PhP
c. Payments to suppliers, other operating costs	7,701,307.00	Php
d. Dividends given to stockholders and interest payments to loan providers	805,090,842.00	PhP
e. Taxes given to government	24,922,929.00	PhP
f. Investments to community (e.g. donations, CSR)	100,000.00	PhP

#### **CREIT and its Lessees Management Approach on Economic Performance**

Citicore Group expanded to income-generating renewable energy Real Estate Investment Trust (REIT) through the Citicore Energy REIT Corp. (CREIT) as the Country's first Energy REIT in 2021.. All the necessary approvals and permits from the appropriate government agencies and regulatory bodies, which are material and necessary to conduct the business and operations of CREIT and its Lessees, were secured on time and are in effect. The Group's Lessees maintain comprehensive insurance policies to mitigate risks, which the Group believes are consistent with industry standards. The Citicore Group believes efficient financial and risk management are vital for economic value generation and distribution.

#### Climate-related risks and opportunities<sup>15</sup>

The operation of companies may be significantly affected by natural calamities such as different weather disturbances, earthquakes, volcanic eruptions, floods, and drought. The Philippines is susceptible to these natural disasters. It is indeed a challenge to plan and be resilient in such events and do business. CREIT and its Lessees note that seasonal weather changes and natural catastrophes, including severe weather conditions (such as typhoons and flooding), could materially disrupt operations at its land assets and affect

financial performance. Extreme weather events will increase in frequency and intensity because of climatic changes, as the Group notes in its Environmental Management Framework.

## Procurement Practices

### *Proportion of spending on local suppliers*

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
CREIT	36.7	%
Lessees:		
CS Cebu	34.2	
CS South Cotabato	5.3	
CS Bulacan	13.5	
CS Tarlac 1	2.0	
CS Tarlac 2	1.2	
CS Negros Occidental	7.1	

### CREIT and its Lessees Management Approach on Procurement Practices

The Supply Chain Policy covers procurement practices of the solar plant operators or CREIT's Lessees as well as that of CREIT and its Lessees, wherein property and fund management functions of the Group are performed by Citicore Property Managers Inc. (CPMI) and Citicore Fund Managers Inc. (CFMI), respectively. The properties it purchases, as endorsed by CFMI, came from its Sponsor - Citicore Renewable Energy Corporation (CREC) - a leader in the development, construction, operation, and maintenance of solar plants, all of which are CREIT's Lessees. While we value purchasing equipment and services from local industry providers, we still evaluate the best fit for our facilities and assets given that the industry needs unique equipment and service specifications. The Citicore Group believes that an effective procurement process decreases operating costs, avoids disruptions or delays, and enhances operational efficiency.

## Anti-corruption

### *Training on Anti-corruption Policies and Procedures*

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	-	%

Percentage of employees that have received anti-corruption training	100	%
---	-----	---

*Incidents of Corruption*

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

**CREIT and its Lessees Management Approach on Anti-Corruption Practices**

CREIT and its Lessees ensure that they are free from corruption practices, influenced by the solar plant operators. It is one of the areas being seriously looked at and managed closely by the management. Anti-corruption practices and information dissemination is monitored in the Group's plan through meetings and training on anti-corruption practices.



## ENVIRONMENTAL

### Resource Management

#### *Energy consumption within the organization*

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	294,872	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	39,074.4	GJ
Energy consumption (electricity)	1,800,000	kWh

#### *Reduction of energy consumption*

Disclosure	Quantity	Units
Energy reduction (gasoline)	10,000	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	No action for now	GJ
Energy reduction (electricity)	1,118,865,600	MWh

### CREIT and its Lessees Management Approach on Energy Consumption

CREIT and its Lessees implement sustainable initiatives that ensure efficient energy utilization and consumption. The Group is committed to reducing its environmental impact and achieving neutral carbon emissions by supporting renewable energy and sustainable infrastructure. CREIT and its Lessees produce positive energy from renewable resources. The management is committed to ensuring the monitoring and continuity of its contribution to climate change, especially on responsible energy use.

The Group further expanded its programs on renewable energy programs across the acquired assets in solar energy, offshore wind hydropower projects and battery storage systems connected to renewables.

#### *Water consumption within the organization*

Disclosure	Quantity	Units
Water withdrawal (third-party water)	1,147	Cubic meters
Water consumption	0.03	Cubic meters
Water recycled and reused	1,124.06	Cubic meters

#### *Effluents*

Disclosure	Quantity	Units
Total volume of water discharges	0	Megaliters
Percent of wastewater recycled	98	%

### **CREIT and its Lessees Management Approach on Water and Effluents**

Water and effluents are material to CREIT and its Lessees - the solar plant operators - in terms of efficiently cleaning the solar panels and optimizing their total capacity to absorb sunlight for maximum energy generation. The Group adopts sustainable water management practices, such as introducing drainage networks to avoid heavy water outflows and landfilling at sites. Solar power operations, inherently, are less water-consuming. It consumes minimal water volume for panel cleaning and does not generate waste water since no chemicals were used as additives. In turn, these are recycled and drained under the Solar Panel Tables (SPT), which are used for watering grass and other vegetation.

CREIT and its Lessees have an existing Sustainable Water and Wastewater Management expansion project to thoroughly monitor, assess, and improve existing sustainable policies and programs.

#### *Materials used by the organization*

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

### CREIT and its Lessees Management Approach on Materials

CREIT continues to use its resources judiciously, embodying an efficient practice of Resource Management.

*Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)*

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Legal Disclosure	
Habitats protected or restored	-	ha
IUCN <sup>17</sup> Red List species and national conservation list species with habitats in areas affected by operations	None	

<sup>17</sup> International Union for Conservation of Nature

### CREIT and its Lessees Management Approach on Biodiversity

CREIT and its Lessees endeavor to contribute to life preservation on earth. The Group and the solar plant operators value life, and renewable energy sourcing is a significant way to reduce the effects of climate change from continuous gas emissions. In its reports, the Group recognizes some environmental risks during the construction of renewable energy projects, particularly concerning poor waste handling, which also entails risks to local biodiversity and natural habitats. Ecological hazards also arise from generating renewable energy assets, such as mining raw materials found in solar panels. However, CREIT as well as its Lessees acknowledge the more significant benefits of preserved ecosystems and, as such, recognize biodiversity conservation as a critical parameter of its investment decisions, as detailed in Environmental Management Framework.

Under this Environmental Management Framework, none of its properties should be located in or adjacent to national parks or other protected areas. No IUCN 17 Red List species have been identified near the project sites or along transmission lines, with natural habitats protected and restored. In line with national regulations, CREC also plants 100 trees for every tree it falls on during site development and construction at CREIT's land assets. While there is no site record, the Group closely maintains environmentally safe and compliant solar operations.

Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the Group may finance or refinance expenditures related to reforestation, afforestation, acquisition of land or land use access rights, purchase of equipment and related resources for the ongoing establishment, maintenance and management of forestry projects, or the certification of sustainable forestry project.

Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the

Group may finance or refinance expenditures related to reforestation, afforestation, acquisition of land or land use access rights, purchase of equipment and related resources for the ongoing establishment, maintenance and management of forestry projects, or the certification of sustainable forestry project.

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	0.35904	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	-	Tonnes

#### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	0	kg
SO <sub>x</sub>	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

### CREIT and its Lessees Management Approach on Emissions

CREIT and its Lessees are focused on owning sustainable infrastructure projects, such as income-generating renewable energy-related real estate properties in the Philippines. Emissions are material to the Group in achieving a carbon-neutral business, and, as such, the Group's solar farms do not burn fossil fuel or any materials to produce energy, thus no emissions are generated. The Citicore Group aims to continuously innovate to provide more reliable and affordable renewable energy solutions towards a net zero carbon future.

## Solid and Hazardous Wastes

### *Solid Waste*

Disclosure	Quantity	Units
Total solid waste generated	12.129	metric tonnes
Reusable (busted solar panel & metal materials)	0.8	metric tonnes
Recyclable (paper, metal materials)	12.05	metric tonnes
Other recovery operations (busted solar panel)	0	metric tonnes
Composted	-	metric tonnes
Incinerated	-	metric tonnes
Residuals/Landfilled	-	metric tonnes

### *Hazardous Waste*

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0.015	metric tonnes
Total weight of hazardous waste transported	0	metric tonnes

### CREIT and its Lessees Management Approach on Waste Management

Solar plants do not consume environmentally critical materials for energy production and operations. As a corporation engaged in sustainable infrastructure, waste management is also material to the Group. After its operating life, future possible hazardous waste from site equipment will be disposed of through the Department of Environment and Natural Resources (DENR) accredited processing units. Other recyclable site wastes will be donated to local barangay units to support infrastructure projects, such as waiting sheds, and other initiatives that will aid the local community.

In addition, solar panels have a service life of twenty-five to thirty years, with no significant waste generated during its operating life. After the serviceable life, the solar panels will be disposed of by accredited suppliers. The Group ensures that these accredited suppliers adhere to regulatory standards, comply with all rules and regulations, and have excellent track records, as applicable. The Clark Waste Disposal Management System is the accredited partner disposal company that processes busted solar panels and other hazardous waste of the Group.

## Environmental compliance

### *Non-compliance with Environmental Laws and Regulations*

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

CREIT and its Lessees secured all government approvals and permits from concerned agencies and regulatory bodies, which are material and necessary to allow them to conduct the business and operations of the Group and its Lessees. These documents were obtained promptly and are in full force and effect. Each operating plant is environmentally compliant, with an assigned Pollution Control Officer (PCO) to oversee processes and manage environmental concerns.

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### *Employee data*

Disclosure	Quantity	Units
Total number of employees <sup>18</sup>	32	#
a. Number of female employees	2	#
b. Number of male employees	30	#
Attrition rate <sup>19</sup>	6%	rate
Ratio of lowest paid employee against minimum wage	None	ratio

##### *Employee benefits*

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	-	
PhilHealth	Y	-	-
Pag-ibig	Y	-	-
Parental leaves	Y	33%	67%
Vacation leaves	Y	100%	100%
Sick leaves	Y	-	-
Medical benefits (aside from PhilHealth)	Y	-	-
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	-	-



Company stock options	Y	-	-
Telecommuting	Y	100%	100%
Flexible-working Hours	Y	100%	100%
(Others)	-	-	-

<sup>18</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>19</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

CREIT and the solar plant operators (CREIT's Lessees) value people and remain committed to building a solid foundation for future growth and expansion. These organizations aim to maintain a progressive work environment, promote business ethics, and harness a stable and harmonious relationship between the management and employees. According to Labor Code in the Philippines, the Group complies with minimum wage and benefits standards, and no incidence of a work stoppage has been reported. The Group recognizes the efforts of its employees, using a performance management system that evaluates and rewards its employees accordingly. The Group also believes that collective action among its stakeholders, including attracting and retaining competent, dynamic, and diversified employees, will help achieve more meaningful goals and be instrumental to the overall success of CREIT and its Lessees.

#### *Employee Training and Development*

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	96	hours
b. Male employees	96	hours
Average training hours provided to employees		
a. Female employees	24	hours/employee
b. Male employees	24	hours/employee

#### **CREIT and its Lessees Management Approach on Training and Development**

The Human Resources Department of CREIT and its Lessees believe that well-skilled and highly-trained personnel in their respective fields are necessary to sustain the Group's long-term growth momentum. To develop a deep bench and steady supply of competent human capital, the Group, and its Lessees provide employee training programs and adhere to regulatory requirements to ensure career growth and

development that soon will be a workforce advantage for the Group. The Group believes that continued learning and development initiatives are essential to ensure organizational competency buildup aligned with efforts on career development and employee growth.

*Labor-Management Relations*

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	NA	%
Number of consultations conducted with employees concerning employee-related policies	-	#

#### *Diversity and Equal Opportunity*

Disclosure	Quantity	Units
% of female workers in the workforce	6	%
% of male workers in the workforce	94	%
Number of employees from indigenous communities and/or vulnerable sector*	-	#

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

#### **CREIT and its Lessees Management Approach on Diversity and Equal Opportunity**

As emphasized, the Human Resources Department of CREIT and its Lessees value people, and the Group prioritizes local hiring within the periphery of its operations. However, the Group knows that job skill requirements sometimes need to be met locally. To address this, the Group employs senior and experienced personnel to serve as on-the-job trainers to develop competencies for employees who pass the medical clearance process and are found fit to work.

#### **Workplace Conditions, Labor Standards, and Human Rights**

#### *Occupational Health and Safety*

Disclosure	Quantity	Units
Safe Man-Hours	239,040	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	None	#
No. of safety drills	6	#

#### **CREIT and its Lessees Management Approach on Occupational Health and Safety**

CREIT and its Lessees workforce are considered its most important asset. Hence it has provided significant resources to acquire, motivate, equip, protect, and take care of its employees. The Group recognizes the impact that health and well-being can have on business continuity and customer experience.

### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

### CREIT and its Lessees Management Approach on Labor Laws and Human Rights

CREIT and its Lessees comply with the Department of Labor Employment's (DOLE) requirements in all labor laws, from organic to contractual to project-based positions.

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:  
Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Yes	Supplier Code of Conducts/Supplier Accreditation & Evaluation
Forced labor	Yes	Supplier Code of Conducts/Supplier Accreditation & Evaluation
Child labor	Yes	Supplier Code of Conducts/Supplier Accreditation & Evaluation
Human rights	Yes	Supplier Code of Conducts/Supplier Accreditation & Evaluation
Bribery and corruption	Yes	Supplier Code of Conducts/Supplier Accreditation & Evaluation

### **CREIT and its Lessees Management Approach on Supply Chain Management**

CREIT and its Lessees adhere to the same Supply Chain Policies established by the mother company Citicore Energy Corporation (CREC). On the other hand, CREC and CREIT's Lessees handle all procurement and supplier relations for development, construction, operation, and maintenance separately. The third-party suppliers of the solar power plants operated by Lessees provide workforce services, such as housekeeping and security. Both the Group and its Lessees depend on a single third-party supplier.

## Relationship with Community

### Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Grass Cutting Operations (trimming of grass plant that grow underneath, in between and around the solar panels)	Toledo City, Cebu Clark, Pampanga Tarlac City Bulacan Silay City, Negros Occidental Surallah, South Cotabato	None	None	None	For a more cost efficient operations and maintenance, consolidate grass cutting operations with Agro Solar initiative

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
Change of name in the FPIC which is now under process	1	1
CP secured	1	1

### CREIT and its Lessees Management Approach on Local Communities

Its vision guides CREIT and its Lessees to partner with communities for environmental programs and advocacies, where the surrounding communities are beneficiaries moving forward to more progressive renewable energy investment business operations. The Group has implemented community-building activities, such as training programs and providing scholarships and employment opportunities to local

communities, to promote inclusive growth around the areas where the leased properties are located.

CREIT and its Lessees actively advocate sustainability through the AgroSolar project, where high-value crops are grown underneath and around the solar panel installations. The initiative maximizes land use and engages the farmers in the community to pursue economic and social self-sufficiency through sustainable business ventures. Such programs and activities also educate the locals, which can upskill them in the future and open opportunities for potential employment in CREIT and its Lessees.

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	-	N

### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### CREIT and its Lessees Management Approach on Customer Health and Safety

CREIT and its Lessees have no direct contact with its customers on customer safety and health, but the Group encourages plans to include sustainability considerations in selecting industrial customers.

### Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

#### Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

#### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

#### CREIT and its Lessees Management Approach on Customer Privacy and Data Security

CREIT and its Lessees keep the data of its customers and clients with utmost confidentiality to protect the interests of the Group, its stakeholders, and its customers. The Group strictly observes the Data Privacy Act 2012 of the National Privacy Commission.



# Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Real estate	<p><b><u>SDG 4: Quality Education</u></b> Through the Usbong Scholarship Program, Citicore Foundation aims to provide ample support for extraordinary young adults in the surrounding local communities of the Group and its Lessees.</p> <p><b><u>SDG 6: Clean Water and Sanitation</u></b> Minimal consumption and proper handling of water, wastewater and effluents through sustainable water management.</p> <p><b><u>SDG 7: Affordable and clean energy</u></b> Compliant and adapted DOE's Energy Efficiency program</p> <p><b><u>SDG 9: Industry, Innovation and Infrastructure</u></b> Has programs promoting inclusive and sustainable industrialization in renewable energy.</p> <p><b><u>SDG 11: Sustainable Cities and Communities</u></b> Extending programs to the community through scholarships, training initiatives, local employment and livelihood</p> <p><b><u>SDG 13: Climate Action</u></b> Committed to sustain Group's contribution in the achievement of</p>	These are not expected to generate negative impacts as they address and have existing management policies and systems.	Programs are monitored and implemented to address and manage risks.

	carbon neutral sustainable business through the use of renewable energy for wind and sun		
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*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

CREIT as well as its Lessees are committed to achieve the UN Sustainable Development Goals (SGDs) by setting priority targets aligned to Citicore Group as its main company. The Group believes that achieving financial growth through sustainable business operations, without neglecting the environmental and social responsibilities, should be prioritized and embraced. The Group (CREIT and its Lessees) is also committed to institute and implement sustainable commercial practices, to enable the Company to thrive and grow as a responsible and sustainable renewable energy-themed Real Estate Investment Trust (REIT).

# Annex B: Topic Guide

In line with the Disclosure Topic and Management Approach discussion above, this Annex will provide a guide on what to disclose in the Topics provided in the Reporting Template. The guide is based on the GRI Standards, SASB Standards and Recommendations of the Task Force on Climate-related Financial Disclosures.

## ECONOMIC

Economic disclosures relate to how the company directly increases the pool of economic resources that flows in the local and national economy. Included in the disclosures are the risks and opportunities due to climate change, procurement practices with respect to local suppliers and anti-corruption.

### Economic Performance

Measuring the direct economic value generated, measured as revenue and distributed (costs) shows that an organization does not just create economic value for itself but also ensures that this value flows back to its various stakeholders such as stockholders, suppliers, employees, government, and the community. This also discloses the remaining value that is retained in the company for liquidity and for future investments. Figures for this disclosure can be derived using the audited financial statement with the revenue as the economic value generated for the reporting period.

This disclosure answers the questions:

- How much direct economic value (revenue) did you generate?
- How much of this flowed back to society (costs disaggregated according to stakeholders)?
- How much of this was retained in the company for liquidity and to fund future investments?

See GRI 201-1 for more guidance on the disclosure.

Disclosure of an organization's climate-related issues helps stakeholders make sound and reasonable assessments of the impact climate change may have on the organization. Companies should disclose the climate-related risks and opportunities they have identified and how they assess and manage those issues. See GRI 201-2 and the Recommendations of the Task Force on Climate-related Financial Disclosures for more guidance on the disclosure.

### Procurement Practices

Disclosure on the proportion of spending on local suppliers show an organization's support for local groups, including those owned by women or members of vulnerable sectors. Supporting local suppliers can indirectly attract additional investments to the local economy. The disclosure describes the policies and practices used to select locally-based suppliers and to promote economic inclusion when selecting suppliers. See GRI 204 for more guidance on disclosures

### Anti-corruption

Disclosures on training on anti-corruption policies and procedures show how the company ensures that it has the necessary capability to fight against corruption through proper training and awareness building for its directors, management, employees and business partners. Disclosures on incidents of corruption and

how the company responded on the incidents show how serious an organization is on combatting corruption. See [GRI 205](#) and [SASB Standards General Issue Category: Business Ethics](#) for more guidance on the disclosures.

## ENVIRONMENT

Environmental disclosures relate to how the company manages the natural resources it needs for its business, as well as how it minimizes its negative impacts to the environment, including biodiversity. The company's ability to access materials needed for its operations is critical to company's long-term success.

### Resource Management

Disclosures on resource management such as energy consumption, water consumption, and materials use show how efficiently an organization uses scarce natural resources, which has implications on reduction of environmental impacts from extraction and processing of these resources. The efficiency of managing resources relates to profitability of the organization. See [GRI 301](#), [GRI 302](#), [GRI 303](#) and [SASB Standards General Issue Categories: Energy Management; Water and Wastewater Management; Material Sourcing and Efficiency](#) for more guidance on the disclosures.

### Ecosystems and Biodiversity

Disclosure on activities that show how an organization protects, conserves, or rehabilitates ecosystems and biodiversity therein such as in watersheds and coastal and marine areas gives an idea of how that organization appreciates the ecosystem and the services it gives that make business thrive. Ecosystems and Biodiversity is vital to human existence. Companies have the responsibility and clear business case for ensuring ecosystems and biodiversity around its sites are protected and restored. See [GRI 303](#), [GRI 304](#) and [SASB Standards General Issue Category: Ecological Impacts](#) for more guidance on the disclosures.

### Environmental Impact Management

Reporting on an organization's impact on air, soil, and water through emissions, wastes, and effluents provides basis for companies to manage these impacts. Responsible companies take an effort to minimize such impacts through cleaner production and pollution prevention measures. Companies should disclose on their performance on these topics including how well the organization mitigates, reduces, and/or prevents these impacts to the environment in compliance to Philippine Environmental Laws or on efforts beyond compliance. See [GRI 305](#), [GRI 306](#) and [SASB Standards General Issue Categories: GHG Emissions; Air Quality; Water & Wastewater Management; Waste & Hazardous Materials Management](#) for more guidance on the disclosures.

### Environmental Compliance

Disclosure on organization's compliance with environmental laws and/or regulations shows an organization's ability to conform to certain performance parameters. The strength of an organization's compliance indicates its concern for environmental protection. See [GRI 307](#) and [SASB Standards General Issue Categories: Ecological Impacts; Air Quality; Water & Wastewater Management; Waste and Hazardous Materials Management](#) for more guidance on the disclosures.

# SOCIAL

Disclosures on social topics relate to how the organization relates and manages its relationship with its stakeholders such as employees, communities, customers, and suppliers.

## Employee Management

Disclosing on employee management indicates of how good an employer the organization is in engaging its employees. It also provides a sense on how the organization develops its employees and gives equal opportunity for all, such as indigenous people and those coming from vulnerable groups which include elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E). See [GRI 401](#), [GRI 402](#), [GRI 404](#), [GRI 405](#), [GRI 406](#), [GRI 407](#), [GRI 102-8](#), [GRI 102-41](#) and [SASB Standards General Issue Categories: Labor Practices; Employee, Engagement Diversity & Inclusion](#) for more guidance on the disclosures.

## Workplace Conditions, Labor Standards and Human Rights

Disclosures on workplace conditions and labor standards show how an organization gives importance to occupational health and safety and how it upholds labor standards and human rights in the workplace. See [GRI 403](#), [GRI 408](#), [GRI 409](#), [GRI 412](#) and [SASB Standards General Issue Category: Employee Health & Safety](#) for more guidance on the disclosures.

## Supply Chain Management

Disclosures on supply chain management is most relevant for companies with a significant portion of value creation carried out by suppliers. Organizations can report on how the reporting company ensures that supplier upholds with sustainability standards and practices including compliance to Philippine laws. The reporting company may also disclose how it influences its suppliers to be sustainable through supplier accreditation processes, among other approaches. See [GRI 308](#), [GRI 414](#) and [SASB Standards General Issue Category: Supply Chain Management](#) for more guidance on the disclosures.

## Relationship with Community

These disclosures show how an organization meaningfully engages the community around their sites and how it aims to create a net positive impact to its host or neighbors. These also includes how the company contributes in addressing issues of indigenous people and those coming from vulnerable groups [youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)] in its business operations. See [GRI 411](#), [GRI 412](#), [GRI 413](#) and [SASB Standards General Issue Category: Human Rights & Community Relations](#) for more guidance on the disclosures.

## Customer Management

Disclosing on customer management shows how well an organization upholds the rights of its customers to privacy, safety, and security from probable negative impacts of its products and services. See [GRI 416](#), [GRI 417](#), [GRI 418](#) and [SASB Standards General Issue Categories: Product Quality & Safety; Customer Welfare; Selling Practices & Product Licensing](#) for more guidance on the disclosures.

## Data Security

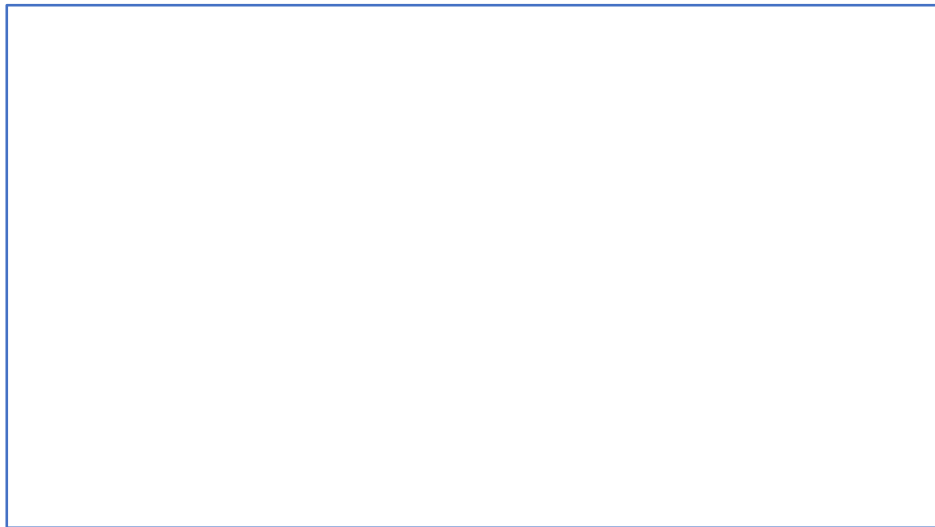
Reporting on the number of data breaches, including leaks, thefts and losses of data shows how much importance an organization places on keeping data secure. Organizations can indicate how they manage risks related to the collection, retention and use of sensitive information. See *SASB Standards General Issue Category: Data Security* for more guidance on the disclosure.

## UN SUSTAINABLE DEVELOPMENT GOALS

The SDG Compass can be used as guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs. The SDG Compass can be accessed at <https://sdgcompass.org/>

Moreover, a recent publication with the title: *Integrating the SDGs into Corporate Reporting: A Practical Guide*,<sup>20</sup> helps companies of all sizes to prioritize SDG targets to act and report on, set related business objectives, and measure and report on progress. This is a co-production between GRI and UN Global Compact (UNGC).

Companies may also use the following framework to determine which area of sustainable development its company is contributing to improve people's quality of life.



For more information on how private sector can contribute to sustainable development, companies may visit [www.sdgsbiz.ph](http://www.sdgsbiz.ph).

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<sup>20</sup> This publication may be accessed at [https://www.globalreporting.org/resource/library/GRI\\_UNGC\\_Reporting-on-SDGs\\_Practical\\_Guide.pdf](https://www.globalreporting.org/resource/library/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf)



30 January 2023

**THE DISCLOSURE DEPARTMENT**  
**THE PHILIPPINE STOCK EXCHANGE, INC.**  
6/F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**  
*Head, Disclosure Department*

Re: **CITICORE ENERGY REIT CORP.**  
*Annual Progress Report as of and for the Year Ended 31 December 2022*  
*on the Application of Proceeds from the Shares Offering with*  
*Certification of Independent Auditors*

Gentlemen and Mesdames:

In connection with the initial public offering of **CITICORE ENERGY REIT CORP.** (the "Company") on 2 February 2022, we submit herewith the Company's annual report on the application of the proceeds from the said offering. The details of the disbursements made as of and for the year ended 31 December 2022 are as follows:

<b>Net Offering Proceeds</b>	<b>PhP</b>	<b>6,114,896,495.56</b>
Less: Disbursements		
Costs incurred for the quarter ended March 31, 2022		870,158,551.06
Costs incurred for the quarter ended June 30, 2022		1,481,087,613.12
Costs incurred for the quarter ended September 30, 2022		1,196,171,264.14
Costs incurred for the quarter ended December 31, 2022		574,903,622.89
	<b>PhP</b>	<b>4,122,321,051.20</b>
<b>Balance of the Offering Proceeds as of December 31, 2022</b>	<b>PhP</b>	<b>1,992,575,444.36</b>



Disburse	ts Breakdown	Q1 2022	Q2 2022	Q3 2022	Q4 2022	To date
AFAB Solar Rooftop		PhP 307,997,768.76	PhP -	PhP -	PhP -	PhP 307,997,768.76
Arayat Mexico Solar Farm Phase 1		435,993,012.84	1,117,921,912.25	-	-	1,553,914,925.09
Arayat Mexico Solar Farm Phase 2		126,167,769.46	191,382,045.61	648,450,184.94	-	966,000,000.00
Batangas A Solar Farm		-	-	88,771,903.25	429,733,423.00	518,505,326.25
Batangas B Solar Farm		-	-	186,151,270.00	139,009,437.70	325,160,707.70
Isabela Run-of River Hydro		-	171,783,655.26	272,797,905.95	6,160,762.19	450,742,323.41
Total Disbursements as of December 31, 2022		<u>PhP 870,158,551.01</u>	<u>PhP 1,481,087,613.12</u>	<u>PhP 1,196,171,264.14</u>	<u>PhP 574,903,622.89</u>	<u>PhP 4,122,321,051.20</u>





The details of the said projects are described in detail below.

- ***AFAB Solar Rooftop***

The solar rooftop project, through the Company's wholly owned subsidiary, Sunny Side Up Power Corp. endeavors to provide clean and reliable energy to Authority of Freeport Area of Bataan (AFAB). It invested in energy efficient buildings using solar power for a total of 6.6 Megawatt capacity and 14,756 units of mono-crystalline photovoltaic panels. Today the solar farm helps prevent the emissions of 4,645 metric tons of carbon dioxide which is equivalent to 522,640 gallons of gasoline consumed. P308.0 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed as of and for the year ended December 31, 2022.

- ***Arayat Mexico Solar Farm Phase 1***

The Company through its joint venture, Greencore Power Solutions 3, Inc. (GPS3I), broke ground on June 24, 2021 to construct a 72 megawatt capacity solar farm in Arayat and Mexico, Pampanga. The solar project is a 50-50 joint venture with AC Energy Corporation (ACEN) with a land cost of P431 million and estimated project development cost of P2.7 billion. Citicore's construction arm, MCC - Citicore Construction, Inc. (CCI) undertook the development and construction of this project and has reached its full capacity last March 23, 2022. Once fully operational, the 72- megawatt capacity solar farm will produce 105 gigawatt-hours (GWh) of renewable energy annually, enough to power 45,000 households while avoiding approximately 72,000 metric tons (MT) CO<sub>2</sub> emissions annually. P1,533.9 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed as of and for the year ended December 31, 2022.

- ***Arayat Mexico Solar Farm Phase 2***

This project is an extension of the Arayat Mexico Solar Farm Phase 1 joint venture project with ACEN and is set to increase the total plant capacity from 72 to 116 megawatt upon completion. The project which is to be undertaken by Citicore's construction arm is targeted to be completed by first quarter of 2023. The Company through its joint venture, GPS3I is set to break ground in May 2022 and has completed the acquisition of land through 50-50 partner funding. P966 million from the Offering Proceeds were allocated to this project of which P966.0 million and the same has been fully disbursed as of and for the year ended December 31, 2022.



- ***Batangas A and Batangas B Solar Farm***

The sponsor has earmarked P1,424.3 million and P377.1 million for the construction of 90 megawatts and 40 megawatts solar farm, respectively, for Batangas A and Batangas B projects, respectively. Total disbursements for the period amounted to P518.5 million and P325.2 million while the balance of unutilized proceeds amounted to P905.8 million and P52.0 million for Batangas A and Batangas B, respectively as of December 31, 2022.

- ***Isabela Run-of River Hydro***

This is a 20MW run-of-river hydro project located in Ilaguen, Isabela City. The project has obtained all permits necessary to start construction and has commenced construction works on the access road. P1,485.5 million from the Offering Proceeds were allocated to this project of which P450.7 million has disbursed as of and for the quarter ended December 31, 2022. The unutilized balance as of December 31, 2022 amounted to P1,034.8 million.

We hope you find everything in order.

Very truly yours,

**CITICORE RENEWABLE ENERGY CORP.**

By:

A handwritten signature in black ink, appearing to read "Mia Grace Paula S. Cortez".

---

**MIA GRACE PAULA S. CORTEZ**

*Chief Financial Officer*



## ACKNOWLEDGMENT

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

Before me, a notary public, for and in Quezon City this JAN 31 2023 personally appeared:


NAME	GOVERNMENT-ISSUED ID	DATE/PLACE ISSUED
Mia Grace Paula S. Cortez	UMID 0111-2975451-1	

who was identified by me through competent evidence of identity to be the same person described in the foregoing letter who acknowledged before me that her signature in the instrument was voluntarily affixed by her seal as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL this JAN 31 2023 day of 2023.

## NOTARY PUBLIC

Doc. No.: 68  
Page No.: 15  
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



**Agreed-Upon Procedures Report on Annual Progress Report on  
Use of Proceeds from the Listing of Citicore Energy REIT Corp.**

To the Board of Directors and Shareholders of  
**Citicore Renewable Energy Corporation**  
(A wholly-owned subsidiary of Citicore Power, Inc.)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

**Purpose of this agreed-upon procedures report**

Our report is solely to assist Citicore Renewable Energy Corporation (the “Company”) in connection with the Company’s compliance with the requirements of The Philippine Stock Exchange, Inc. (PSE) to submit an external auditor’s certification on the information with respect to the Annual Progress Report dated January 30, 2023 related to the application of net proceeds received by the Company from the shares offering (“Offering Proceeds”) of Citicore Energy REIT Corp. (CREIT) (the “Progress Report”) as at December 31, 2022 and for the period from February 22, 2022 (listing date) to December 31, 2022 and may not be suitable for another purpose.

**Responsibilities of the Company**

The Company acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

**Practitioner’s responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400, “*Agreed-Upon Procedures Engagements*”. An agreed-upon procedures engagement involves our performing of the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

*Professional Ethics and Quality Control*

We have complied with the independence and other ethical requirements of Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)



Our firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Procedures and findings*

We have performed the procedures enumerated below, which were agreed upon with the Company.

1. We have obtained and checked the mathematical accuracy of the following:
  - a. The Progress Report;
  - b. Reallocation of the Use of Proceeds Report;
  - c. Schedule of planned use of proceeds from the Real Estate Investment Trust (REIT) Plan; and
  - d. Detailed schedule of utilization of proceeds as at and for the period from February 22 to December 31, 2022.

No exceptions noted.





## Isla Lipana & Co.

We present below the summary of the breakdown and application of the Offering Proceeds as at and for period from February 22 to December 31, 2022 based on the information we obtained from the Company.

	Initial allocation of offering proceeds on February 22, 2022	Reallocations for the period ended March 31, 2022	Application of Offering Proceeds for the period ended March 31, 2022	Reallocations for the period ended June 30, 2022	Application of Offering Proceeds for the period ended June 30, 2022	Application of Offering Proceeds for the period ended September 30, 2022	Application of Offering Proceeds for the period ended December 31, 2022	Balance of Offering Proceeds as at December 31, 2022
AFAB Solar Rooftop Phase 1	250,732,421	57,265,347	(307,997,768)	-	-	-	-	-
Arayat Mexico Solar Farm Phase 1	339,408,939	96,584,074	(435,993,013)	1,117,921,912	(1,117,921,912)	-	-	-
Arayat Mexico Solar Farm Phase 2	197,988,548	-	(126,167,770)	768,011,452	(191,382,046)	(648,450,184)	-	-
Zambales Solar Farm	490,257,356	-	-	(490,257,356)	-	-	-	-
Batangas A Solar Farm	848,522,347	-	-	575,803,006	-	(88,771,903)	(429,733,423)	905,820,027
Batangas B Solar Farm	377,121,043	-	-	-	-	(186,151,270)	(139,009,438)	51,960,335
Pangasinan Solar Farm	856,095,871	-	-	-	-	-	-	-
Laguna Solar Farm	735,386,034	-	-	(856,095,871)	-	-	-	-
Bulacan Solar Farm	1,225,643,390	(209,770,755)	-	(735,386,034)	-	-	-	-
Isabela Run-of-River Hydro	849,661,881	-	-	(1,015,872,635)	(171,783,655)	(272,797,907)	(6,160,762)	1,034,795,083
	6,170,817,830	(55,921,334)	(870,158,551)	635,875,526	(1,481,087,613)	(1,196,171,264)	(574,903,623)	1,992,575,445

2. We have traced the gross proceeds and net proceeds received amounting P6,398 million and P6,115 million, respectively, based on the Progress Report to the bank statement and accounting records. No exceptions noted. Details are as follows:

	Amount
Gross proceeds	6,398,184,600
Initial public offering (IPO) expenses	(283,288,104)
Net proceeds	6,114,896,496

The breakdown of IPO expenses are as follows:

	Amount
Underwriting fees	151,020,878
Professional fees	90,221,662
Registration and filing fees	27,875,751
Taxes	14,169,813
	283,288,104

3. We have obtained the schedule showing the list of disbursements as at December 31, 2022 and for the period from February 22 to December 31, 2022 and reconciled the amount of disbursements on the Progress Report. No exceptions noted.

Use of proceeds	Per Progress Report	Per schedule of disbursements
Capital expenditures	4,122,321,051	4,122,321,051

4. We traced the reported application of IPO proceeds amounting to P4,122,321,051 for the period from February 22 to December 31, 2022 to the Company's accounting records and corresponding supporting documents (e.g. disbursement vouchers, billing statements, invoices, official receipts and bank statements). No exceptions noted.
5. We have examined and identified the nature of the disbursements based on the corresponding supporting documents and noted that the disbursements were classified appropriately according to its nature.

The details of the disbursements incurred from January 1 to December 31, 2022 showed that the Company used the Offering Proceeds for the following projects: (1) AFAB Solar Rooftop Phase 1; (2) Arayat Mexico Solar Farm Phase 1; (3) Arayat Mexico Solar Farm Phase 2; (4) Isabela Run-of River Hydro; (5) Batangas A Solar Farm; and (6) Batangas B Solar Farm with aggregate amount of P4,122 million.

The remaining balance of the Offering Proceeds amounting to P1,993 million as at December 31, 2022 is expected to be applied on costs to be incurred in accordance with the planned use and estimated timing as disclosed in the REIT Plan and to the PSE.



6. We have obtained written management's representation and we have noted that there were no reallocations made on the Company's planned use of IPO proceeds and found that the disbursements of proceeds in the Progress Report as at and for the period from February 22 to December 31, 2022 is consistent with the planned application of proceeds indicated in the Use of Proceeds section of the REIT Plan and its subsequent revision of allocation as previously approved during the first and second quarters of 2022 by the Company's Board of Directors (BOD) on April 18, 2022 and July 14, 2022, respectively.

**Isla Lipana & Co.**

Pocho C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
January 30, 2023





## ACKNOWLEDGMENT

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

Before me, a notary public, for and in Quezon City this JAN 31 2023 personally appeared:

NAME	GOVERNMENT-ISSUED ID	Validity
Pocholo C. Domondon	PRC ID No. 108839	Valid until 10/04/2023

who was identified by me through competent evidence of identity to be the same person described in the foregoing letter who acknowledged before me that her signature in the instrument was voluntarily affixed by her seal as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL this \_\_\_\_\_ day of JAN 31 2023 2023.

## NOTARY PUBLIC

Doc. No.: 69  
Page No.: 15  
Book No.: 1  
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

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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A	V	E	N	U	E		S	A	N		J	U	A	N															

(Business Address: No. Street City / Town / Province)

JAIME DEL ROSARIO
-------------------

Contact Person

(02) 8826-5698
----------------

Company's Telephone Number

31 December
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Month Day of Fiscal Year

08 June
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Month Day of Annual Meeting

SEC FORM 17-Q

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Secondary License Type, If Applicable

S	E	C
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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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**CITICORE ENERGY REIT CORP.**

Company's Full Name

**11<sup>th</sup> Floor Rockwell  
Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City**  
Company's Address

**8826-5698**  
Telephone Number

**December 31**  
Fiscal Year Ending  
(Month & Day)

**SEC FORM 17-Q**  
Form Type

**March 31, 2023**  
Period Ended Date

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(Secondary License Type and File Number)

**cc: Philippine Stock Exchange**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17(2)(b) THEREUNDER

1. For the Quarterly Period Ended **March 31, 2023**
2. SEC Identification Number **CS20101780**
3. BIR Tax Identification No. **007-813-849-0000**
4. Exact Name of Issuer as Specified in its Charter **Citicore Energy REIT Corp.**
5. Province, Country or other Jurisdiction of Incorporation or Organization **Philippines**
6. Industry Classification Code (SEC use only)
7. Address of Principal Office **11<sup>th</sup> Floor Rockwell Santolan Town Plaza 276 Col. Bonny Serrano Avenue, San Juan City**  
  
Postal Code **1500**
8. Issuer's Telephone Number, including Area Code **(02) 8826-5698**
9. Former Name, Former Address and Fiscal Year, if Changed since Last Report **Not Applicable**
10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares Issued and Outstanding	Amount of Debt Outstanding (Php)
Common	6,545,454,004	0

11. Are any or all these securities listed on a stock exchange?

Yes [ ☒ ]

No [ ☐ ]

If yes, state the name of such stock exchange and classes of securities listed therein:

**The Philippine Stock Exchange, Inc. - CREIT**

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes ☒ No ☐

has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

**PART I –FINANCIAL INFORMATION**

**Item 1. Financial Statements**

The interim Financial Statements of Citicore Energy REIT Corp. (“CREIT”) as of March 31, 2023 with comparative figures as of December 31, 2022 and March 31, 2022, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**A. RESULTS OF OPERATIONS**

*Review of results for the three (3) months ended March 31, 2023 as compared with the results for the three (3) months ended March 31, 2022*

***Results of Operations***

***Revenues increased by 13% or P44.66 million***

Revenues for the period amounted to P376.45 million, 13% or P44.66 million higher from the same period last year. The increase in revenue for the period pertains to the new parcels of land acquired by the Company from the use of proceeds of its green bond offering last February 10, 2023. These parcels of land were then leased out to the new projects that are currently under construction.

***Direct Costs increased by 23% or P4.49 million***

Direct costs amounted to P24.17 million and were higher by 23% or P4.49 million. The increase mainly pertains to related property and fund management fee recognized for the period which is equivalent to three months and which were based on the fixed based rental revenue. March 31, 2022 only recognized equivalent to one month property and fund management fee immediately after the Company’s IPO in February 2022.

***Gross Profit increased by 13% or P40.17 million***

Gross profit amounted to P352.28 million for the first three months of 2023, translating to a gross profit margin of 94%. The increase is related to the Company's expansion of leasing activities beginning 2022 arising from various acquisitions and transfers of freehold and leasehold assets.

***Other Operating Expenses decreased by 59% or P4.78 million***

Net Other Operating Expenses for the three-month period amounted to P3.30 million. The previous period's net other operating expenses mainly related to expenses incurred from the Company's initial public offering attributable to secondary offer and hence are not deductible against the Company's additional paid-up capital.

***Finance cost increased by 1,034% or P45.34 million***

The increase in finance cost is mainly related to the first coupon payment of the green bond of the Company accrued and recognized for the period amounting to P43 million. The first coupon payment is due on May 10, 2023. On February 10, 2023, the Company issued a 5-year green bond amounting to P4.5 billion with a coupon rate of 7.0543%. Other finance cost for the period is mainly related to finance cost on long term lease contract which are accounted for under PFRS 16, Leases.

***Others - net increased by 738% or P5.02 million***

Other charges - net, which consists of finance income and unrealized foreign currency gains amounted to P5.70 million, 738% higher from year-ago levels. Interest income increased due to the proceeds it received from its green bond offering recognized for the period.

***Net Income increased by 2% or P4.66 million***

Net income amounted to P304.96 million compared to year ago level of P300.30 million. The increase is mainly related to commencement of the Company's lease contracts on its newly-acquired properties in Lumbangan and Luntal, Batangas offset by the accrual of the interest expensed recognized for the period for the first coupon payment of the P4.5 billion green bond issuance.

**FINANCIAL CONDITION**

*Review of financial conditions as of March 31, 2023 as compared with financial conditions as of December 31, 2022*

**ASSETS**

***Current Assets increased by 299% or by P1.97 billion***

The following discussion provides a detailed analysis of the increase in current assets:

***Cash and Cash Equivalents increased by 353% or P2.02 billion***

The increase in cash and cash equivalents pertains to the proceeds from the Company's green bond issuance and related to cash generated from its operations, net of the acquisition of the new parcels of land and dividend payments for the period.

***Trade and Other Receivables decreased by 78% or by P40.66 million***

The decrease in trade and other receivables is mainly due to collection of lease receivables pertaining to variable lease income billed last December 2022. The trade receivables also include the current portion of the actual recovery of the arrears FIT rate adjustment from the output it generated from January 2016 to December 2020 which payment schedule is expected to be collected within one year.

***Prepayments and Other Current Assets decreased by 4% or by P1.53 million***

Prepayments and other current assets decreased by P1.53 million due to reversal and reclassification of deferred issuance costs to bonds payable of the expenses related to the green bonds issuance. These expenses were incurred prior to the bonds issuance which were later reclassified to bonds payable as contra account upon issuance. The decrease was offset by the increase in input vat and by the unused creditable withholding taxes recognized from collection of lease receivables from the solar plant operator tenants.

***Non-Current Assets increased by P2.54 billion or 57%***

The following discussion provides a detailed analysis of the increase in non-current assets:

***Trade and other receivables – noncurrent increased by P11.55 million or 5%***

The increase in noncurrent portion of trade and other receivables is mainly related to straight line adjustment of the Company's lease revenue in accordance PFRS 16, Leases. The related receivable is to be recovered upon billing to lessee based on the contractual lease schedule. This is partially offset by the reclassification to current assets of the FIT receivables that are due to be collected in one year.

***Property, Plant and Equipment decreased by 1% or by P14.78 million***

The movement in the Company's property, plant and equipment mainly pertains to the depreciation charges for the period.

***Investment Properties increased by 87% or by P2.55 billion***

Investment properties increased due to the acquisition of various parcels of land in Batangas and Arayat, Pampanga amounting to P2.55 billion during the period. Meanwhile, amortization of leasehold asset amounted to P2.53 million during the period.

***Right of Use Assets decreased P0.53 million or 2%***

The movement in the right of use asset account which pertains to leasehold right on the land where its Clark solar plant is located pertains to amortization charges for the period.

***Other Non-Current Assets amounted to P5.28 million***

Other Non-Current Assets pertain to the security deposits for the lease agreement with Clark Development. These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term.

## **LIABILITIES AND EQUITY**

***Current Liabilities increased by 26% or by P101.82 million***

The following discussion provides a detailed analysis of the increase in current liabilities:

***Trade and Other Payables increased by 91% or by P46.59 million***

The increase is mainly due to the accrual of interest payable pertaining to coupon payment of the bonds payable for the period amounting to P43 million. Trade payable also increased pertaining to the property and fund management fees billed towards end of the quarter by both the Citicore Property Managers, Inc. and Citicore Fund Managers, Inc. These billings are then paid the following month.

***Due to related parties – current decreased by 2% or P1.19 million***

This account pertains to liabilities to Parent Company which are to be demanded within one year. The decrease pertains to the payment made by the Company during the period.

***Lease liabilities – current portion increased by 126% or by P3.04 million***

The increase is due to reclassification from non-current to current portion during the period.

***Non-Current Liabilities increased by 1199% or P4.4 billion***

The following discussion provides a detailed analysis of the increase in non-current liabilities:

***Security deposits and deferred rent income decreased by P0.55 million***

The decrease pertains to the amortization of deferred rent income during the period.

***Lease liabilities – noncurrent portion decreased by 1% or by P1.26 million***

The decrease was due to the payments made and reclassifications to current portion during the period.

***Bonds payable increased by 100% or P4.4 billion***

The account pertains to the green bond issuance last February 10, 2023 amounting to P4.5 billion. The amount was reduced by bond issue costs amounting to P54 million pertaining to all expenses incurred in relation to the bond's issuance. Bond issuance cost is recorded as contra account and is deducted from the bonds payable account in the balance sheet. The same is amortized over the period of the bond's life and related amortization is recorded as an addition to the finance cost and a deduction to the bond issue costs.

***Retirement benefit obligation amounted to P0.31 million***

This account pertains to retirement obligation of the Company's employees as computed by an actuary as of the end of December 31, 2021. There are no movements in this account.

***Equity decreased by 1% or by P28.86 million***

The Company's equity stands at P4.33 billion as of March 31, 2023. Movement in the equity is a function of the declaration of dividends for the fourth quarter of 2022 last March 28, 2023 payable on May 15, 2023 which were taken out from the 2022 retained earnings amounting to P333 million and recognition of net income amounting to P304.96 million during the period.

**B. MATERIAL EVENTS AND UNCERTAINTIES**

There are no other material changes in CREIT's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of CREIT.



Other than the impact of COVID and Russia-Ukraine conflict to the business which is disclosed in Note 1 (b) and (c) to the 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 CREIT's liquidity in any material way. CREIT does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of CREIT with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of CREIT.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of CREIT.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash Flows**

The following table sets forth information from CREIT's statements of cash flows for the period indicated:

<b>(Amounts in P Millions)</b>	<b>For three (3) months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flow</b>		
Net cash from operating activities	P404	P433
Net cash used in investing activities	(2,550)	(1,753)
Net cash from (used in) financing activities	4,163	2,333

### **Indebtedness**

As of March 31, 2023, CREIT has not been in default in paying interest and principal amortizations.

CREIT is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

## **E. RISK MANAGEMENT OBJECTIVES AND POLICIES**

CREIT is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors, and focuses on actively securing CREIT's short-to-medium term cash flows by minimizing the exposure to financial markets.

CREIT does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in the quarterly financial statements.

## **F. KEY PERFORMANCE INDICATORS**

CREIT's top KPIs are as follows:

<b>KPI</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Current Ratio <sup>1</sup>	5.38	5.79
Debt-to-equity ratio	1.03	-
Debt Service Coverage Ratio <sup>7</sup>	2.92	170.56
Earnings per Share <sup>2</sup>	0.05	0.05
Net Profit Margin <sup>3</sup>	81.1%	90.51%
Dividend Payout Ratio <sup>4</sup>	106%	107%
Net Asset Value <sup>5</sup>	2.19	2.12
Book Value Per Share <sup>6</sup>	0.65	0.66

The KPIs were chosen to provide management with a measure of CREIT's sustainability on financial strength (Current Ratio), and profitability (Earnings per Share, Net Profit Margin).

## **PART II—OTHER INFORMATION**

### **Item 3. Business Development / New Projects**

CREIT's renewable energy property portfolio consists of the Leased Properties which include the lease of the Clark Solar Power Plant to Citicore Renewable Energy Corporation ("CREC") and parcels of land leased to solar power plant operators, comprising (A) Company-owned Armenia Property, Bulacan Property and South Cotabato Property and (B) the Company's

<sup>1</sup> Current Assets/Current Liabilities

<sup>2</sup> Net Profit/Issued and Outstanding Shares

<sup>3</sup> Net Profit / Revenue

<sup>4</sup> Dividends / Distributable Income

<sup>5</sup> Fair value of Net Assets / Issued and Outstanding Shares

<sup>6</sup> Total Equity/Issued and Outstanding Shares

<sup>7</sup> Earnings before interest, taxes, depreciation and amortization + cash, beginning/Current loan payable + Interest expense + Current lease liabilities

leasehold rights over the Toledo Property, the Silay Property, the Clark Property and the Dalayap Property.

The Clark Solar Power Plant, Armenia Property, the Toledo Property, the Silay Property, the Dalayap Property, the Bulacan Property and the South Cotabato Property (the “**Leased Properties**”) are leased by CREIT to its Lessees comprising CREC, Citicore Solar Tarlac 1, Inc. (“Citicore Tarlac 1”), Citicore Solar Cebu, Inc. (“Citicore Cebu”), Citicore Solar Negros Occidental Inc. (“Citicore Negros Occidental”), Citicore Solar Tarlac 2, Inc. (“Citicore Tarlac 2”), Citicore Solar Bulacan, Inc. (“Citicore Bulacan”), and Citicore Solar South Cotabato, Inc. (“Citicore South Cotabato”), respectively. The Lessees operate solar power plants on the Leased Properties with a total combined installed capacity of 145.0 MWpDC.

Citicore Bulacan, Citicore South Cotabato, 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.

The Leased Properties comprise the Company’s current portfolio, and have an aggregate appraised value of ₱14.2 billion as of March 31, 2023 based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022. The following table summarizes key information relating to the Company’s Leased Properties.

	<b>Clark Solar Power Plant</b>	<b>Armenia Property</b>	<b>Toledo Property</b>	<b>Silay Property</b>	<b>Dalayap Property</b>	<b>Bulacan Property</b>	<b>South Cotabato Property</b>
<b>Location</b>	Clark Freeport Zone, Pampanga	Brgy. Armenia, Tarlac City	Brgy. Talavera, Toledo City, Cebu	Silay City, Negros Occidental	Brgy. Dalayap, Tarlac City	Brgy. Pasong Bangkal, San Ildefonso, Bulacan	Brgy. Centrala, Suralla, South Cotabato
<b>Land area (sq.m.)</b>	250,318	138,164	730,000	431,408	103,731	253,880	79,997
<b>Right over property</b>	Leased	Owned	Leased	Leased	Leased	Owned	Owned
<b>Land lease expiry</b>	September 2039	N/A	May 2041	October 2040	October 2040	N/A	N/A
<b>Lessor</b>	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	N/A	N/A
<b>Right of first refusal</b>	None	N/A	Yes	None	Yes	N/A	N/A
<b>Solar power plant installed capacity (MWpdc)</b>	22.325	8.84	60	25	7.55	15	6.23

<b>Commissioning date</b>	March 12, 2016	February 29, 2016	June 30, 2016	March 8, 2016	February 27, 2016	March 12, 2016	December 9, 2015
<b>FIT Eligibility</b>	Yes	No	No	No	No	Yes	Yes
<b>Tenant/Operator of solar power plant</b>	CREC	Citicore Tarlac 1	Citicore Cebu	Citicore Negros Occidental	Citicore Tarlac 2	Citicore Bulacan	Citicore South Cotabato
<b>Commencement of the tenancy</b>	November 1, 2021	November 1, 2021	January 1, 2022	January 1, 2022	November 1, 2021	January 1, 2022	January 1, 2022
<b>Expiration of the tenancy</b>	September 4, 2039	October 31, 2046	May 31, 2041	October 31, 2040	October 31, 2040	December 31, 2047	December 31, 2046
<b>Appraised value (P)</b>	3,030 million	688 million	3,757 million	2,846 million	462 million	2,412 million	1,045 million

#### Leased Properties

The Lessees operate solar power plants with a total installed capacity of 145.0 MW<sub>pDC</sub> on the Properties.

#### *Clark Solar Power Plant*

A solar power plant with an installed capacity of 22.3MW<sub>pDC</sub> 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.

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. 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.

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 March 31, 2023, the Clark Property was valued at ₱3,030 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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. Citicore Tarlac 1 operates a solar power plant with an installed capacity of 8.84MW<sub>DC</sub> 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.

As of March 31, 2023, the Armenia Property was valued at ₱688 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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.

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. Citicore Cebu operates a solar power plant with an installed capacity of 60MW<sub>DC</sub> 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.

As of March 31, 2023, the Toledo Property was valued at ₱3,757 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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.

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. Citicore Negros Occidental operates a solar power plant with an installed capacity of 25MW<sub>DC</sub> 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.

As of March 31, 2023, the Silay Property was valued at ₱2,846 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *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.

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. Citicore Tarlac 2 operates a solar power plant with an installed capacity of 7.55MW<sub>DC</sub> 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.

As of March 31, 2023, the Dalayap Property was valued at ₱462 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

#### *Bulacan Property*

The Bulacan property consists of a 253,880 sq.m. parcel of land with an acquisition cost of P1,754.1 million and is located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan. The property is leased out to Citicore Bulacan for 25 years. Citicore Bulacan operates a solar power plant with an installed capacity of 15MW<sub>DC</sub> in the Bulacan Property. The solar power plant was successfully commissioned on March 12, 2016 and was granted by the ERC with entitlement to the Feed-in Tariff (FIT) rate of ₱8.69 per kilowatt hour of energy output for a period of 20 years from March 14, 2016 to March 13, 2036.

As of March 31, 2023, the Bulacan Property was valued at ₱2,392 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

### *South Cotabato Property*

The South Cotabato property is a 79,997 sq.m. parcel of land located in Brgy. Centrala, Suralla, South Cotabato and is leased out to Citicore South Cotabato for 25 years. Citicore South Cotabato operate a solar power plant with an installed capacity of 6.23MW<sub>DC</sub> in the South Cotabato Property. The solar power plant was successfully commissioned on December 9, 2015 and was granted with an entitlement under FIT program for a period of 20 years from October 25, 2016 to December 8, 2035 .

As of March 31 2023, the South Cotabato Property was valued at ₱1,045 million based on the Valuation Reports issued by Cuervo Appraisers dated March 17, 2023 for the period ending December 31, 2022.

### *Acquisition of Parcels of Land*

The proceeds from the P4.5 billion bonds which the Company raised in February 2023 will be used to acquire parcels of land with an aggregate total of 475.3 hectares from multiple landowners spread across the three (3) barangays in Tuy, Batangas namely Brgy. Lumbangan, Brgy. Luntal and Brgy Bolbok. These parcels of land are ideal for utility scale solar power plants due to its proximity to the NGCP Tuy Substation and proven solar irradiance resources.

Around 300 hectares of the parcels of land were originally secured by CREC and its subsidiaries and were subsequently assigned to the Company. As of March 31, 2023, the Company paid a total of P2.55 billion for the acquisition of this property. Remaining balance is expected to be disbursed in Q2 2023.

CREIT shall lease the parcels of land to solar power developers and operators. The tenants already secured Solar Energy Service Contracts from the DOE to construct three (3) utility scale solar power plants totaling 269MWp capacity and provide adequate space for local farmers to plant high value crops beneath the solar panel tables and along the aisle between solar panel tables. The lease shall have a term of 25 years renewable for another 25 years effective immediately upon consummation of the land acquisition and providing access to the leased premises to the lessees. The lessees shall sell the electricity generated from the solar power plants to a new state-of-the-art steel smelting furnace and rolling mills to be constructed adjacent to one of the solar plants, the local electric distribution cooperative and various industrial and commercial grid connected consumers. Moreover, the tenants are working on additional Solar Energy Service Contracts to build another 411MWp solar power plants within the parcels of land to be leased from CREIT.

As of March 31, 2023, the Company's Deposited Property amounted to ₱19.5 billion as broken down below:

Cash and Cash Equivalents	₱ 2,587,556,884
Lease Receivable	149,915,582
Investment Property	13,739,575,371
Property, Plant and Equipment	3,030,159,000
Right-of-use Assets – net	<u>34,894,875</u>
<b>Total</b>	<b><u>₱ 19,542,101,711</u></b>

The Company's total borrowings and deferred payments as of March 31, 2023 mainly pertained to bonds payable, trade and other payables, lease liabilities, due to a related party, dividends payable and security deposits. In 2022, the Company received PRS AA+ rating with stable

outlook from Philratings for both CREIT and its February 10, 2023's bond issuance. The rating, which is considered as investment grade, allowed CREIT to increase its leverage limit from the minimum 35% of the Deposited Property to a maximum of 70% as prescribed in the REIT IRR. The Company's leverage limit as of March 31, 2023 is as follows:

Deposited Property	₱ 19,542,101,711
Leverage Ratio	70%
Leverage Limit	<u>₱ 13,679,471,198</u>
Total borrowings and deferred payments	<u>5,304,581,174</u>
<b>Allowable additional borrowings</b>	<b><u>₱ 8,374,890,024</u></b>

## NET ASSET VALUE

The following table shows the Company's computation of the Net Asset Value per share. 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.

	As of		
	March 31, 2023	December 31, 2022	
	Actual / At Cost <sup>(2)</sup>	As adjusted to give effect to Fair Value <sup>(2)</sup>	As adjusted to give effect to Fair Value <sup>(1)</sup>
<b>(₱ millions, except number of shares and per share value)</b>			
Cash and cash equivalents.....	2,588	2,588	571
Trade and other receivables.....	237	237	266
Prepayments and other current assets.....	35	35	36
Property, plant and equipment - net.....	1,257	6,675	4,145
Investment properties.....	5,473	10,095	10,095
Right-of-use assets - net.....	35	35	35
Other noncurrent assets.....	5	5	5
<b>Total Assets</b> .....	<b>9,630</b>	<b>19,670</b>	<b>15,153</b>
Trade and other payables.....	98	98	51
Lease liabilities.....	231	231	230
Bonds payable.....	4,447	4,447	-
Due to related parties.....	52	52	53
Dividends payable.....	334	334	280
Security deposit.....	143	143	143
Retirement Benefit Obligation.....	1	1	1
<b>Total Liabilities</b> .....	<b>5,305</b>	<b>5,305</b>	<b>758</b>
<b>Net Asset Value</b> .....	<b>4,326</b>	<b>14,365</b>	<b>14,395</b>
<b>Issued and outstanding Common Shares (millions)</b> .....	6,545	6,545	6,545
<b>Net asset value per share</b> .....	<b>₱ 0.66</b>	<b>₱ 2.19</b>	<b>₱ 2.20</b>



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*Notes:*

- (1) Figures are based on the historical audited financial statements of the Company as of December 31, 2022.*
- (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.*

## **Reinvestment Plan**

CREC, as the sponsor of CREIT, is required under the REIT Law to reinvest (a) any proceeds realized by it from the sale of CREIT shares, and (b) any money raised by CREC from the sale of any of its income generating real estate to CREIT, within one (1) year of receipt of the proceeds.

Following current regulations, CREC intends to use the net proceeds received to fund ongoing and future investments, development and construction of renewable energy solar and hydro plants in key regions in Luzon as set out in the reinvestment plan.

CREC monitors and shall continue to monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, CREC prepares quarterly progress reports of actual disbursements on the projects covered by the Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, CREC, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

The net proceeds from the IPO shares amounting to Php 6,114,896,495.56 were fully utilized as of February 22, 2023. The total net proceeds were disbursed and reinvested to projects identified in the Reinvestment Plan from February 22, 2022 to February 22, 2023 based on the agreed upon procedures performed by PwC.

The Reinvestment Plan Progress Report as of March 31, 2023 is attached herein as Exhibit 2.

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in

**SAN JUAN CITY** on **MAY 10 2023**

By:

  
**OLIVER Y. TAN**  
*President and Chief Executive Officer*

  
**MIA GRACE PAULA S. CORTEZ**  
*Chief Financial Officer*

**SUBSCRIBED AND SWORN TO** before me in **SAN JUAN CITY** on **MAY 10 2023**,  
affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
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Oliver Y. Tan	Passport No. P4489306B	Valid until January 21, 2030	DFA East NCR
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Mia Grace Paula S. Cortez	UMID 0111-2975451-1
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Doc. No. 90;  
Page No. 19;  
Book No. 3;  
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  
1/F Santolan Town Plaza, 276 Santolan Rd.  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673863 / 01-06-2023 / San Juan C  
JRD C.R. No. 275028 / 04-07-2023 / RSM



May 10, 2023

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

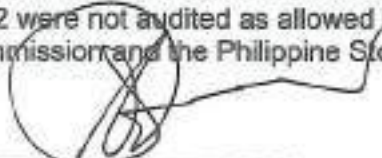
The management of Citicore Energy REIT Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the periods ended March 31, 2023 and 2022 and December 31, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

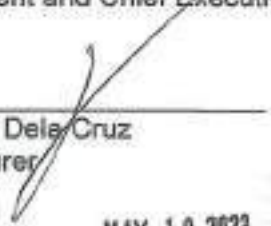
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2022 and audited the financial statements of the company for the said period in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit. The financial statements as of and for the periods ending March 31, 2023 and 2022 were not audited as allowed under the applicable rules of the Securities and Exchange Commission and the Philippine Stock Exchange.

  
Edgar B. Saavedra  
Chairman of the Board

  
Oliver Y. Tan  
President and Chief Executive Officer

  
Jez G. Delacruz  
Treasurer

Signed this MAY 10 2023 day of \_\_\_\_\_

Doc. No. 89  
Page No. 19  
Book No. 3  
Series of 2023

  
**FRA ANGELICA S. ALEJANDRO**  
Appointment No. 109 (2023-2024)  
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Municipality of Pateros  
Until 31 December 2024  
1/F Santolan Town Plaza, 276 Serrano Ave.,  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673863 / 01-06-2023 / San Juan  
ISSUED BY: 070523 / 01-07-2023 / RSM

# ***Citicore Energy REIT Corp.***

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

**Condensed Interim Financial Statements**

**As at March 31, 2023 and December 31, 2022 and  
for the three-month periods ended March 31, 2023 and 2022**

**CITICORE ENERGY REIT CORP.**  
**(A Subsidiary of Citicore Renewable Energy Corp.)**  
**Statements of Financial Position**  
**(All amounts in Philippine Peso)**  
**March 31, 2023 and December 31, 2022**

	Notes	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	2,587,556,884	571,423,464
Trade and other receivables	4	11,791,248	52,446,926
Prepayments and other current assets	5	34,604,142	36,130,547
Total current assets		2,633,952,274	660,000,937
<b>Non-current assets</b>			
Trade and other receivables - noncurrent	4	225,519,103	213,970,456
Property, plant and equipment, net	6	1,257,273,717	1,272,055,348
Investment properties	8	5,473,174,412	2,925,297,244
Right-of-use assets	18	34,894,875	35,426,372
Other non-current assets	7	5,279,310	5,279,310
Total non-current assets		6,996,141,417	4,452,028,730
<b>Total assets</b>		<b>9,630,093,691</b>	<b>5,112,029,667</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	9	97,847,257	51,253,584
Dividends payable		333,818,154	280,442,419
Due to related parties	11	52,031,221	53,223,717
Lease liabilities - current portion	18	5,444,623	2,406,282
Total current liabilities		489,141,255	387,326,002
<b>Non-current liabilities</b>			
Security deposit		142,576,290	143,130,106
Lease liabilities - net of current portion	18	225,938,140	227,201,879
Bonds payable		4,446,925,489	-
Retirement benefit obligation		314,672	314,672
Total non-current liabilities		4,815,754,591	370,646,657
Total liabilities		5,304,895,846	757,972,659
<b>Equity</b>			
Share Capital	12	1,636,363,501	1,636,363,501
Additional paid in capital	12	2,307,335,739	2,307,335,739
Retained Earnings	12	381,447,711	410,306,874
Other comprehensive income		50,894	50,894
Total equity		4,325,197,845	4,354,057,008
<b>Total liabilities and equity</b>		<b>9,630,093,691</b>	<b>5,112,029,667</b>

*See Notes to the Interim Financial Statements.*

**CITICORE ENERGY REIT CORP.**

*(A Subsidiary of Citicore Renewable Energy Corp.)*

**Statements of Total Comprehensive Income**

*(All amounts in Philippine Peso)*

**For the periods ended March 31, 2023 and 2022**

	Notes	March 31, 2023 (Year-to-date)	March 31, 2022 (Year-to-date)	March 31, 2023 (For the quarter)	March 31, 2022 (For the quarter)
<b>Revenues</b>	13	376,449,818	331,791,550	376,449,818	331,791,550
Cost of Services	14	(24,166,475)	(19,680,043)	(24,166,475)	(19,680,043)
<b>Gross Profit</b>		352,283,343	312,111,507	352,283,343	312,111,507
Operating expenses	15	(3,304,705)	(8,079,855)	(3,304,705)	(8,079,855)
<b>Income from operations</b>		348,978,638	304,031,652	348,978,638	304,031,652
Finance cost	10	(49,722,507)	(4,383,031)	(49,722,507)	(4,383,031)
Others - net	16	5,702,860	680,264	5,702,860	680,264
<b>Income before income tax</b>		304,958,992	300,328,885	304,958,992	300,328,885
Income tax expense	17	(0)	(30,237)	(0)	(30,237)
<b>Net income after tax</b>		304,958,992	300,298,648	304,958,992	300,298,648
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		304,958,992	300,298,648	304,958,992	300,298,648
<b>Earnings per share</b>					
Basic and diluted	19	0.05	0.05	0.05	0.05

**See Notes to the Interim Financial Statements.**

**CITICORE ENERGY REIT CORP.**  
*(A Subsidiary of Citicore Renewable Energy Corp.)*  
**Statements of Changes in Equity**  
*(All amounts in Philippine Peso)*  
**For the periods ended March 31, 2023 and 2022**

	Share capital	APIC	OCI	Retained Earnings	Total equity
<b>Balances at January 1, 2022</b>	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129
<b>Comprehensive income</b>					
Net income	-	-	-	300,298,648	300,298,648
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	300,298,648	300,298,648
<b>Transactions with owners</b>					
Issuance of share capital	261,818,000	2,408,725,600			2,670,543,600
Cash dividends				(229,090,890)	(229,090,890)
Share issuance costs		(103,854,927)			(103,854,927)
<b>Balances at March 31, 2022</b>	1,636,363,501	2,307,335,739	50,894	322,192,426	4,265,942,560
<b>Balances at January 1, 2023</b>	1,636,363,501	2,307,335,739	50,894	410,306,874	4,354,057,008
<b>Comprehensive income</b>					
Net income	-	-	-	304,958,992	304,958,992
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	304,958,992	304,958,992
<b>Transactions with owners</b>					
Cash dividends	-	-		(333,818,154)	(333,818,154)
<b>Balances at March 31, 2023</b>	1,636,363,501	2,307,335,739	50,894	381,447,711	4,325,197,846

See Notes to the Interim Financial Statements.

**CITICORE ENERGY REIT CORP.**  
**(A Subsidiary of Citicore Renewable Energy Corp.)**  
**Statements of Changes in Cash Flows**  
**(All amounts in Philippine Peso)**  
**For the periods ended March 31, 2023 and 2022**

	Notes	March 31, 2023	March 31, 2022
<b>Cash flows from operating activities</b>			
Profit before income tax		304,958,992	300,298,648
Adjustments for:			
Depreciation expense		17,838,330	16,375,214
Unrealized foreign exchange (gains) losses		(33,524)	394,192
Interest expense		49,072,995	4,383,031
Interest income		(3,070,975)	(1,074,456)
Operating income before working capital changes		368,765,818	320,376,629
Changes in:			
Receivables		31,458,680	8,081,804
Prepayments and other current assets		1,526,403	22,590,202
Accounts payable and other liabilities		3,386,086	(579,263)
Security Deposit		(882,053)	-
Due from related party		(1,192,496)	80,169,267
Increase in other assets		-	905,831
Cash from operating activities		403,062,438	431,544,470
Interest received		719,327	1,074,456
Net cash from operating activities		<b>403,781,765</b>	<b>432,618,926</b>
<b>Cash flows used in investing activities</b>			
Acquisitions of and expenditure for Investment property	8, 11	(2,550,402,370)	(1,752,794,544)
Net cash used in investing activities		<b>(2,550,402,370)</b>	<b>(1,752,794,544)</b>
<b>Cash flows from financing activities</b>			
Principal payment on lease liability		(330,275)	(624,606)
Interest payment on lease liability		(1,882,355)	(4,383,031)
Dividend payment	12	(280,442,419)	(229,090,890)
Proceeds from bonds issuance		4,500,000,000	-
Bonds issuance costs		(54,590,926)	-
Proceeds from issuance of shares	12	-	2,566,688,673
Net cash from financing activities		<b>4,162,754,025</b>	<b>2,332,590,146</b>
Net increase in cash		2,016,133,420	1,012,414,528
Cash at the beginning of the year		571,423,464	49,014,348
Cash at the end of the period		<b>2,587,556,884</b>	<b>1,061,428,876</b>

**See Notes to the Interim Financial Statements.**



**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Notes to the Condensed Interim Financial Statements

As at March 31, 2023 and December 31, 2022 and

for the three-month periods ended March 31, 2023 and 2022

(All amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information***(a) Corporate information*

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the “Company”) was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010.

Prior to May 25, 2021, the Company’s primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under RA No. 9513, otherwise known as the “*Renewable Energy Act of 2008*”.

The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the “*Real Estate Investment Trust Act of 2009*” and its implementing rules and regulations.

The Company’s 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC to Citicore Renewable Energy Corp. (the “Parent Company” or CREC), making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021.

On May 25, 2021, the Company’s Board of Directors (BOD) and shareholders approved, among others, the following amendments to the Company’s Articles of Incorporation (AOI): (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share.

On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2.4 billion shares as consideration for the assignment by Parent Company of its advances to the Company amounting to P602,465,066. In addition, Parent Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.) 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 parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (Note 12).

The Company's submission to the SEC for the foregoing amendments was approved on October 12, 2021. Upon issuance of the shares during 2021, the Company's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively. Prior to October 12, 2021, the Parent Company owns 100% of the Company.

The Company's ultimate parent company is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On November 4, 2021, the Company's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". The Company's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

On January 14, 2022 and February 2, 2022, the Philippine Stock Exchange ("PSE") issued notice of acceptance and the Philippine SEC issued permit to sell, respectively, in relation to the Company's application for initial public offering. The Company attained its status as "public company" on February 22, 2022 when it listed its shares as a Real Estate Investment Trust (REIT) in the main board of the PSE. As a public company, it is covered by the Part II of Securities Regulation Code ("SRC") Rule 68.

As at December 31, 2021, the Company has two (2) shareholders, each owning one hundred (100) or more shares. As at March 31, 2023, the Company has 136 shareholders, each owning one hundred (100) or more shares.

The total shares outstanding are held by the following shareholders as at March 31, 2023:

	Percentage
CREC	47.63%
CST1	14.04%
Public	38.21%
	100.00%

On June 8, 2022, the Company's stockholders approved the issuance of fixed-rate bonds not exceeding thirty five percent (35%) of the value of the deposited property of the Company or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations. On February 10, 2023, the Company listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp.

*(b) Impact of COVID-19*

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve. Based on the management's assessment, the COVID-19 pandemic had no significant impact in the Company's condensed interim financial statements as at March 31, 2023 and for the periods ended March 31, 2023 and December 31, 2022.

The Company's financial statements as at and for the period ended September 30, 2022 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the March 31, 2023 that would have any impact on its ability

to continue as going concern. The Company is continuously monitoring the situation.

*Russia-Ukraine conflict*

The Russian military invasion of Ukraine (the “Russian-Ukraine conflict”) has a wide economic impact on entities in the immediate region, but also impact entities globally where businesses engage in economic activities that might be affected by the conflict. The entities in the intermediate region could be impacted through imposed economic sanctions, disruptions to the supply chain, equity and commodity market volatility and other uncertainties.

Based on the management’s assessment, the Russian-Ukraine conflict had no significant impact in the Company’s condensed interim financial statements as at and for the period ended March 31, 2023.

*(c) Approval and authorization for the issuance of financial statements*

These condensed interim financial statements have been approved and authorized for issuance by the Company’s BOD on May 10, 2023.

*(d) Segment reporting*

The Company’s operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

The Company derives revenues from two (2) main segments as follows:

*(i) Sale of solar energy*

This business segment pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. National Transmission Corporation (TransCo) is the Company’s sole customer for its sale of solar energy. As a result of assignment of SESC of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE on December 24, 2021 effective December 25, 2021 (Note 13).

*(ii) Leasing*

This business segment pertains to the rental operations of the Company with related parties which commenced in November 2021 (Note 13).

All amounts reported in the financial statements of the Company as at March 31, 2023 are attributable to this segment except for trade receivables from TransCo (Note 4) amounting to P85,364,243 which are attributable to sale of solar energy segment.

The results of operations of the reportable segments of the Company for the periods ended March 31, 2023 and 2022 are as follows:

	2023 – Leasing	2023 – Sale of solar energy	2022 – Leasing	2022 – Sale of solar energy
Revenue	376,449,818	-	331,791,550	-
Cost of services	(24,116,475)	-	(19,680,043)	-
Gross profit	352,283,343	-	312,111,507	-
Operating expense	(3,304,705)	-	(8,079,855)	-
Finance costs	(49,722,507)	-	(4,383,031)	-
Other income, net	3,886,342	1,816,519	(203,782)	884,046
Income before income tax	303,142,473	1,816,519	299,444,839	884,046
Income tax benefit (expense)	-	-	(30,237)	-
Net income for the period	303,142,473	1,816,519	299,414,602	884,046

The segment assets and liabilities of the reportable segments of the Company as at March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023			December 31, 2022		
	Leasing	Sale of solar energy	Total	Leasing	Sale of solar energy	Total
Segment assets						
Current	2,624,191,552	9,760,722	2,633,952,274	653,134,328	6,866,609	660,000,937
Non-current	6,920,537,895	75,603,522	6,996,141,417	4,372,694,328	79,334,402	4,452,028,730
	9,544,729,447	85,364,244	9,630,093,691	5,025,828,656	86,201,011	5,112,029,667
Segment liabilities						
Current	489,141,255	-	489,141,255	387,326,002	-	387,326,002
Non-current	4,815,754,591	-	4,815,754,591	370,646,657	-	370,646,657
	5,304,895,846	-	5,304,895,846	757,972,659	-	757,972,659

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by Philippine Financial Reporting Standards (PFRS) 8, “Operating Segments”.

## **Note 2 - Additional notes in compliance with Philippines Accounting Standard (PAS) 34**

1. There are no seasonal aspects that have a material effect on the condensed interim financial statements. The Company’s revenues (including rental income from investment properties) are correlated to the amount of electricity generated by its solar power plant and the solar power plants operating on the investment properties, which in turn is dependent upon irradiance and weather conditions. Irradiance and weather conditions have natural variations from season to season and from year-to-year and may also change permanently because of climate change or other factors. The Company believes that such seasonality is effectively managed as the Company and its lessees have installed systems to monitor the daily output of such solar power plants and calibrate and improve output, as the need arises, based on an expected performance ratio.
2. The Company entered into various significant agreements for the period ended March 31, 2023 which includes acquisition of land properties and lease agreements with related parties (Note 11).

3. Related party transactions include advances to (from) related parties which are made to finance working capital requirements including a portion of proceeds from secondary offering not yet remitted to the Parent Company, loan assignment, shares subscriptions, lease and sublease agreements, security deposits, purchase of land properties and payment of property management fee and fund management fee (Note 11).
4. Refer to Note 13 (b) for the disaggregation of the Company's revenue from contracts with customers recognized for the period ended March 31, 2023 and 2022.
5. The Company's equity transactions for the period ended March 31, 2023 includes dividend declaration amounting to P333,818,154 (Note 12).
6. There were no items not in the ordinary course of business for the period ended March 31, 2023 that affected assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.
7. There were no changes in management's use of estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities except for items disclosed in Note 21.
8. There were no other off-balance sheet arrangements or obligations for the period ended March 31, 2023 that were likely to have a current or future effect on the financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.
9. Aside from interest earnings from the Company's cash deposits, there are no significant elements of income or loss for the period ended March 31, 2023 that did not arise from the Company's continuing operations.
10. Any material changes from period to period in any line items of the Company's condensed interim financial statements that have not been explained were the results of normal fluctuations in operations.

### **Note 3 - Cash and cash equivalents**

Cash and cash equivalents as at reporting periods consist of:

	March 31, 2023	December 31, 2022
Cash on hand	65,000	65,000
Cash in banks	2,587,491,884	571,358,464
Short-term placements	-	-
	<b>2,587,556,884</b>	<b>571,423,464</b>

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.0625% to 1.00% (2022 - 0.076% to 1.00%).

Total interest income earned from cash in banks and short-term placements for the periods ended March 31 is as follows:

	Note	2023	2022
Interest income	16	3,852,818	190,410

#### **Note 4 - Trade and other receivables, net**

Trade and other receivables, net as at reporting periods consist of:

	Note	March 31, 2023	December 31, 2022
Current			
Trade receivables from TransCo		9,760,722	6,866,609
Lease receivables	11	-	43,875,912
Other receivable		3,974,622	3,648,501
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		2,030,526	1,704,405
		11,791,248	52,446,926
Non-current			
Trade			
Receivables from TransCo		75,603,522	79,334,402
Lease receivables	11	149,915,581	134,636,054
		225,519,103	213,970,456

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that TransCo fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%. There are no interest income arising from late payments of TransCo for the periods ended March 31, 2023, December 31, 2022 and 2021.

Details of trade receivables from TransCo as at reporting periods are as follows:

	Current	Non-current	Total
March 31, 2023			
Trade receivables	13,197,725	80,414,920	93,612,645
Discount on receivables	(3,437,003)	(4,811,398)	(8,248,401)
	9,760,722	75,603,522	85,364,243
December 31, 2022			
Trade receivables	11,282,887	84,972,301	96,255,188
Discount on receivables	(4,416,278)	(5,637,899)	(10,054,177)
	6,866,609	79,334,402	86,201,011

In 2020, the ERC issued Resolution No. 06, Series of 2020, which was further clarified in February 2021, to confirm that the actual recovery of the arrears FIT rate adjustment shall be for a period of 5 years whereas those from January 2016 generation shall start billing in December 2020 and payment schedule starts in January 2021. In 2021, the Company recognized FIT adjustment arrears. Discount on trade receivables from TransCo arising from this amounted to P8.25 million as at March 31, 2023 (December 31, 2022 – P10.05 million). Interest income arising from amortization of discount on trade receivables from TransCo for the period ended March 31, 2023 amounted to P1,816,519 (March 31, 2023 – P884,046) (Note 16).

Lease receivables pertain to accrued rent resulting from the straight-line method of recognizing rental income.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality.

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at March 31, 2023 and December 31, 2022, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature except from non-current portion of receivable from Transco related to FIT-rate adjustments. All previous billings of the Company were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

#### **Note 5 - Prepayments and other current assets**

Prepayments and other current assets as at reporting periods consist of:

	March 31, 2023	December 31, 2022
Input value-added tax (VAT)	19,015,938	18,353,780
Prepaid taxes	15,046,805	11,441,865
Advances to employees	541,399	-
Deferred bond issuance costs	-	6,334,902
	34,604,142	36,130,547

Input VAT represents VAT on purchases of goods and services which can be recovered either as tax credit against future output VAT or through refund.

Prepaid taxes include creditable withholding tax, overpayment of withholding taxes and income taxes.

Advances to employees represent unliquidated cash advances for business related purposes and are to be liquidated from completion of the activity.

Deferred bond issuance costs pertain to expenses incurred relative to the maiden ASEAN Green Bonds offering of the Company (Note 1).

#### **Note 6 - Property, plant and equipment, net**

Details and movements of property, plant and equipment, net are as follows:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
January 1, 2022, December 31, 2022 and March 31, 2023	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2022	362,820,894	14,837,301	36,667	70,008	377,764,870
Depreciation	55,895,001	3,204,430	3,333	27,100	59,129,864
December 31, 2022	418,715,895	18,041,731	40,000	97,108	436,894,734
Depreciation	13,973,752	801,108	-	6,772	14,781,631
March 31, 2023	432,689,647	18,842,839	40,000	103,880	451,676,365
Net book values					
March 31, 2023	1,231,607,317	25,634,779	-	31,617	1,257,273,717
December 31, 2022	1,245,581,069	26,435,887	-	38,392	1,272,055,348

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP. As a result, the chattel mortgage agreement was rescinded by DBP on November 3, 2021.

There were no additions for the periods ended March 31, 2023 and December 31, 2022.

Depreciation expenses for the periods ended March 31 are recognized as follows:

	Notes	2023	2022
Cost of services	14	14,774,859	10,774,859
Operating expenses	15	6,772	10,108
		14,781,631	14,784,964

Following the approval of the DOE on the assignment of SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company effective December 25, 2021, the Company leased out the Clark Solar Plant to its Parent Company in exchange of fixed and variable lease rental (Note 11). The Parent Company became the Clark Solar Plant operator.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at March 31, 2023 and December 31, 2022.

#### **Note 7 - Other non-current assets**

Other non-current assets as at reporting periods amount to P5,279,310 as at March 31, 2023 and December 31, 2022. This pertains to the security deposits for the lease agreement with Clark Development. These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term.

#### **Note 8 - Investment properties, net**

Details and movements of investment properties are as follows:

	Freehold land assets	Leasehold land assets	Total
Cost			
January 1, 2022	234,545,502	53,940,794	288,486,296
Additions	2,507,918,610	139,466,312	2,647,384,922
December 31, 2022	2,742,464,112	193,407,106	2,935,871,218
Additions	2,550,402,370	-	2,550,402,370
March 31, 2023	5,292,866,482	193,407,106	5,486,273,588
Accumulated amortization			
January 1, 2022	-	473,166	473,166
Amortization	-	10,100,808	10,100,808
December 31, 2022	-	10,573,974	10,573,974
Amortization	-	2,525,202	2,525,202
March 31, 2023	-	13,099,176	13,099,176
Net book values			
March 31, 2023	5,292,866,482	180,307,929	5,473,174,412
December 31, 2022	2,742,464,112	182,833,132	2,925,297,244

The amounts recognized in the statements of total comprehensive income for the periods ended March 31, 2023 and 2022 related to the investment properties are as follows:



	Notes	Freehold land assets	Leasehold land assets	Total
<b>2023</b>				
Rental income		131,444,310	173,875,488	304,319,798
Amortization of deferred rent income		610,305	645,911	1,256,217
<b>Total revenue</b>	<b>15</b>	<b>131,054,615</b>	<b>174,521,400</b>	<b>305,576,015</b>
<b>Cost of services</b>				
Depreciation		-	(2,525,202)	(2,525,202)
Property management fee		(1,156,400)	(2,598,709)	(3,755,109)
Fund management fee		(385,467)	(866,236)	(1,251,703)
	<b>16</b>	<b>(1,541,866)</b>	<b>(5,990,147)</b>	<b>(7,532,014)</b>
<b>Finance costs</b>	<b>18</b>	<b>-</b>	<b>(3,026,327)</b>	<b>(3,026,327)</b>
<b>Profit arising from investment properties</b>		<b>128,902,444</b>	<b>164,859,014</b>	<b>293,761,458</b>
<b>2022</b>				
Rental income	15	50,631,120	173,875,488	224,506,60
Cost of services	16	(508,108)	(3,421,468)	(3,929,577)
Operating expenses	17	-	-	-
Finance costs	18	-	(3,225,628)	(3,225,628)
<b>Profit arising from investment properties</b>		<b>50,123,012</b>	<b>167,228,391</b>	<b>217,351,403</b>

*(a) Freehold land assets*

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4,865,286 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and CST1 executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229,680,216 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 12). These parcels of land are recognized with reference to its fair value.

The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021. The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

In 2022, the Company executed a deed of absolute sale with Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation) and Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.), entities under common control, for the purchase of several parcels of land located in San Ildefonso, Bulacan and Brgy. Centrala, Suralla, South Cotabato for a total consideration of P1.75 billion and P753.80 million, respectively (Note 11).

The aggregate fair value of these parcels of land as determined by an independent appraiser as at December 31, 2022 amounted to P4.12 billion. The fair value of the parcels of land was estimated by the independent appraiser using the discounted cash flow analysis grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future (i.e., economic benefits come in the form of lease of the solar power plant). This approach requires a forecast of the economic entity's stream of net income based on lease contract. These net income or rents are then summed up and discounted back to present value by an appropriate discount rate, then add the terminal value of the property. The valuation process consists of estimation of the current market value of the leased property and present value of the unexpired contract rentals. The discounted cash flow analysis falls under the income approach which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value. This approach falls under Level 3 of the fair value hierarchy.

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rate (fixed and variable lease) which was based on the signed lease contracts and (2) discount rate of 7.01% 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.

In 2023, the Company used the proceeds from the bonds to acquire parcels of land with an aggregate total of 475.3 hectares from multiple landowners spread across the three (3) barangays in Tuy, Batangas namely Brgy. Lumbangan, Brgy. Luntal and Brgy. Bolbok. These parcels of land are ideal for utility scale solar power plants due to its proximity to the NGCP Tuy Substation and proven solar irradiance resources. Around 300 hectares of the parcels of land were originally secured by CREC and its subsidiaries and were subsequently assigned to the Company. As of March 31, 2023, the Company paid a total of P2.55 billion for the acquisition of this property. As the properties have been recently acquired, the acquisition cost or book value reasonably approximates its fair value.

The current use of the parcels of land is its highest and best use.

*(b) Leasehold land assets*

The Company, as a lessee, entered on the following lease agreements:

- On July 26, 2021, the Company entered into a contract of sublease and contract of lease with the owners of parcels of land with a total aggregate area of approximately 4.8 hectares and 5.6 hectares, respectively, which are located in Brgy. Dalayap, Tarlac City, Tarlac. Each of these land properties is covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company subleased the land back to CST2 (Note 11). These lease agreements are effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.
- On July 26, 2021, the Company entered into a deed of assignment with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.) (assignor), an entity under common control, and a third-party lessor, to transfer, assign, and convey unto the Company (assignee) all of the assignor's rights and obligations under the contract of lease dated November 12, 2015 for the lease of parcel of land with total aggregated area of approximately 73 hectares located in Brgy. Talavera, Toledo City, Cebu. The third-party lessor consented to the assignment of the contract of lease in favor of the Company and the sublease of the leased area by the Company in favor of the assignor. CSCI operates a 60 MW installed capacity solar power plant in the leased area that was successfully commissioned on June 30, 2016. The Company shall pay an advance rental every two years, subject to escalation rate of 12% every five years, for a period of 25 years, reckoned from the effective date stipulated in the Renewable Energy Payment Agreement but not later than May 31, 2016, subject to renewal. The agreement took effect on January 1, 2022. On the same day, the Company entered into sublease agreement with CSCI (sublessee) related to the identified leased area (Note 11).
- On July 28, 2021, the Company entered into a lease agreement with an owner of several parcels of land located in Brgy. Rizal, Silay City, Negros Occidental. These land properties are covered by an existing lease contract that commenced on June 1, 2016 with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.), an entity under common control. The Company subleased the land back to CSNO. The new lease agreement commenced on January 1, 2022 until October 31, 2040 which may be extended for additional five (5) years unless the parties agreed to terminate the lease agreement at the end of the initial term. The lease payment is subject to annual escalation rate of 2% beginning in the third year of lease. CSNO operates a 25 MW installed capacity solar power plant in the leased area that was successfully commissioned on March 8, 2016. On July 28, 2021, the Company entered into sublease agreement with CSNO (sublessee) to sublease the identified leased area (Note 11).

The aggregate fair value of these parcels of land classified as leasehold land assets as determined by an independent appraiser as at December 31, 2022 amounted to P7.06 billion.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets. Land is the underlying asset to which the right-of-use assets would be grouped if these were owned by the Company.

#### **Note 9 - Trade payables and other liabilities**

Trade payables and other liabilities as at reporting periods consist of:

	Note	March 31, 2023	December 31, 2022
Trade payables		10,103,102	44,629
Due to government agencies		34,221,800	41,421,188
Accrued interest		43,612,758	-
Deferred rent income, current portion	11	6,126,254	6,126,256
Accrued expenses		3,873,343	3,661,511
		<u>97,847,257</u>	<u>51,253,584</u>

Trade payables to third parties are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the statements of total comprehensive income. The remaining balance of due to government agencies pertains to unpaid real property taxes and business taxes to a local government unit, withholding taxes and mandatory government contributions.

Accrued interest pertains to the accrued coupon payment on bonds payable for the period.

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

#### **Note 10 – Bonds payable**

On June 8, 2022, the Company's stockholders approved the issuance of fixed-rate bonds not exceeding thirty five percent (35%) of the value of the deposited property of the Company or up to the allowable leverage under the REIT Act of 2009 and its implementing rules and regulations.

On February 10, 2023, the Company listed its maiden ASEAN Green Bonds amounting to P4.5 billion which bear a coupon interest rate of 7.0543% in the Philippine Dealing and Exchange Corp. Bond issue costs amounted to P54.6 million.

Finance costs including amortization of bond issue costs for the period ended March 31, 2023 recognized in the statement of total comprehensive income amounted to P44.72 million (Note 16).

Movements in loans payable for the period ended March 31, 2023 are as follows:

	Amount
Principal amount	
January 1	-
Availment	4,500,000,000
Payment	-
March 31	4,500,000,000
Bond issue costs	
January 1	-
Addition	54,590,926
Amortization	(1,516,415)
March 31	53,074,511
	4,446,925,489

Movements in interest payable for the period ended March 31, 2023 are as follows:

	Amount
Beginning	-
Interest expense	43,207,587
Amortization of bond issue cost	1,516,415
Interest payments	-
Ending	44,724,002

#### **Note 11 - Related party transactions**

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, “*Related Party Disclosures*”.

The transactions and outstanding balances of the Company as at March 31, 2023 and December 31, 20212 and for the periods then ended and for the period ended March 31, 2022 with related parties are as follows:

Related parties	Transactions		Outstanding balance Receivables (Payables)		Terms and conditions
	March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022	
Parent Company					
Lease income	70,598,457	-	20,547,005	16,226,090	Refer to (e) and Notes 4 and 15.
Advances to (from)	1,192,496	80,169,267	(52,031,221)	(53,223,717)	Refer to (a).
Security deposits					
Additions	-	-	(22,180,645)	(22,180,645)	Refer to (e).
Accretion of interest expense	210,868	-	9,856,373	10,066,877	
			(12,324,272)	(12,113,768)	
Deferred rent income					
Additions	-	-	(10,473,745)	(10,473,745)	Refer to (e).
Amortization	275,347	-	826,041	550,694	
			(9,647,704)	(9,923,051)	
Entities under common control					
Lease income	304,319,798	331,791,550	129,368,577	2,456,998	Refer to (e) and Notes 4 and 15.
Advances to	-	-	-	-	Refer to (a).
Acquisition of properties	1,050,402,371	1,754,116,629	-	-	Refer to (e) and Note 8.
Property management fee	3,755,109	1,494,264	-	-	Refer to (f).
Fund management fee	1,251,703	498,088	-	-	Refer to (g).
Security deposits					

	Transactions		Outstanding balance Receivables (Payables)		Terms and conditions
	March 31, 2023	March 31, 2022	March 31, 2023	December 31, 2022	
Related parties					
Additions	-	-	(128,247,815)	(128,247,815)	Refer to (e).
Accretion of interest expense	767,244	-	82,178,063	82,945,307	
			(46,069,752)	(45,302,508)	
Deferred rent income					
Additions	-	-	(84,429,467)	(84,429,467)	Refer to (e).
Amortization	1,256,217	-	3,768,649	2,512,432	
			(80,660,818)	(81,917,035)	

*(a) Advances*

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). These advances are expected to be settled in cash within 12 months from March 31, 2023.

*(b) Key management compensation*

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the period ended March 31, 2023 amounted to Po.1 million (2022 - Po.79 million).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for the periods ended March 31, 2023 and 2022.

*(c) Lease agreements and security deposits*

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:

- Land property located in Brgy. Dalayap, Tarlac City, Tarlac with CST2

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P12.18 million (Note 13).

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with CSNO

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P69.89 million (Note 13).

- Land property located in Brgy. Talavera, Toledo City, Cebu with CSCI

The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right

to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P92.45 million (Note 13).

- Lease agreement of below land properties to related parties:

- Land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P14.62 million (Note 13).

- Land property located in San Ildefonso, Bulacan with CSBI

In 2021, the Company entered into a memorandum of agreement with CSBI for the future sale of land properties owned by CSBI to the Company. In 2022, the Company executed a deed of absolute sale for the purchase of several parcels of land located in San Ildefonso, Bulacan from CSBI for a total consideration of P1.75 billion (Note 8). The purchase price was fully paid as at March 31, 2023. The land properties were recognized as part of investment properties as at March 31, 2023. Subsequently, the Company and CSBI entered into a lease agreement for the same land properties.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these land properties for the period ended March 31, 2023 amounting to P50.98 million (Note 15).

- Land property located in Brgy. Centrala, Suralla, South Cotabato with CSSCI

In 2021, the Company entered into a memorandum of agreement with CSSCI for the future sale of land properties located in Brgy. Centrala, Suralla, South Cotabato to the Company. In 2022, the Company entered into a contract to sell with CSSCI related to the acquisition of said property, on which CSSCI committed that from the signing of the contract until the signing of deed of absolute sale, CSSCI shall not make any offer, or entertain or discuss any offer, for the sale, mortgage, lease of said property with any person other than the Company. This has resulted in addition to the Company's investment properties. On June 6, 2022, the Company executed a deed of absolute sale for the purchase of said properties for a total consideration of P753.80 million. The purchase price was fully paid as at March 31, 2023. Subsequently, the Company and CSSCI entered into a lease agreement for the same property.

The lease agreement is effective for 25 years commencing on January 1, 2022 until December 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P22.43 million (Note 13).

- Assignment of SESC of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its

Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022. The Company recognized lease income related to this property for the period ended March 31, 2023 amounting to P70.87 million (Note 13).

- Land property located in Lumbangan and Luntal Tuy, Batangas with GPS4

In 2023, the Company entered into a contract of lease with Greencore Power Solutions 4 (GPS4) for the lease of 390,148 square meters and 1,062,102 square meters properties located in Luntal and Lumbangan, respectively. The lease agreement is effective for 25 years commencing on January 1, 2023. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P5.98 million and P20.09 million, respectively (Note 13).

- Land property located in Bolbok Phase 1 and Phase 2 Tuy, Batangas with GPS2

In 2023, the Company entered into a contract of lease with Greencore Power Solutions 2 (GPS2) for the lease of 1,042,078 square meters and 640,577 square meters properties located in Bolbok Phase 1 and 2, respectively. The lease agreement is effective for 25 years commencing on February 2023. The Company recognized lease income related to these properties for the period ended March 31, 2023 amounting to P10.60 million and P6.36 million, respectively (Note 13).

- Land property located in Arayat Phase 3 Arayat, Batangas with CSP2

In 2023, the Company entered into a contract of lease with CS Pampanga 2, Inc, (CSP2) for the lease of 265,208 square meters. The lease agreement is effective for 25 years commencing on February 2023. The Company has not recognized any lease income related to these properties yet for the period ended March 31, 2023.

In addition to the clauses discussed above, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The recognized lease receivables from related parties as at March 31, 2023 and December 31, 2022 and pertain to accrued rent resulting from the straight-line method of recognizing rental income.

During 2022, the Company received security deposits from its lessees amounting to P150.43 million, which is equivalent to three-month lease payments for freehold land properties and one-month lease payment for solar property and leasehold land properties. The security deposits shall remain valid until expiration of the lease agreements and shall serve as guarantee for the lessees' faithful compliance with the terms, conditions, and obligations of lease agreements. The security deposits shall be adjusted annually and the lessees shall provide the necessary amount to keep the security deposits equivalent to the number of months' rent. Upon termination of the lease agreements, the security deposits will be refunded without interest by the Company less payment of all remaining monetary obligations of the lessees to the Company. The security deposits, or the balance thereof, whichever is applicable shall be refunded to the lessees within 60 days from the return of the leased properties to the Company. These security deposits were presented as non-current liabilities in the statements of financial position as at March 31, 2023.

Details of security deposits and deferred rent income as at March 31, 2023 and December 31, 2022 are as follows:

	Notes	March 31, 2023	December 31, 2022
Security deposits			
Gross amount		150,428,460	150,428,460
Allowance for amortization of security deposits			
Beginning		93,012,184	-
Additions		-	94,903,212
Accretion of interest expense	18	(977,748)	(1,891,028)
End		92,034,436	93,012,184
		58,394,024	57,416,276
Deferred rent income			
Beginning		91,840,086	-
Additions		-	94,903,212
Amortization	15	(1,531,564)	(3,063,126)
		90,308,522	91,840,086
Less: Current portion	9	(6,126,254)	(6,126,256)
Non-current portion		84,182,268	85,713,830

Accretion of interest expense for the periods ended March 31, 2023 and December 31, 2022 amounted to P0.98 million and P1.89 million, respectively (Note 18).

Deferred rent income pertains to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred rent income for the period ended March 31, 2023 amounted to P1.53 million (March 31, 2022 – nil) which was recognized as part of rental income in the statements of total comprehensive income (Note 15).

*(d) Property management fee*

On August 9, 2021, the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI), an entity under common control. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement. Property management commenced in 2022 in line with the date of Company's listing to PSE. Property management fee amounted to P4.7 million and P1.5 million for the periods ended March 31, 2023 and 2022, respectively (Note 14).

*(e) Fund management fee*

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI), an entity under common control. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company, plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement. Fund management agreement commenced in 2022 in line with the date of Company's listing to PSE. Fund management fee amounted to P1.6 million and P0.5 million for the periods ended March 31, 2023 and 2022, respectively (Note 14).

On July 26, 2021, the BOD approved the Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements,



whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee (“RPTRCC”), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm’s length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company’s BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

## **Note 12 - Share capital**

The details and movements of the Company’s share capital are as follows:

	March 31, 2023		December 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital				
Common shares - P0.25 par value	15,360,000,000	3,840,000,000	15,360,000,000	3,840,000,000
Issued and outstanding				
Common shares - P0.25 par value				
January 1	6,545,454,004	1,636,363,501	5,498,182,004	1,374,545,501
Issuances	-	-	1,047,272,000	261,818,000
Balance at end of period	6,545,454,004	1,636,363,501	6,545,454,004	1,636,363,501
	<b>6,545,454,004</b>	<b>1,636,363,501</b>	<b>6,545,454,004</b>	<b>1,636,363,501</b>

On February 22, 2022, the Company successfully listed its shares with the PSE via the offer of (i) 1,047,272,000 new common shares with a par value of P0.25 per share issued and offered by the Company as “Primary Offer Shares”, and (ii) 1,134,547,000 existing shares offered by the Parent Company, selling shareholder, pursuant to a “Secondary Offer Shares” with an over-allotment option of up to 327,273,000 shares which were exercised at such date. All the shares offered by the Company and the Parent Company were sold at an offer price of P2.55 per share. The Company recognized additional paid-up capital (APIC) arising from this transaction amounting to P2.4 billion in 2022. Transaction costs attributable to Primary Offer Shares which were treated as deduction to APIC amounted to P103.85 million. Total transaction costs comprised of deferred share issuance costs amounting to P35.66 million as at December 31, 2021 which was subsequently applied against APIC and additional share issuance costs for the year ended December 31, 2022 amounting to P68.19 million.

### **(a) Dividends**

On March 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.035 per common share for shareholders on record as at March 28, 2022. Total dividends amounting to P229.09 million was fully paid on March 31, 2022.

On May 11, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the first quarter of 2022. The cash dividends were paid on June 24, 2022 to shareholders on record as at June 8, 2022.

On July 20, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the second quarter of 2022. The cash dividends were paid on September 14, 2022 to shareholders on record as at August 19, 2022.

On November 9, 2022, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the third quarter of 2022. The cash dividends were paid on January 5, 2023 to shareholders on record as at December 9, 2022.

On March 22, 2023, the BOD ratified and approved the declaration of cash dividends of P0.044 per outstanding common share or an aggregate amount of P287.99 million for the fourth quarter of 2022. On the same date, the BOD approved the declaration of special cash dividends of P0.007 per outstanding common share or an aggregate amount of P45.82 million. The cash dividends are payable on May 15, 2023 to shareholders on record as at April 21, 2023.

#### Events after the reporting period

On May 10, 2023, the BOD ratified and approved the declaration of cash dividends of P0.047 per outstanding common share or an aggregate amount of P307.52 million for the first quarter of 2023. The cash dividends are payable on July 6, 2023 to shareholders on record as at June 9, 2023. The management has determined that this is a non-adjusting event.

#### **Note 13 - Revenue**

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the periods ended March 31, 2023 and 2022 are as follows:

			March 31, 2023		March 31, 2022
Land properties	Note	Rental income	Amortization of deferred rent income	Total	Amount
Leasehold land assets					
Brgy. Talavera, Toledo City, Cebu		92,100,646	350,178	92,450,824	92,100,646
Brgy. Rizal, Silay City, Negros Occidental		69,636,705	250,078	69,886,783	69,636,705
Brgy. Dalayap, Tarlac City, Tarlac		12,138,137	45,656	12,183,793	12,138,137
		173,875,488	645,912	174,521,400	173,875,488
Freehold land assets					
Brgy. San Ildefonso, Bulacan		50,631,120	353,463	50,984,582	50,631,120
Brgy. Centrala, Suralla, South Cotabato		22,269,882	155,893	22,425,774	22,269,882
Brgy. Armenia, Tarlac City, Tarlac		14,522,701	100,950	14,623,651	14,552,809
Tuy, Batangas		43,020,608	-	43,020,608	-
		130,444,310	610,306	131,054,615	87,423,811
Solar plant property					
Clark Freeport Zone, Pampanga		70,598,457	275,347	70,873,804	70,492,251
	11	374,918,255	1,531,565	376,449,819	331,791,550

#### **Note 14 - Cost of services**

The components of cost of services for the periods ended March 31 are as follows:

	Notes	2023	2022
Depreciation and amortization	6, 18	17,833,813	17,687,190
Property management fee	11	4,749,272	1,494,265
Fund management fee	11	1,583,091	498,088
Taxes and licenses		299	500
		24,166,475	19,680,043

**Note 15 - Operating expenses**

The components of operating expenses for the periods ended March 31 are as follows:

	Notes	2023	2022
Dues and subscriptions		1,707,881	200,499
Taxes and licenses		617,616,	571,671
Outside services		521,688	4,143,278
Directors' fees	11	100,000	-
Depreciation	6	4,517	10,108
Bank charges		1,400	850
Transportation and travel		-	18,070
Management and consultancy		-	789,474
Professional fees		-	1,751,872
Others		351,603	594,033
		3,304,705	8,079,855

**Note 16 - Other income, net; finance costs**

The components of other income, net for the periods ended March 31 are as follows:

	Notes	2023	2022
Interest income	3, 4	5,669,336	1,074,456
Foreign exchange losses, net	20	33,524	(394,192)
		5,702,860	680,264

The components of finance costs for the periods ended March 31 are as follows:

	Notes	2023	2022
Interests on security deposits	11	977,748	-
Interests on lease liabilities	18	4,020,756	4,383,031
Interests on bond payable	10	44,724,003	-
		49,722,507	4,383,031

**Note 17 - Income taxes**

Management has considered this in reaching its conclusion to recognize certain deferred income tax assets in relation to both its sale of solar energy and leasing business segment as at March 31, 2023 and December 31, 2022.

**Note 18 - Lease - Company as a lessee**

The Company has entered into various lease contracts as follows:

- (a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US\$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P5.3 million were presented as part of other non-current assets in the statements of financial position as at March 31, 2023 and December 31, 2022 (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI with a third party to the Company (Note 8);
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2 (Note 8); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO (Note 8).

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

*Amounts recognized in the statements of financial position*

Details of right-of-use asset, net for the lease agreement in (a) and movements in the account as at and for the periods ended March 31, 2023 and December 31, 2022 are as follows:

	Note	March 31, 2023	December 31, 2022
Cost			
March 31, 2023 and December 31, 2022		43,937,092	43,937,092
Accumulated amortization			
January 1		8,510,720	6,377,964
Amortization	14	531,497	2,132,756
Balance at end of period		9,042,217	8,510,720
Net book value		34,894,875	35,426,372

Investment properties held by the Company as a right-of-use asset related to lease agreements in (b) measured initially at its cost in accordance with PFRS 16 as at and for the periods ended March 31, 2023 and December 31, 2022 are as follows:

	Notes	March 31, 2023	December 31, 2022
Cost			
Beginning		193,407,106	53,940,794
Additions		-	139,466,312
Ending		193,407,106	193,407,106
Accumulated amortization			
Beginning		8,048,771	473,166
Amortization	14	2,525,202	7,575,606
Ending		10,573,973	8,048,771
Net book value	8	182,833,133	185,358,334

Details of the lease liabilities as at reporting periods are as follows:

	March 31, 2023	December 31, 2022
Current	5,444,623	2,406,282
Non-current	225,938,140	227,201,879
	231,382,763	229,608,161

Movements in lease liabilities for the periods ended March 31, 2023 and December 31, 2022 are as follows:

	Notes	March 31, 2023	December 31, 2022
Beginning		229,608,161	104,396,199
Additions	8	-	139,466,312
Principal payments		(330,275)	(20,109,933)
Interest payments		(1,882,355)	(9,951,228)
Interest expense	16	4,020,756	15,693,012
Translation difference	20	(33,524)	113,799
Ending		231,382,763	229,608,161

Translation difference is recognized as part of foreign exchange losses, net under other income (loss), net in the statements of total comprehensive income.

*Amounts recognized in the statements of total comprehensive income*

Amounts recognized in the statements of total comprehensive income for the periods ended March 31 related to the lease agreements are as follows:

	Notes	2023	2022
Amortization expense	8, 14	3,056,699	2,912,335
Interest expense	16	4,020,756	4,383,031
Translation difference	20	(33,524)	394,192
		7,043,931	7,689,558

The total cash outflows for the periods ended March 31 for the lease agreements are as follows:

	2023	2022
Payment of principal portion of lease liabilities	330,275	624,606
Payment of interest on lease liabilities	1,882,355	4,383,031
	2,212,630	5,007,637

*Discount rate*

The lease payments are discounted using the Company's incremental borrowing rate ranging from 6.75% to 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Extension and termination options*

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

**Note 19 - Earnings per share (EPS)**

Basic and diluted EPS for the periods ended March 31 are as follows:

	2023	2022
Net income	304,958,992	300,298,648
Weighted average number of common shares	6,545,454,004	5,951,999,871
Basic and diluted EPS	0.05	0.05

Weighted average number of common shares for the period ended March 31, 2023 is calculated as follows:

	Number of shares	Ratio	Weighted number of shares
Beginning	6,545,454,004	1.00	6,545,454,004
Issuance of shares during 2023	-	-	-
	6,545,454,004		6,545,454,004

Weighted average number of common shares for the period ended March 31, 2022 is calculated as follows:

	Note	Number of shares	Ratio	Weighted number of shares
Beginning		5,498,182,004	1.00	5,498,182,004
Issuance of shares		1,047,272,000	0.43	453,817,867
		5,498,182,004		5,951,999,871

In March 2021, the Company's BOD and shareholders approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 12). The conversion, subsequent decrease in par value and share subscriptions and issuance during 2021 were considered in the calculation of weighted average number of common shares outstanding retrospectively.

The Company has no potential dilutive common shares for the periods ended March 31, 2023 and 2022. Therefore, basic and diluted EPS are the same.

**Note 20 - Fair value estimation and financial risk and capital management****20.1 Financial risk management**

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures,

aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### 20.1.2 Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed in the succeeding section.

##### *(a) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates relates to loans payable, cash in banks, short-term placements, and lease liabilities.

The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021. Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has an outstanding bond payable as at March 31, 2023 amounting to P4.5 million (December 31, 2022 – nil) (Note 10).

Management believes that the related cash flow and interest rate risk on cash in banks and short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

The Company is also exposed to fixed-rate interest rate risk related to its lease liabilities. The interest rate risk is deemed to have a diminishing impact on the Company over the term of the lease.

##### *(b) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at March 31, 2023 refers to a portion of lease liabilities amounting to US\$19,774 (December 31, 2022 - US\$19,858) with Philippine Peso equivalent of P1.08 million (December 31, 2022 - P1.11 million).

Details of foreign exchange losses, net for the periods ended March 31 are as follows:

	Note	2023	2022
Unrealized losses, net		(33,524)	394,192
Realized losses, net		-	-
	18	(33,524)	394,192

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Company's functional currency.

### 20.1.3 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 and cash equivalents, trade and other receivables, electric utility deposits, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets as at March 31, 2023 and December 31, 2022 are as follows:

	Notes	March 31, 2023	December 31, 2022
Cash and cash equivalents*	3	2,587,491,884	571,358,464
Trade and other receivables	4	239,254,447	268,361,478
Security deposits	7	5,279,310	5,279,310
		2,832,025,641	844,999,252

\*excluding cash on hand

#### Credit quality of financial assets

##### (i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Note 3. The expected credit loss is determined to be immaterial. Cash on hand is not subject to credit risk.

##### (ii) Trade and other receivables

The Company has significant concentration of credit risk for the sale of energy segment business on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

Trade receivables from leasing segment include receivables from related parties. The credit exposure on trade receivables from related parties is considered to be minimal as there is no history of default and collections are expected to be made based on the lease agreement. In addition, the related parties are considered to have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at March 31, 2023 and December 31, 2022.



(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

20.1.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
<i>March 31, 2023</i>				
Trade payables and other liabilities*	9	-	20,012,698	-
Dividends payable	12	-	333,818,154	-
Due to a related party	11	-	52,031,221	-
Lease liabilities	19	-	5,444,623	225,938,140
Interest**	10	-	333,589,073	1,750,526,520
Bonds payable	10	-	-	4,500,000,000
Security deposits	11	-	-	58,394,024
		-	744,895,769	6,534,858,684
<i>December 31, 2022</i>				
Trade payables and other liabilities*	9	-	9,832,396	-
Dividends payable	12	-	280,442,419	-
Due to a related party	11	-	53,223,717	-
Lease liabilities	19	-	2,406,282	227,201,879
Interest**	-	-	16,309,125	167,227,646
Security deposits	11	-	-	57,416,276
		-	362,213,939	451,845,801

\*excluding due to government agencies

\*\*expected interest on borrowings up to assignment date and on lease liabilities up to maturity date

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Company expects to settle the above financial liabilities within their contractual maturity date.

## 20.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholders or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry

The capital structure of the Company consists of issued capital, retained earnings and remeasurement on retirement benefits. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings from third parties less cash and cash equivalents, while equity is total equity as shown in the statements of financial position. The Company's outstanding bond payable as at March 31, 2023 amounted to P4.5 billion due in 5 years from various bondholders. The net debt reconciliation and gearing ratio as at March 31, 2023 are as follows:

	Notes	March 31, 2023
Bond payable, January 1	10	-
Cash flows		4,445,409,074
Non-cash movement	10	1,516,415
Bond payable, March 31	10	4,446,925,489
Cash and cash equivalents	3	(2,587,556,884)
Net (asset) debt		1,859,368,605
Total equity		4,325,197,845
Net gearing ratio		0.43:1

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

As a REIT entity, the Company is subject to externally imposed capital requirements based on the requirement of the Aggregate Leverage Limit under the REIT IRR. Per Rule 5 - Section 8 of the REIT IRR issued by the SEC, the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its deposited properties. Provided, further, that in no case shall a fund manager, borrow from the REIT any of the funds under its management. As at March 31, 2023, the Company is compliant with the externally imposed capital requirements of REIT IRR and met the provisions of the REIT law related to the borrowing requirements to its fund manager.

### **22.3 Fair value estimation**

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), dividends payable, due to a related party and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, non-current portion of trade receivables, security deposits and non-current portion of lease liabilities and due to a related party are close to market rates. The fair value of the non-current portion of due to a related party as at December 31, 2021 amounting to P64.99 million was determined using discounted cash flow approach by applying current market interest rates of 2.68% (Level 2).

As at March 31, 2023 and December 31, 2022, the Company does not have financial instruments that are measured using the fair value hierarchy.

### **Note 21 - Critical accounting estimates and assumptions and judgments**

In addition to the critical accounting estimates and assumptions and judgments as disclosed in the Company's annual financial statements as at and for the year ended December 31, 2021, management has made an accounting judgment on the adoption of a "no tax" regime.

As a REIT entity, the Company can effectively operate under a “no tax” regime provided that it meets certain conditions (e.g. listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income-tax free entity. As at March 31, 2023, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Company had determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a “no-tax” regime. Accordingly, the Company has not recognized additional deferred taxes as at March 31, 2023. The Company recognized deferred income tax asset as at December 31, 2021 prior to its listing on February 22, 2022, to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company started to avail of its tax incentive as a REIT after its listing to PSE.

## **Note 22 - Basis of preparation**

These condensed interim financial statements as at and for the three-month period ended March 31, 2023 have been prepared in accordance with PAS 34, “*Interim Financial Reporting*”.

The condensed interim financial statements do not include all the notes normally included in annual financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements as at and for the year ended December 31, 2022 and any public announcements made by the Company during the three-month period ended March 31, 2023. The accounting policies adopted are consistent with those of the previous financial year.

The Company has adopted a new accounting policy for the three-month period ended March 31, 2023:

### **Deposits from lessees**

Deposits from lessees which include security deposits are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest rate method. The difference between the cash received and its fair value is deferred and amortized on a straight-line basis over the lease term. Amortization of deferred credits and accretion of discount are recorded in profit or loss under rental income and finance cost accounts, respectively.

#### *(a) New standards, amendments and interpretations to existing standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022:

- *Onerous Contracts - Cost of Fulfilling a Contract: Amendments to PAS 37 (effective January 1, 2022)*

The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- *Annual Improvements to PFRS Standards 2018-2020 (effective January 1, 2022)*

The following improvements were finalized in May 2020:

- PFRS 9, “*Financial Instruments*” - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- PFRS 16, “*Leases*” - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- PFRS 1, “*First-time Adoption of Philippine Financial Reporting Standards*” - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same PFRS 1 exemption.

There are no new accounting standards or amendments effective January 1, 2022 that have a material impact on these condensed interim financial statements.

*(b) New standards, amendments and interpretations to existing standards not yet adopted*

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Company in preparing these financial statements. None of those standards are expected to have a significant impact on the financial statements of the Company, but the more relevant ones are set out below:

- *Disclosure of Accounting Policies - Amendments to PAS 1 and PFRS Practice Statement 2 (effective January 1, 2023)*

PAS 1 is amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2, “*Making Materiality Judgements*” is also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- *Definition of Accounting Estimates - Amendments to PAS 8 (effective January 1, 2023)*

The amendment to PAS 8, “*Accounting Policies, Changes in Accounting Estimates and Errors*” clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to PAS 12 (effective January 1, 2023)*

The amendments to PAS 12, “*Income Taxes*” require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

There are no other future standards, amendments or interpretations that are effective beginning after January 1, 2023 that are expected to have a material impact on the Company's condensed interim financial statements.

#### **Note 23 - Events after the reporting period**

Post period-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes to the financial statements when material. There were no other significant post period-end events after March 31, 2023 except for the information that were disclosed in the respective notes.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code  
March 31, 2023

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the Financial Statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
H	Income Distributable as Dividends
	Schedule of Financial Soundness Indicator

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule A - Financial Assets

March 31, 2023

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	2,583,125,965	3,851,494
Development Bank of the Philippines	-	3,919,225	920
Security Bank Corporation	-	446,694	404
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	2,587,556,884	3,852,818
Trade and other receivables	-	237,310,351	1,816,519
Security deposits	-	5,279,310	-
Total financial assets	-	2,830,146,545	5,669,337

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**

March 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable							
Energy Corporation	-	-	-	-	-	-	-
Total due from related parties	-	-	-	-	-	-	-

\*As required by Revised Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at March 31, 2023.



**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements

March 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule D - Long Term Debt

March 31, 2023

		Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Title of Issue and type of obligation	Amount authorized by indenture		
Bonds payable	4,500,000,000	-	4,446,925,489

**Supplementary information on Long-term Debt**

On February 10, 2023, the Company listed a fixed-rate ASEAN Green Bonds in the total of P4.5 billion, inclusive of the P1.5 billion oversubscription option with the Philippine Dealing and Exchange Corp. The bonds will be maturing on February 10, 2028 from issue date at a rate of 7.0543%.

Bond issue cost capitalized as part of the bonds amounted to P54.6 million. As of March 31, 2023, amortization amounted to P1.52 million while its carrying value amounted to P53.1 million.

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

March 31, 2023

Name of related party	Balance at the beginning of the period	Balance at the end of the period
Citicore Renewable Energy Corporation	-	-

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule F - Guarantees of Securities of Other Issuers

March 31, 2023

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule G - Share Capital

March 31, 2023

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares	15,360,000,000	6,545,454,004	N/A	4,036,361,996	8,378,008	2,500,714

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at March 31, 2023  
(All amounts in Philippine Peso)

<b>Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning</b>		410,306,874
<b>Add : Net income actually earned during the period</b>		
Net income during the period closed to retained earnings	304,958,992	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	-
<b>Net income actually earned during the period</b>		304,958,992
Add (Less):		
Dividends declarations during the period	(333,818,154)	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	(333,818,154)
<b>Unappropriated retained earnings available for dividend declaration, ending</b>		381,447,711

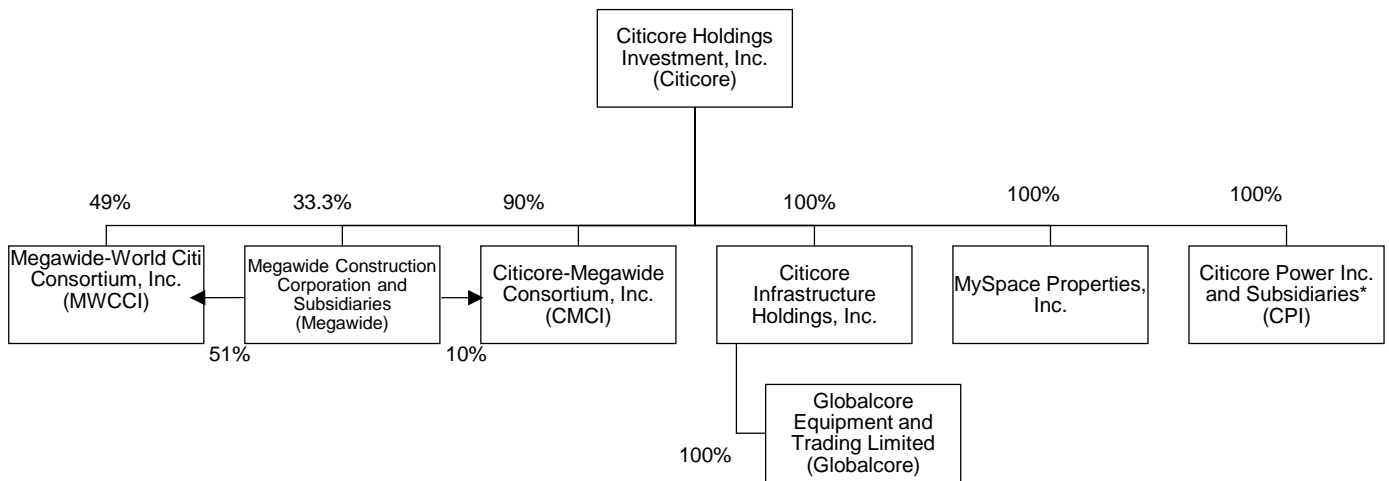
**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

H – Schedule of Income Distributable as Dividends  
As at March 31, 2023  
(All amounts in Philippine Peso)

<b>Net Income actually earned during the period</b>	<b>304,958,992</b>
Less: Non-actual/unrealized income net of tax	-
Straight-line recognition of rent	(15,279,528)
Equity in net income of associate/joint venture	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-
Unrealized actuarial gain	-
Fair value adjustment	-
Fair value adjustment of investment property resulting to gain	-
Adjustment due to deviation from PFRS - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(15,279,528)
Add: Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS - loss	-
Loss on fair value adjustment of investment property (after tax)	-
<b>Distributable income</b>	<b>289,679,464</b>
Total dividends distributed from March 31, 2023 net income	<b>307,517,794</b>
<b>Dividend payout ratio</b>	<b>106%</b>

**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its  
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates  
March 31, 2023

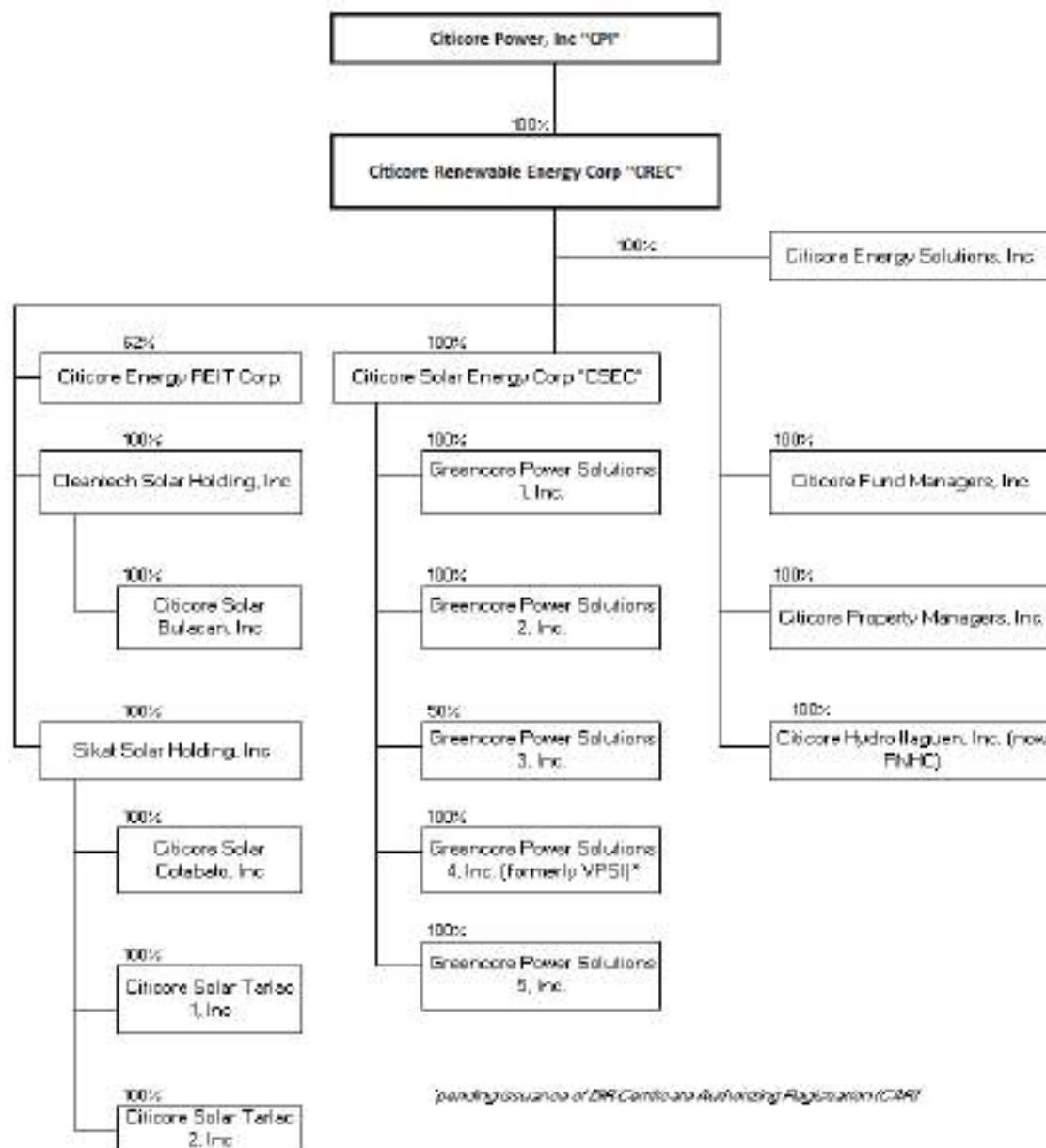


*\*See Schedule A*



**Citicore Energy REIT Corp.**  
(Formerly Enfinity Philippines Renewable Resources Inc.)  
(A subsidiary of Citicore Renewable Energy Corporation)

A Map Showing the Relationships between and among the Company and its  
Ultimate Parent Company, Middle Parent, Subsidiaries or  
Co-subsidiaries and Associates (Schedule A)  
March 31, 2023



*Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.*

**Citicore Energy REIT Corp.**

(Formerly Enfinity Philippines Renewable Resources Inc.)

(A subsidiary of Citicore Renewable Energy Corporation)

## Schedule of Financial Soundness Indicator

As at and for the periods ended March 31, 2023 and 2022

	2023	2022
Current ratio <sup>a</sup>	5.38x	5.79x
Acid test ratio <sup>b</sup>	5.31x	5.62x
Solvency ratio <sup>c</sup>	0.07x	-
Debt-to-equity ratio <sup>d</sup>	1.03x	-
Asset-to-equity ratio <sup>e</sup>	2.23x	1.11x
Interest rate coverage ratio <sup>f</sup>	7.49x	73.26x
Debt service coverage ratio <sup>g</sup>	2.92x	170.56x
Net debt/ EBITDA <sup>h</sup>	4.99x	(3.31)x
Earnings per share (Php) <sup>i</sup>	0.05	0.05
Book value per share <sup>j</sup>	0.66	0.65
Return on assets <sup>k</sup>	4.14%	9.01%
Return on equity <sup>l</sup>	7.03%	10.19%
Net profit margin <sup>m</sup>	81.01%	90.51%

<sup>a</sup> Current assets/current liabilities<sup>b</sup> Cash and cash equivalents + Trade and other receivables, net/Current liabilities<sup>c</sup> Net operating profit after tax + depreciation and amortization/Loans payable<sup>d</sup> Loans payable/ Total equity<sup>e</sup> Total assets/ Total equity<sup>f</sup> Earnings before interest, taxes, depreciation and amortization/Interest expense<sup>g</sup> Earnings before interest, taxes, depreciation and amortization + cash, beginning/Current loan payable + Interest expense + Current lease liabilities<sup>h</sup> Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization<sup>i</sup> Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares<sup>j</sup> Total equity less Preferred Equity/Total number of shares outstanding<sup>k</sup> Net income attributable to owners of the Company/Average total assets<sup>l</sup> Net income attributable to owners of the Company/Average total equity<sup>m</sup> Net income/Revenue

**Citicore Energy REIT Corp.**  
**Aging of Receivables**  
**As of March 31, 2023**

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Over 180 days	Non-current	Total
AR Transco	9,760,722	-	-	-	-	-	-	-	75,603,522	85,364,244
Lease receivable - PFRS 16	-	-	-	-	-	-	-	-	149,915,581	149,915,581
Other receivable	2,030,527	-	-	-	-	-	-	-	-	2,030,527
<b>Total</b>	<b>11,791,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,519,103</b>	<b>237,310,352</b>



13 April 2023

**THE DISCLOSURE DEPARTMENT**  
**THE PHILIPPINE STOCK EXCHANGE, INC.**  
6/F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**  
*Head, Disclosure Department*

Re: **CITICORE ENERGY REIT CORP.**  
*Final Tranche Final Report on the Application of Proceeds from the Shares  
Offering with Certification of Independent Auditors*

Gentlemen and Mesdames:

In connection with the initial public offering of **CITICORE ENERGY REIT CORP.** (the "Company") on 22 February 2022, we submit herewith the Company's Final report on the application of the proceeds from the said offering. The details of the disbursements, in accordance to the Reinvestment Plan, are as follows:

Net Offering Proceeds	PhP	6,114,896,495.56
Less: Disbursements	PhP	6,114,896,495.56
Balance of the Offering Proceeds		<u>0</u>



Disbursement Breakdown		Q1 2022	Q2 2022	Q3 2022	Q4 2022	JAN 01 – FEB. 21, 2023		TOTAL
AFAB Solar Rooftop	Php 307,997,768.76	Php	1,117,921,912.25	-	Php	-	-	Php 307,997,768.76
Arayat Mexico Solar Farm Phase 1	435,993,012.84	Php	1,117,921,912.25	-	-	-	-	1,553,914,925.09
Arayat Mexico Solar Farm Phase 2	126,167,769.46		191,382,045.61	648,450,184.94	-	-	-	966,000,000.00
Batangas A Solar Farm	-	-	-	88,771,903.25	429,733,423.00	905,820,027.32		1,424,325,353.57
Batangas B Solar Farm	-	-	-	186,151,270.00	139,009,437.70	51,960,335.50		377,121,043.20
Isabela Run-of-River Hydro	-	-	171,783,655.26	272,797,905.95	6,160,762.19	1,034,795,081.54		1,485,537,404.94
<b>Total Disbursement</b>	<b>Php 870,158,551.01</b>		<b>1,481,087,613.12</b>	<b>1,196,171,264.14</b>	<b>574,903,622.89</b>	<b>1,992,575,444.36</b>		<b>Php 6,114,896,495.56</b>



The details of the said projects are described in detail below.

- ***AFAB Solar Rooftop***

The solar rooftop project, through the Company's wholly owned subsidiary, Sunny Side Up Power Corp. endeavors to provide clean and reliable energy to Authority of Freeport Area of Bataan (AFAB). It invested in energy efficient buildings using solar power for a total of 6.6 Megawatt capacity and 14,756 units of mono-crystalline photovoltaic panels. Today the solar farm helps prevent the emissions of 4,645 metric tons of carbon dioxide which is equivalent to 522,640 gallons of gasoline consumed. P308.0 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed.

- ***Arayat Mexico Solar Farm Phase 1***

The Company through its joint venture, Greencore Power Solutions 3, Inc. (GPS3I), broke ground on June 24, 2021 to construct a 72 megawatt capacity solar farm in Arayat and Mexico, Pampanga. The solar project is a 50-50 joint venture with AC Energy Corporation (ACEN) with a land cost of P431 million and estimated project development cost of P2.7 billion. Citicore's construction arm, MCC - Citicore Construction, Inc. (CCI) undertook the development and construction of this project and has reached its full capacity last March 23, 2022. Once fully operational, the 72- megawatt capacity solar farm will produce 105 gigawatt-hours (GWh) of renewable energy annually, enough to power 45,000 households while avoiding approximately 72,000 metric tons (MT) CO<sub>2</sub> emissions annually. P1,533.9 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed.

- ***Arayat Mexico Solar Farm Phase 2***

This project is an extension of the Arayat Mexico Solar Farm Phase 1 joint venture project with ACEN and is set to increase the total plant capacity from 72 to 116 megawatt upon completion. The project which is to be undertaken by Citicore's construction arm is targeted to be completed by first quarter of 2023. The Company through its joint venture, GPS3I is set to break ground in May 2022 and has completed the acquisition of land through 50-50 partner funding. P966 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed.



- ***Batangas A and Batangas B Solar Farm***

The sponsor has earmarked P1,424.3 million and P377.1 million for the construction of 90 megawatts and 40 megawatts solar farm, respectively, for Batangas A and Batangas B projects, respectively. Total of 1,801.4 has been fully disbursed.

- ***Isabela Run-of River Hydro***

This is a 20MW run-of-river hydro project located in Ilaguen, Isabela City. The project has obtained all permits necessary to start construction and has commenced construction works on the access road. P1,485.5 million from the Offering Proceeds were allocated to this project and the same has been fully disbursed.

We hope you find everything in order.

Very truly yours,

**CITICORE RENEWABLE ENERGY CORP.**

By:

A handwritten signature in black ink, appearing to read "Mia Grace Paula S. Cortez", is positioned above a horizontal line.

**MIA GRACE PAULA S. CORTEZ**

*Chief Financial Officer*





## ACKNOWLEDGMENT

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

Before me, a notary public, for and in San Juan City this APR 17 2023 personally appeared:

NAME	GOVERNMENT-ISSUED ID	DATE/PLACE ISSUED
Mia Grace Paula S. Cortez	UMID 0111-2975451-1	

who was identified by me through competent evidence of identity to be the same person described in the foregoing letter who acknowledged before me that her signature in the instrument was voluntarily affixed by her seal as her free and voluntary act and deed.

WITNESS MY HAND AND SEAL this APR 17 2023 day of                      2023.

## NOTARY PUBLIC

Doc. No.: 324  
Page No.: 66  
Book No.: 2  
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 Rd.  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan C  
IBP O.R. No. 275028 / 01-07-2023 / RSM





## **Agreed-Upon Procedures Report on Final Progress Report on Use of Proceeds from the Listing of Citicore Energy REIT Corp.**

To the Board of Directors and Shareholders of  
**Citicore Renewable Energy Corporation**  
(A wholly-owned subsidiary of Citicore Power, Inc.)  
11F Rockwell Santolan Town Plaza  
276 Col. Bonny Serrano Avenue  
San Juan City, Metro Manila

### **Purpose of this agreed-upon procedures report**

Our report is solely to assist Citicore Renewable Energy Corporation (the “Company”) in connection with the Company’s compliance with the requirements of The Philippine Stock Exchange, Inc. (PSE) to submit an external auditor’s certification on the information with respect to the Final Progress Report dated March 31, 2023 related to the application of net proceeds received by the Company from the shares offering (“Offering Proceeds”) of Citicore Energy REIT Corp. (CREIT) (the “Progress Report”) as at February 22, 2023 and for the period from January 1 to February 22, 2023 and may not be suitable for another purpose.

### **Responsibilities of the Company**

The Company acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

### **Practitioner’s responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400, “*Agreed-Upon Procedures Engagements*”. An agreed-upon procedures engagement involves our performing of the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### ***Professional Ethics and Quality Control***

We have complied with the independence and other ethical requirements of Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) promulgated by the Philippine Board of Accountancy and approved by Philippine Professional Regulation Commission, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Isla Lipana & Co., 29th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)

Our firm applies Philippine Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Procedures and findings*

We have performed the procedures enumerated below, which were agreed upon with the Company.

1. We have obtained and checked the mathematical accuracy of the following:
  - a. The Progress Report;
  - b. Reallocation of the Use of Proceeds Report;
  - c. Schedule of planned use of proceeds from the Real Estate Investment Trust (REIT) Plan; and
  - d. Detailed schedule of utilization of proceeds as at and for the period from January 1, 2023 to February 22, 2023.

No exceptions noted.

We present below the summary of the breakdown and application of the Offering Proceeds as at and for period from January 1 to February 22, 2023 based on the information we obtained from the Company.

	Initial allocation of offering proceeds on February 22, 2022	Reallocations for the period ended March 31, 2022	Application of Offering Proceeds for the period ended March 31, 2022	Reallocations for the period ended June 30, 2022	Application of Offering Proceeds for the period ended June 30, 2022	Application of Offering Proceeds for the period ended September 30, 2022	Application of Offering Proceeds for the period ended December 31, 2022	Balance of Offering Proceeds as at December 31, 2022	Application of Offering Proceeds for the period ended February 22, 2023	Balance of Offering Proceeds as at February 22, 2023
AFAB Solar Rooftop Phase 1	250,732,421	57,265,347	(307,997,768)	-	-	-	-	-	-	-
Arayat Mexico Solar Farm Phase 1	339,408,939	96,584,074	(435,993,013)	1,117,921,912	(1,117,921,912)	-	-	-	-	-
Arayat Mexico Solar Farm Phase 2	197,988,548	-	(126,167,770)	768,011,452	(191,382,046)	(648,450,184)	-	-	-	-
Zambales Solar Farm	490,257,356	-	-	(490,257,356)	-	-	-	-	-	-
Batangas A Solar Farm	848,522,347	-	-	575,803,006	-	(88,771,903)	(429,733,423)	905,820,027	(905,820,027)	-
Batangas B Solar Farm	377,121,043	-	-	-	-	(186,151,270)	(139,009,438)	51,960,335	(51,960,335)	-
Pangasinan Solar Farm	856,095,871	-	-	(856,095,871)	-	-	-	-	-	-
Laguna Solar Farm	735,386,034	-	-	(735,386,034)	-	-	-	-	-	-
Bulacan Solar Farm	1,225,643,390	(209,770,755)	-	(1,015,872,635)	-	-	-	-	-	-
Isabela Run-of-River Hydro	849,661,881	-	-	635,875,526	(171,783,655)	(272,797,907)	(6,160,762)	1,034,795,083	(1,034,795,083)	-
	6,170,817,830	(55,921,334)	(870,158,551)	-	(1,481,087,613)	(1,196,171,264)	(574,903,623)	1,992,575,445	(1,992,575,445)	-

2. We have traced the gross proceeds and net proceeds received amounting P6,398 million and P6,115 million, respectively, based on the Progress Report to the bank statement and accounting records. No exceptions noted. Details are as follows:

	Amount
Gross proceeds	6,398,184,600
Initial public offering (IPO) expenses	(283,288,104)
Net proceeds	6,114,896,496

The breakdown of IPO expenses are as follows:

	Amount
Underwriting fees	151,020,878
Professional fees	90,221,662
Registration and filing fees	27,875,751
Taxes	14,169,813
	283,288,104

3. We have obtained the schedule showing the list of disbursements as at February 22, 2023 and for the period from January 1, 2023 to February 22, 2023 and reconciled the amount of disbursements on the Progress Report. No exceptions noted.

Use of proceeds	Per Progress Report	Per schedule of disbursements
Capital expenditures	1,992,575,445	1,992,575,445

4. We traced the reported application of IPO proceeds amounting to P1,992,575,445 for the period from January 1, 2023 to February 22, 2023 to the Company's accounting records and corresponding supporting documents (e.g. disbursement vouchers, billing statements, invoices, official receipts and bank statements). No exceptions noted.
5. We have examined and identified the nature of the disbursements based on the corresponding supporting documents and noted that the disbursements were classified appropriately according to its nature.

The details of the disbursements incurred from January 1, 2022 to February 22, 2023 showed that the Company used the Offering Proceeds for the following projects: (1) AFAB Solar Rooftop Phase 1; (2) Arayat Mexico Solar Farm Phase 1; (3) Arayat Mexico Solar Farm Phase 2; (4) Batangas A Solar Farm; (5) Batangas B Solar Farm; and (6) Isabela Run-of River Hydro, with aggregate amount as follows:

	Amount
Costs incurred for the year ended December 31, 2022	4,122,321,051
Costs incurred for the period ended February 22, 2023	1,992,575,445
	6,114,896,496

6. We have obtained written management's representation and we have noted that there were no reallocations made on the Company's planned use of IPO proceeds and found that the disbursements of proceeds in the Final Progress Report as at and for the period from January 1, 2023 to February 22, 2023 is consistent with the planned application of proceeds indicated in the Use of Proceeds section of the REIT Plan.

**Isla Lipana & Co.**



Pocholo C. Domondon  
Partner

CPA Cert. No. 108839

P.T.R. No. 0011401; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 108839-SEC, Category A;  
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

T.I.N. 213-227-235

BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 13, 2023



## ACKNOWLEDGMENT

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

Before me, a notary public, for and in San Juan City this APR 17 2023 personally appeared:

NAME	GOVERNMENT-ISSUED ID	Validity
Pocholo C. Domondon	PRC ID No. 108839	Valid until 10/04/2023

who was identified by me through competent evidence of identity to be the same person described in the foregoing letter who acknowledged before me that her signature in the instrument was voluntarily affixed by her seal as her free and voluntary act and deed.

APR 17 2023

WITNESS MY HAND AND SEAL this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

NOTARY PUBLIC

Doc. No.: 323  
Page No.: 66  
Book No.: 2  
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  
1F Santolan Town Plaza, 276 Santolan Rd.  
San Juan City  
Roll of Attorneys No. 77312  
PTR No. 1673663 / 01-06-2023 / San Juan C.  
IBP O.R. No. 275026 / 01-07-2023 / RSM

**EXHIBIT “7”****CITICORE ENERGY REIT CORPORATION**

## LIST OF TOP 100 STOCKHOLDERS

AS OF MARCH 31, 2023

RANK	NAME	TOTAL SHARES	PERCENTAGE (%)
1	CITICORE RENEWABLE ENERGY CORP.	3,117,641,132	47.6306
2	PCD NOMINEE CORPORATION	2,260,257,037	34.5317
3	CITICORE SOLAR TARLAC 1, INC.	918,720,864	14.0360
4	PCD NOMINEE CORPORATION	246,743,963	3.7697
5	METROPOLITAN MANAGEMENT CORPORATION	2,000,000	0.0306
6	VILLANUEVA, MYRA P.	40,000	0.0006
7	VILLANUEVA, MILAGROS P.	20,000	0.0003
8	VILLANUEVA, MYRNA P.	20,000	0.0003
9	CABREZA, MARIETTA V.	10,000	0.0002
10	RAMOS, JENNIFER T.	1,000	0.0000
11	CORONEL, LEONILO G.	1	0.0000
12	DELA CRUZ, JEZ G.	1	0.0000
13	FERRER, MANUEL LOUIE B.	1	0.0000
14	JUAN, PACITA U.	1	0.0000
15	LAYUG, JOSE M.	1	0.0000
16	SAAVEDRA, EDGAR B.	1	0.0000
17	TAN, OLIVER Y.	1	0.0000
18	UYCHACO, ELIZABETH ANNE C.	1	0.0000
		<b>6,545,454,004</b>	

CREIT0000000 March 31, 2023  
**OUTSTANDING BALANCES FOR SPECIFIC COMPANY**  
**March 31, 2023**  
**CREIT0000000**

BPNAME	QUANTITY
UPCC SECURITIES CORP.	4,747,000
A & A SECURITIES, INC.	4,563,500
ABACUS SECURITIES CORPORATION	60,143,500
PHILSTOCKS FINANCIAL INC	25,959,960
A. T. DE CASTRO SECURITIES CORP.	898,000
ALPHA SECURITIES CORP.	1,363,000
BA SECURITIES, INC.	1,422,000
AP SECURITIES INCORPORATED	17,567,000
ANSALDO, GODINEZ & CO., INC.	3,168,000
AB CAPITAL SECURITIES, INC.	20,923,900
SB EQUITIES, INC.	164,043,200
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	85,000
ASIASEC EQUITIES, INC.	3,358,000
ASTRA SECURITIES CORPORATION	6,859,500
CHINA BANK SECURITIES CORPORATION	75,107,657
BELSON SECURITIES, INC.	5,307,000
JAKA SECURITIES CORP.	432,000
BPI SECURITIES CORPORATION	170,767,254
CAMPOS, LANUZA & COMPANY, INC.	2,336,000
SINCERE SECURITIES CORPORATION	3,347,000
CTS GLOBAL EQUITY GROUP, INC.	2,834,000
TRITON SECURITIES CORP.	5,909,000
IGC SECURITIES INC.	1,665,000
CUALOPING SECURITIES CORPORATION	3,467,800
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	687,000
DAVID GO SECURITIES CORP.	3,489,000
DIVERSIFIED SECURITIES, INC.	1,710,000
E. CHUA CHIACO SECURITIES, INC.	3,243,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	10,021,000
EQUITIWORLD SECURITIES, INC.	905,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	3,552,000
FIRST ORIENT SECURITIES, INC.	2,812,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	70,000
F. YAP SECURITIES, INC.	6,468,500
AURORA SECURITIES, INC.	3,030,000
GLOBALINKS SECURITIES & STOCKS, INC.	7,226,000
JSG SECURITIES, INC.	2,336,000
GOLDSTAR SECURITIES, INC.	1,848,000
GUILD SECURITIES, INC.	5,540,000
HDI SECURITIES, INC.	565,000
H. E. BENNETT SECURITIES, INC.	493,000



I. B. GIMENEZ SECURITIES, INC.	1,675,000
INVESTORS SECURITIES, INC,	937,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	1,806,000
INTRA-INVEST SECURITIES, INC.	1,564,000
J.M. BARCELON & CO., INC.	815,000
VALUE QUEST SECURITIES CORPORATION	22,974,000
STRATEGIC EQUITIES CORP.	4,541,000
LARRGO SECURITIES CO., INC.	1,587,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	2,740,000
LUCKY SECURITIES, INC.	1,918,000
LUYS SECURITIES COMPANY, INC.	216,000
MANDARIN SECURITIES CORPORATION	2,960,000
COL Financial Group, Inc.	309,709,964
DA MARKET SECURITIES, INC.	1,250,000
MERCANTILE SECURITIES CORP.	2,397,000
MERIDIAN SECURITIES, INC.	6,080,460
MDR SECURITIES, INC.	2,312,000
REGIS PARTNERS, INC.	1,744,000
MOUNT PEAK SECURITIES, INC.	5,000
NEW WORLD SECURITIES CO., INC.	830,000
OPTIMUM SECURITIES CORPORATION	350,000
RCBC SECURITIES, INC.	14,276,000
PAN ASIA SECURITIES CORP.	1,130,000
PAPA SECURITIES CORPORATION	19,818,000
MAYBANK SECURITIES, INC.	4,972,800
PLATINUM SECURITIES, INC.	5,832,000
PNB SECURITIES, INC.	41,687,000
PREMIUM SECURITIES, INC.	2,128,000
SALISBURY SECURITIES CORPORATION	909,634
QUALITY INVESTMENTS & SECURITIES CORPORATION	7,328,000
ALAKOR SECURITIES CORPORATION	5,076,000
R. COYIUTO SECURITIES, INC.	2,194,000
REGINA CAPITAL DEVELOPMENT CORPORATION	3,463,000
R. NUBLA SECURITIES, INC.	7,022,970
AAA SOUTHEAST EQUITIES, INCORPORATED	7,698,000
R. S. LIM & CO., INC.	3,390,000
RTG & COMPANY, INC.	3,794,000
S.J. ROXAS & CO., INC.	500,000
SECURITIES SPECIALISTS, INC.	618,000
FIDELITY SECURITIES, INC.	1,000,000
SUMMIT SECURITIES, INC.	1,443,000
STANDARD SECURITIES CORPORATION	2,272,000
TANSENGCO & CO., INC.	3,703,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	12,164,000
TOWER SECURITIES, INC.	3,499,000
TRANS-ASIA SECURITIES, INC.	1,610,000
APEX PHILIPPINES EQUITIES CORPORATION	2,660,000

LANDBANK SECURITIES, INC.	4,320,000
VENTURE SECURITIES, INC.	2,405,000
FIRST METRO SECURITIES BROKERAGE CORP.	125,909,725
WEALTH SECURITIES, INC.	34,402,000
WESTLINK GLOBAL EQUITIES, INC.	3,201,000
BERNAD SECURITIES, INC.	717,000
WONG SECURITIES CORPORATION	597,000
YAO & ZIALCITA, INC.	3,274,000
YU & COMPANY, INC.	1,530,000
BDO SECURITIES CORPORATION	242,369,752
EAGLE EQUITIES, INC.	4,058,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	2,087,000
<b>SOLAR SECURITIES, INC.</b>	<b>4,836,100</b>
G.D. TAN & COMPANY, INC.	2,845,000
CLSA PHILIPPINES, INC.	2,250,000
PHILIPPINE EQUITY PARTNERS, INC.	8,926,100
UNICAPITAL SECURITIES INC.	70,241,204
SunSecurities, Inc.	12,001,000
COHERCO SECURITIES, INC.	5,379,000
TIMSON SECURITIES, INC.	921,000
STAR ALLIANCE SECURITIES CORP.	3,992,000
VC SECURITIES CORPORATION	309,000
CHINA BANKING CORPORATION - TRUST GROUP	16,533,000
CITIBANK N.A.	88,657,300
DEUTSCHE BANK MANILA-CLIENTS A/C	146,204,000
BANCO DE ORO - TRUST BANKING GROUP	209,304,100
BANK OF COMMERCE - TRUST SERVICES GROUP	7,497,000
PNB TRUST BANKING GROUP	48,594,000
RCBC TRUST & INVESTMENT DIVISION	193,000
RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS	30,974,000
STERLING BANK OF ASIA TRUST GROUP	200,000
STANDARD CHARTERED BANK	198,351,120
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	5,832,000
UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	4,901,000
ASIA UNITED BANK - TRUST & INVESTMENT GROUP	3,200,000
MBTC - TRUST BANKING GROUP	27,808,000
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	9,917,000
BDO-TIG SECURITIES SERVICES	1,569,000
UCPB GENERAL INSURANCE CO., INC.	626,000
UNITED FUND, INC.	1,200,000
<b>Total</b>	<b>2,507,001,000</b>